EXHIBIT 7

FULLY EXECUTED
Purchase Order No: 4300465897
Original PO Effective Date: **09/16/2015**
PO Issue Date: **09/17/2015**

Your SAP Vendor #: 362040

Supplier Name/Address:
Aksia LLC
599 Lexington Ave 46th Fl
New York NY 10022-6030 US

Supplier Phone Number: 212-710-5719

Purchasing Agent
Name: Terrianne Mirarchi
Phone: 717-720-4604
Fax: 717-783-8760

Please Deliver To:
PSERS
5 N 5th Street, Third Floor
Harrisburg PA 17101-1905 US

Please Bill To:
For the preferred Email Invoice option, visit
www.budget.state.pa.us
Click Vendor Services and select E-Invoicing

Or mail paper invoice to:
Commonwealth of Pennsylvania - PO Invoice
PO Box 69180, Harrisburg, PA 17106

Purchase Order Description:
Aksia Hedge Fund 2015 Terri 7/7/15

This Purchase Order is comprised of: The above-referenced Solicitation, the Suppliers Bid or Proposal, and any documents attached to this Purchase Order or incorporated by reference.

Suppliers must provide four mandatory elements on PO invoices: PO Number, Invoice Date, Invoice Number, and Invoice Gross Amount. Failure to comply will result in the return of the invoice. Additional optional information such as supplier name, address, remit to information and PO Line Item information will improve invoice processing.

Item	Material/Service Desc	Qty	UOM	Delivery Date	Net Price	Price Unit	Total
1	(Year 1) Hedge Fund Consulting Services	4.000	Each	09/15/2015	175,000.00	1	700,000.00

Item Text
Vendor to provide non-discretionary hedge fund investment consulting and/or performance measurement services. Period of coverage is September 15, 2015 thru September 14, 2016.

Item	Material/Service Desc	Qty	UOM	Delivery Date	Net Price	Price Unit	Total
2	(Year 2) Hedge Fund Consulting Services	4.000	Each	09/15/2016	175,000.00	1	700,000.00

Item Text
Vendor to provide non-discretionary hedge fund investment consulting and/or performance measurement services. Period of coverage is September 15, 2016 thru September 14, 2017.

Information:

Total Amount:
SEE LAST PAGE FOR TOTAL OF ALL ITEMS

Currency: USD

Supplier's Signature ______________________

Printed Name ______________________

Title ______________________

Date ______________________

FULLY EXECUTED
Purchase Order No: 4300465897
Original PO Effective Date: **09/16/2015**
PO Issue Date: **09/17/2015**

Supplier Name:
Aksia LLC

Item	Material/Service Desc	Qty	UOM	Delivery Date	Net Price	Price Unit	Total
3	(Year 3) Hedge Fund Consulting Services	4.000	Each	09/15/2017	175,000.00	1	700,000.00

Item Text
Vendor to provide non-discretionary hedge fund investment consulting and/or performance measurement services. Period of coverage is September 15, 2017 thru September 14, 2018.

Item	Material/Service Desc	Qty	UOM	Delivery Date	Net Price	Price Unit	Total
4	(Year 4) Hedge Fund Consulting Services	4.000	Each	09/15/2018	175,000.00	1	700,000.00

Item Text
Vendor to provide non-discretionary hedge fund investment consulting and/or performance measurement services. Period of coverage is September 15, 2018 thru September 14, 2019.

Item	Material/Service Desc	Qty	UOM	Delivery Date	Net Price	Price Unit	Total
5	(Year 5) Hedge Fund Consulting Services	4.000	Each	09/15/2019	175,000.00	1	700,000.00

Item Text
Vendor to provide non-discretionary hedge fund investment consulting and/or performance measurement services. Period of coverage is September 15, 2019 thru September 14, 2020

General Requirements for all Items:

Header Text
Vendor to provide Hedge Fund Investment Consulting Sevices for the period September 15, 2015 thru September 14, 2020

The following Riders are attached and incorporated by reference and made a part of this purchase order:

- Rider A contains Vendor Terms and Conditions
- Rider B contains Commonwealth Standard Contract Terms and Conditions.
- Rider C contains PSERS RFP 2015-2 Hedge Fund Investment Consulting Services.
- Rider D contains Vendor proposal to PSERS RFP 2015-2.

In the event of a conflict between or among the provisions of the above attachments, the controlling provision will be determined by the order of precedence listed above.

Terms of Payment
The vendor's compensation for perfoming these sevices shall be at a fixed rate per year, billed quarterly in advance.

Information:

Total Amount: 3,500,000.00

Currency: USD

FULLY EXECUTED
Purchase Order No: 4300465897
Original PO Effective Date: **09/16/2015**
PO Issue Date: **09/17/2015**

Supplier Name:
Aksia LLC

No further information for this PO.

Information:	**Total Amount:** **3,500,000.00**
	Currency: USD

Purchase Order No: 4300465897
******* **Draft Copy - Not for Issue** *******

Your SAP Vendor #: 362040

Supplier Name/Address:
Aksia LLC
599 Lexington Ave 46th Fl
New York NY 10022-6030 US

Supplier Phone Number: 212-710-5719

Purchasing Agent

Please Deliver To:
PSERS
5 N 5th Street, Third Floor
Harrisburg PA 17101-1905 US

Please Bill To:
For the preferred Email Invoice option, visit
www.budget.state.pa.us
Click Vendor Services and select E-Invoicing

Or mail paper invoice to:
Commonwealth of Pennsylvania - PO Invoice
PO Box 69180, Harrisburg, PA 17106

Purchase Order Description:
Aksia Hedge Fund 2015 Terri 7/7/15

This Purchase Order is comprised of: The above-referenced Solicitation, the Suppliers Bid or Proposal, and any documents attached to this Purchase Order or incorporated by reference.

Suppliers must provide four mandatory elements on PO invoices: PO Number, Invoice Date, Invoice Number, and Invoice Gross Amount. Failure to comply will result in the return of the invoice. Additional optional information such as supplier name, address, remit to information and PO Line Item information will improve invoice processing.

Item	Material/Service Desc	Qty	UOM	Delivery Date	Net Price	Price Unit	Total
1	(Year 1) Hedge Fund Consulting Services	4.000	Each	09/15/2015	175,000.00	1	700,000.00

Item Text
Vendor to provide non-discretionary hedge fund investment consulting and/or performance measurement services. Period of coverage is September 15, 2015 thru September 14, 2016.

Item	Material/Service Desc	Qty	UOM	Delivery Date	Net Price	Price Unit	Total
2	(Year 2) Hedge Fund Consulting Services	4.000	Each	09/15/2016	175,000.00	1	700,000.00

Item Text
Vendor to provide non-discretionary hedge fund investment consulting and/or performance measurement services. Period of coverage is September 15, 2016 thru September 14, 2017.

Information:

Total Amount:
SEE LAST PAGE FOR TOTAL OF ALL ITEMS

Currency: USD

Supplier's Signature ____________

Printed Name James H. Vos

Title Chief Executive Officer

Date 8/11/2015

RIDER A

VENDOR TERMS AND CONDITIONS

The following terms and conditions shall apply at all times to the provision of hedge fund investment consulting services by Aksia, LLC (“CONSULTANT”) pursuant to any purchase order:

1. Reimbursement of Travel Expenses. CONSULTANT shall reimburse PSERS for the reasonable travel expenses actually incurred by PSERS, if any, for each contract year (i) for travel to CONSULTANT’s location for due diligence and/or to discuss performance results, economic outlook, investment strategy, organization changes and other pertinent matters and (ii) to attend investment conferences, training, seminars or similar events sponsored by CONSULTANT. Reimbursable expenses shall include airfare, automobile rental, lodging, meals, advisor-sponsored meeting registration fees, and other travel-related expenses at maximum allowance rates established by the Commonwealth Management Directive 230.10 as revised, Travel and Subsistence Allowances. The reimbursable expenses for each of (i) or (ii), above, shall not exceed $10,000 per calendar year. PSERS shall submit a properly documented claim for reimbursement of such travel expenses, which CONSULTANT shall pay within 30 days after receipt.

2. Compensation. The CONSULTANT’S compensation for performing services shall be at a fixed rate per year, billed quarterly in advance.

3. Indemnification. The CONSULTANT shall hold and save harmless the Commonwealth of Pennsylvania, PSERS, the Public School Employees’ Retirement Board collectively and its members and their designees individually (together, the “Board”) and the Fund, their beneficiaries, directors, officers, agents, and employees, from and against claims, demands, actions, or liability of any nature, including attorneys' fees and court costs, based upon or arising out of acts or omissions constituting bad faith, willful misfeasance, negligence, or the reckless disregard of duties in connection with any services performed, or the failure to perform services by the CONSULTANT, its directors, officers, employees, and agents under the Purchase Order taken together with any attachments thereto including this Rider (this “Agreement”). The CONSULTANT shall defend at its expense actions brought against the Commonwealth of Pennsylvania, PSERS, the Board and/or the Fund that result from acts or omissions constituting bad faith, willful misfeasance, negligence, and/or reckless disregard of Consultant’s duties, and the costs of such defense shall be borne by the CONSULTANT and shall not constitute any expense of, nor shall be paid out of, Fund, Board or Commonwealth of Pennsylvania assets. This provision shall supersede Section 21 “Hold Harmless Provision” of the Standard Purchase Order Terms and Conditions.

4. Unauthorized Liabilities. The CONSULTANT shall not enter into any agreement by or on behalf of the BOARD that (i) is binding on PSERS or allows, either expressly or by operation of law, recourse to PSERS and (ii) creates any actual or potential liability on the part of PSERS that exceeds the scope of authority delegated to the CONSULTANT under this Agreement or (iii) waives any of PSERS’ rights, defenses, causes of action, or immunities. Liabilities that are not authorized by PSERS and prohibited by this Section 4 include, without limitation, any obligation on the part of PSERS to indemnify a third party or to pay attorney fees, legal expenses, penalties, or liquidated damages.

5. [redacted]

[redacted]

6. <u>Registration</u>. The CONSULTANT represents and confirms that it is duly registered and in good standing as an investment advisor under the Investment Advisers Act of 1940 or is exempt therefrom (and will maintain such registration or exemption). If registered pursuant to said Act, the CONSULTANT has furnished to PSERS Part II of the Consultant's current Form ADV filed with the Securities and Exchange Commission pursuant to Section 203(c) of the Investment Advisers Act of 1940. PSERS hereby acknowledges having received a copy of Part II of the Consultant's Form ADV.

7. <u>The CONSULTANT as an Independent Contractor</u>. The CONSULTANT shall perform its services as an independent contractor, and CONSULTANT acknowledges that it maintains Workers' Compensation Insurance and shall accept full responsibility for the payments of premiums for Workers' Compensation Insurance and Social Security, as well as all income tax deductions and other taxes or payroll deductions required by law for itself for performing services.

8. <u>Changes in the CONSULTANT's Status</u>. The CONSULTANT shall provide immediate written notice to PSERS of any <u>material</u> change in the Consultant's status, including, without limitation, change in directors, officers, or employees who consult on PSERS' account; modification of the business organization; material change in SEC or other government or private registration, accreditation, or licensing; material deterioration of financial condition including but not limited to the filing of petition in bankruptcy; the Consultant's awareness that its representations and warranties herein cease to be true; and litigation alleging the Consultant's negligence or fraud.

9. <u>Conflict of Interest</u>. The CONSULTANT covenants that it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of its services hereunder. CONSULTANT further covenants that, in the performance of this Agreement, it will not knowingly engage any other person having such interest.

10. <u>Assignment or Transfer</u>. No interest herein, nor any claim arising hereunder shall be transferred or assigned by either party to any other party or parties.

11. <u>Reporting Political Contributions</u>. The CONSULTANT (i) understands and acknowledges that it is subject to the reporting requirements set forth in 25 P.S. § 3260a., (ii) if required to file a report, confirms that it has submitted to PSERS' Executive Director a copy of its current report to the Secretary of the Commonwealth of Pennsylvania , and (iii) hereby agrees, if required to file a report, to submit a copy of each successive report to PSERS' Executive Director by February 15 of each year during the term of this Agreement. CONSULTANT further agrees that for each year in which CONSULTANT is not required to file a report, it will submit a letter to PSERS' Executive Director by February 15 confirming that CONSULTANT is not required to file a report for the year.

12. <u>Termination</u>. The performance of services may be terminated by PSERS in whole or, from time to time, in part, whenever for any reason the Contracting Officer shall determine that such termination is in the best interest of PSERS. Any such termination shall be effected by delivery to the CONSULTANT of a written notice <u>thirty (30) days prior to</u> ~~of~~ termination specifying the extent to which performance of the work under the contract is terminated and the date on which such termination becomes effective. In the event of termination, fees for services shall be prorated and paid or repaid. Such termination shall not relieve CONSULTANT of any liability that may be incurred for its activities in connection with the providing of

services. The CONSULTANT may terminate this Agreement at any time on thirty (30) days' prior written notice to PSERS.

13. Confidentiality. The CONSULTANT shall not publish or otherwise disclose, except to PSERS and except matters of public record, any information or data obtained hereunder from private individuals, organizations, or public agencies, in a publication whereby the information or data furnished by or about any particular person or establishment can be identified as relating to PSERS or its responsibilities, except with the consent of such person or establishment.

14. Ownership of Reports, etc. The CONSULTANT agrees that any specific plans, material, records, etc., specifically customized or developed for PSERS during the performance of services remain the property of PSERS, and reproduction or duplication of such specifically customized or developed materials may be done only with the approval of the Contracting Officer. For the avoidance of doubt, the CONSULTANT's due diligence reports shall not be deemed "specifically customized or developed" for PSERS, provided that PSERS shall have the right to retain and use all due diligence reports that were delivered under this contract. This provision shall supersede Section 9 "Ownership Rights" of the Standard Purchase Order Terms and Conditions.

15. Contracting Officer. The Contracting Officer on behalf of PSERS shall be PSERS' Executive Director.

16. Maintenance, Preservation, and Review of Records. CONSULTANT shall maintain such records, books, and accounts pertaining to services and payments hereunder in accordance with generally accepted accounting principles consistently applied. All such records, books, and accounts shall be maintained and preserved during the term of this Agreement and any extension thereof and for four years thereafter. During such period, PSERS, or any other department or representative of the Commonwealth of Pennsylvania, from time to time upon reasonable notice, shall have the right to inspect, duplicate, and audit such records, books, and accounts for all purposes authorized and permitted by law. CONSULTANT may preserve such records, books, and accounts in original form or on microfilm, magnetic tape, or any other generally recognized and accepted process

17. Notices. Any notice, demand, direction, instruction, or other communication required or permitted hereunder shall be confirmed in writing and shall be sufficiently given for all purposes when sent (a) by certified or registered U.S. mail, postage prepaid, (b) by a nationally recognized courier service that maintains verification of actual delivery, (c) by facsimile or email, with a copy sent by first class U.S. mail (provided that if the date of dispatch is not a working day, the facsimile or email shall be deemed to have been received at the opening of business of the addressee on the next working day), or (d) by delivering the same in person to any party at the following addresses or such other addresses as may be designated in writing from time to time by the parties:

BOARD: Glen R. Grell, Executive Director
Commonwealth of Pennsylvania,
Public School Employees' Retirement System
5 North Fifth Street
Harrisburg, Pennsylvania 17101

CONSULTANT: Bruce Ruehl, Head of Advisory, Americas
Aksia LLC
599 Lexington Avenue, 46th Floor
New York, NY 10022

18. Reservation of Immunities. PSERS reserves all immunities, defenses, rights, or actions arising out of its

status as a sovereign entity or from the Eleventh Amendment to the United States Constitution. No provision of this Agreement shall be construed as a waiver of any such immunities, defenses, rights, or actions.

19. Certification of Taxpayer Identification Number. Execution of this Agreement constitutes certification by CONSULTANT that (a) the number appearing on the PROPOSAL COVER SHEET is Consultant's correct taxpayer identification number, and (b) CONSULTANT is not subject to backup withholding because (i) CONSULTANT is exempt from backup withholding, (ii) CONSULTANT has not been notified by the IRS that it is subject to backup withholding as a result of a failure to report all interest or dividends, or (iii), the IRS has notified CONSULTANT that it is no longer subject to backup withholding.

20. Board of Claims Jurisdiction. The CONSULTANT hereby agrees and acknowledges that any legal proceeding involving any contract claim asserted against PSERS arising out of the Agreement may only be brought before and subject to the exclusive jurisdiction of the Board of Claims of the Commonwealth of Pennsylvania pursuant to 62 Pa. C.S. §§1721-1726, and that such proceeding shall be governed by the procedural rules and laws of the Commonwealth of Pennsylvania, without regard to the principles of conflicts of law.

21. Applicable Law; Binding Effect. The provision of services shall be governed by the laws of the Commonwealth of Pennsylvania and, for all purposes, shall be construed in accordance with said laws and the decisions of the courts of the Commonwealth of Pennsylvania therein, and shall be binding upon the successors and assigns of the parties thereto.

22. Severability. If any one or more of the covenants, agreements, provisions, or terms of this Agreement shall be held contrary to any express provision of law, or contrary to the policy of express law though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements, provisions, or terms shall be deemed severable from the remaining covenants, agreements, provisions, or terms of this Agreement and shall in no way affect the validity or enforceability of the rights of the CONSULTANT or the Commonwealth of Pennsylvania.

23. Non-Exclusivity. The services of the CONSULTANT are not exclusive and the CONSULTANT provides similar services to other clients.

24. No Voting Authority. The CONSULTANT will not vote proxies on behalf of PSERS and PSERS will retain all voting authority with respect to any security owned by it.

25. Authorization. Each of the parties to this Agreement represents that it is duly authorized and empowered to execute, deliver and perform this Agreement, that such action does not materially conflict with or violate any provision of law, rule or regulation, contract, deed of trust, or other instrument to which it is a party or to which any of its property is subject, and that this Agreement is a valid and binding obligation, enforceable against such party in accordance with its terms.

26. Headings. The headings and captions in this Rider A are for convenience and reference purposes only and shall not be construed or deemed to explain, modify, amplify, or aid in the interpretation, construction, or meaning of the provisions hereof.

RIDER B

Table of Contents

PO - STANDARD TERMS and CONDITIONS

1.1 CONTRACT-001.1c Contract Terms and Conditions – Stand-Alone (Jan 24 2007)

The Contractor and the Commonwealth agree that the following terms and conditions are part of the Contract:

1.2 CONTRACT-002.1B Term of Contract – Stand-Alone PO (Oct 2013)

The term of the Contract created by the issuance of the Purchase Order shall commence on the Issue Date, which will be printed on the Purchase Order after the Purchase Order has been signed and returned by the contractor, electronically signed by the Commonwealth and approved as required by Commonwealth contracting procedures. If the Purchase Order output form does not have "Fully Executed" at the top of the first page and does not have the name of the Purchasing Agent printed in the appropriate box, the Purchase Order has <u>not</u> been fully executed. Subject to the other provisions of the Contract, the Contract shall end on the later of: a) complete delivery and acceptance of the awarded item(s); b) the expiration of any specified warranty and maintenance period; c) payment by the Commonwealth for the item or items received; or d) any Expiration Date identified in the Purchase Order.

1.3 CONTRACT-002.3 Extension of Contract Term (Nov 30 2006)

The Commonwealth reserves the right, upon notice to the Contractor, to extend any single term of the Contract for up to three (3) months upon the same terms and conditions.

1.4 CONTRACT-003.1D Signatures – Stand-Alone Purchase Order (March 2007)

The Contract shall not be a legally binding contract until the fully-executed Purchase Order has been sent to the Contractor. No Commonwealth employee has the authority to verbally direct the commencement of any work or delivery of any supply under this Purchase Order prior to the Issue Date. The Contractor hereby waives any claim or cause of action for any service or work performed prior to the Issue Date.

The Purchase Order will be signed in counterparts. The Contractor shall sign the Purchase Order "in ink" and return it to the Commonwealth. After the Purchase Order is signed by the Contractor and returned to the Commonwealth, it will be processed for Commonwealth signatures and approvals. When the Purchase Order has been signed and approved by the Commonwealth as required by Commonwealth contracting procedures, it shall: 1) clearly indicate "Fully executed" at the top of the form; 2) include a printed Issue Date and 3) include the printed name of the Purchasing Agent indicating that the document has been electronically signed and approved by the Commonwealth. Until the Contractor receives the Purchase Order output form with this information on the Purchase Order output form, there is no legally binding contract between the parties.

The fully-executed Purchase Order may be sent to the Contractor electronically or through facsimile equipment. The electronic transmission of a Purchase Order shall require acknowledgement of receipt of the transmission by the Contractor. Receipt of the electronic or facsimile transmission of the Purchase Order shall constitute receipt of the fully-executed Purchase Order.

The Commonwealth and the Contractor specifically agree as follows:

a. No handwritten signature shall be required in order for the Purchase Order to be legally enforceable.

b. The parties agree that no writing shall be required in order to make the Purchase Order legally binding, notwithstanding contrary requirements in any law. The parties hereby agree not to contest the validity or enforceability of a genuine Purchase Order acknowledgement issued electronically under the provisions of a statute of frauds or any other applicable law relating to whether certain agreements be in writing and signed by the party bound thereby. Any genuine Purchase Order acknowledgement issued electronically, if introduced as evidence on paper in any judicial, arbitration, mediation, or administrative proceedings, will be admissible as between the parties to the same extent and under the same conditions as other business records originated and maintained in documentary form. Neither party shall contest the admissibility of copies of a genuine Purchase Order acknowledgements under either the business records exception to the hearsay rule or the best evidence rule on the basis that the Purchase Order acknowledgement were not in writing or signed by the parties. A Purchase Order acknowledgment shall be deemed to be genuine for all purposes if it is transmitted to the location designated for such documents.

c. Each party will immediately take steps to verify any document that appears to be obviously garbled in transmission or improperly formatted to include re-transmission of any such document if necessary.

1.5 CONTRACT-006.1 Independent Prime Contractor (Oct 2006)

In performing its obligations under the Contract, the Contractor will act as an independent contractor and not as an employee or agent of the Commonwealth. The Contractor will be responsible for all services in this Contract whether or not Contractor provides them directly. Further, the Contractor is the sole point of contact with regard to all contractual matters, including payment of any and all charges resulting from the Contract.

1.6 CONTRACT-013.1 Environmental Provisions (Oct 2006)

In the performance of the Contract, the Contractor shall minimize pollution and shall strictly comply with all applicable environmental laws and regulations, including, but not limited to: the Clean Streams Law Act of June 22, 1937 (P.L. 1987, No. 394), as amended 35 P.S. Section 691.601 et seq.; the Pennsylvania Solid Waste Management Act, Act of July 7, 1980 (P.L. 380, No. 97), as amended, 35 P.S. Section 6018.101 et seq. ; and the Dam Safety and Encroachment Act, Act of November 26, 1978 (P.L. 1375, No. 325), as amended , 32 P.S. Section 693.1.

1.7 CONTRACT-014.1 Post-Consumer Recycled Content (Dec 5 2006)

Except as specifically waived by the Department of General Services in writing, any products which are provided to the Commonwealth as a part of the performance of the Contract must meet the minimum percentage levels for total recycled content as specified on the Department of General Services website at www.dgs.state.pa.us on the date of submission of the bid, proposal or contract offer.

1.8 CONTRACT-014.3 Recycled Content Enforcement (Feb 2009)

The Contractor may be required, after delivery of the Contract item(s), to provide the Commonwealth with documentary evidence that the item(s) was in fact produced with the required minimum percentage of post-consumer and recovered material content.

1.9 CONTRACT-017.1 Taxes (Dec 5 2006)

The Commonwealth is exempt from all excise taxes imposed by the Internal Revenue Service and has accordingly registered with the Internal Revenue Service to make tax free purchases under Registration No. 23-23740001-K. With the exception of purchases of the following items, no exemption certificates are required and none will be issued: undyed diesel fuel, tires, trucks, gas guzzler emergency vehicles, and sports fishing equipment. The Commonwealth is also exempt from Pennsylvania state sales tax, local sales tax, public transportation assistance taxes and fees and vehicle rental tax. The Department of Revenue regulations provide that exemption certificates are not required for sales made to governmental entities and none will be issued. Nothing in this paragraph is meant to exempt a construction contractor from the payment of any of these taxes or fees which are required to be paid with respect to the purchase, use, rental, or lease of tangible personal property or taxable services used or transferred in connection with the performance of a construction contract.

1.10 CONTRACT-018.1 Assignment of Antitrust Claims (Oct 2006)

The Contractor and the Commonwealth recognize that in actual economic practice, overcharges by the Contractor's suppliers resulting from violations of state or federal antitrust laws are in fact borne by the Commonwealth. As part of the consideration for the award of the Contract, and intending to be legally bound, the Contractor assigns to the Commonwealth all right, title and interest in and to any claims the Contractor now has, or may acquire, under state or federal antitrust laws relating to the products and services which are the subject of this Contract.

1.11 CONTRACT-019.1 Hold Harmless Provision (Nov 30 2006)

a. The Contractor shall hold the Commonwealth harmless from and indemnify the Commonwealth against any and all third party claims, demands and actions based upon or arising out of any activities performed by the Contractor and its employees and agents under this Contract, provided the Commonwealth gives Contractor prompt notice of any such claim of which it learns. Pursuant to the Commonwealth Attorneys Act (71 P.S. Section 732-101, et seq.), the Office of Attorney General (OAG) has the sole authority to represent the Commonwealth in actions brought against the Commonwealth. The OAG may, however, in its sole discretion and under such terms as it deems appropriate, delegate its right of defense. If OAG delegates the defense to the Contractor, the Commonwealth will cooperate with all reasonable requests of Contractor made in the defense of such suits.

b. Notwithstanding the above, neither party shall enter into any settlement without the other party's written consent, which shall not be unreasonably withheld. The Commonwealth may, in its sole discretion, allow the Contractor to control the defense and any related settlement negotiations.

1.12 CONTRACT-020.1 Audit Provisions (Oct 2006)

The Commonwealth shall have the right, at reasonable times and at a site designated by the Commonwealth, to audit the books, documents and records of the Contractor to the extent that the books, documents and records relate to costs or pricing data for the Contract. The Contractor agrees to maintain records which will support the prices charged and costs incurred for the Contract. The Contract shall preserve books, documents and records that relate to costs or pricing data for the Contract for a period of three (3) years from the date of final payment. The Contractor shall give full and free access to all records to the Commonwealth and/or their authorized representatives.

1.13 CONTRACT-021.1 Default (Oct 2013)

a. The Commonwealth may, subject to the Force Majeure provisions of this Contract, and in addition to its other rights under the Contract, declare the Contractor in default by written notice thereof to the Contractor, and terminate (as provided in the Termination Provisions of this Contract) the whole or any part of this Contract or any Purchase Order for any of the following reasons:

1) Failure to begin work within the time specified in the Contract or Purchase Order or as otherwise specified;

2) Failure to perform the work with sufficient labor, equipment, or material to ensure the completion of the specified work in accordance with the Contract or Purchase Order terms;

3) Unsatisfactory performance of the work;

4) Failure to deliver the awarded item(s) within the time specified in the Contract or Purchase Order or as otherwise specified;

5) Improper delivery;

6) Failure to provide an item(s) which is in conformance with the specifications referenced in the Contract or Purchase Order;

7) Delivery of a defective item;

8) Failure or refusal to remove material, or remove and replace any work rejected as defective or unsatisfactory;

9) Discontinuance of work without approval;

10) Failure to resume work, which has been discontinued, within a reasonable time after notice to do so;

11) Insolvency or bankruptcy;

12) Assignment made for the benefit of creditors;

13) Failure or refusal within 10 days after written notice by the Contracting Officer, to make payment or show cause why payment should not be made, of any amounts due for materials furnished, labor supplied or performed, for equipment rentals, or for utility services rendered;

14) Failure to protect, to repair, or to make good any damage or injury to property;

15) Breach of any provision of the Contract;

16) Failure to comply with representations made in the Contractor's bid/proposal; or

17) Failure to comply with applicable industry standards, customs, and practice.

b. In the event that the Commonwealth terminates this Contract or any Purchase Order in whole or in part as provided in Subparagraph a. above, the Commonwealth may procure, upon such terms and in such manner as it determines, items similar or identical to those so terminated, and the Contractor shall be liable to the Commonwealth for any reasonable excess costs for such similar or identical items included within the terminated part of the Contract or Purchase Order.

c. If the Contract or a Purchase Order is terminated as provided in Subparagraph a. above, the Commonwealth, in addition to any other rights provided in this paragraph, may require the Contractor to transfer title and deliver immediately to the Commonwealth in the manner and to the extent directed by the Contracting Officer, such partially completed items, including, where applicable, reports, working papers and other documentation, as the Contractor has specifically produced or specifically acquired for the performance of such part of the Contract or Purchase Order as has been terminated. Except as provided below, payment for completed work accepted by the

Commonwealth shall be at the Contract price. Except as provided below, payment for partially completed items including, where applicable, reports and working papers, delivered to and accepted by the Commonwealth shall be in an amount agreed upon by the Contractor and Contracting Officer. The Commonwealth may withhold from amounts otherwise due the Contractor for such completed or partially completed works, such sum as the Contracting Officer determines to be necessary to protect the Commonwealth against loss.

d. The rights and remedies of the Commonwealth provided in this paragraph shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.

e. The Commonwealth's failure to exercise any rights or remedies provided in this paragraph shall not be construed to be a waiver by the Commonwealth of its rights and remedies in regard to the event of default or any succeeding event of default.

f. Following exhaustion of the Contractor's administrative remedies as set forth in the Contract Controversies Provision of the Contract, the Contractor's exclusive remedy shall be to seek damages in the Board of Claims.

1.14 CONTRACT-022.1 Force Majeure (Oct 2006)

Neither party will incur any liability to the other if its performance of any obligation under this Contract is prevented or delayed by causes beyond its control and without the fault or negligence of either party. Causes beyond a party's control may include, but aren't limited to, acts of God or war, changes in controlling law, regulations, orders or the requirements of any governmental entity, severe weather conditions, civil disorders, natural disasters, fire, epidemics and quarantines, general strikes throughout the trade, and freight embargoes.

The Contractor shall notify the Commonwealth orally within five (5) days and in writing within ten (10) days of the date on which the Contractor becomes aware, or should have reasonably become aware, that such cause would prevent or delay its performance. Such notification shall (i) describe fully such cause(s) and its effect on performance, (ii) state whether performance under the contract is prevented or delayed and (iii) if performance is delayed, state a reasonable estimate of the duration of the delay. The Contractor shall have the burden of proving that such cause(s) delayed or prevented its performance despite its diligent efforts to perform and shall produce such supporting documentation as the Commonwealth may reasonably request. After receipt of such notification, the Commonwealth may elect to cancel the Contract, cancel the Purchase Order, or to extend the time for performance as reasonably necessary to compensate for the Contractor's delay.

In the event of a declared emergency by competent governmental authorities, the Commonwealth by notice to the Contractor, may suspend all or a portion of the Contract or Purchase Order.

1.15 CONTRACT-024.1 Contract Controversies (Oct 2011)

a. In the event of a controversy or claim arising from the Contract, the Contractor must, within six months after the cause of action accrues, file a written claim with the contracting officer for a determination. The claim shall state all grounds upon which the Contractor asserts a controversy exists. If the Contractor fails to file a claim or files an untimely claim, the Contractor is deemed to have waived its right to assert a claim in any forum. At the time the claim is filed, or within sixty (60) days thereafter, either party may request mediation through the Commonwealth Office of General Counsel Dispute Resolution Program.

b. If the Contractor or the contracting officer requests mediation and the other party agrees, the contracting officer shall promptly make arrangements for mediation. Mediation shall be scheduled so as to not delay the issuance of the final determination beyond the required 120 days after receipt of the claim if mediation is unsuccessful. If mediation is not agreed to or if resolution is not reached through mediation, the contracting officer shall review timely-filed claims and issue a final determination, in writing, regarding the claim. The final determination shall be issued within 120 days of the receipt of the claim, unless extended by consent of the contracting officer and the Contractor. The contracting officer shall send his/her written determination to the

Contractor. If the contracting officer fails to issue a final determination within the 120 days (unless extended by consent of the parties), the claim shall be deemed denied. The contracting officer's determination shall be the final order of the purchasing agency.

c. Within fifteen (15) days of the mailing date of the determination denying a claim or within 135 days of filing a claim if, no extension is agreed to by the parties, whichever occurs first, the Contractor may file a statement of claim with the Commonwealth Board of Claims. Pending a final judicial resolution of a controversy or claim, the Contractor shall proceed diligently with the performance of the Contract in a manner consistent with the determination of the contracting officer and the Commonwealth shall compensate the Contractor pursuant to the terms of the Contract.

1.16 CONTRACT-025.1 Assignability and Subcontracting (Oct 2013)

a. Subject to the terms and conditions of this paragraph, this Contract shall be binding upon the parties and their respective successors and assigns.

b. The Contractor shall not subcontract with any person or entity to perform all or any part of the work to be performed under this Contract without the prior written consent of the Contracting Officer, which consent may be withheld at the sole and absolute discretion of the Contracting Officer.

c. The Contractor may not assign, in whole or in part, this Contract or its rights, duties, obligations, or responsibilities hereunder without the prior written consent of the Contracting Officer, which consent may be withheld at the sole and absolute discretion of the Contracting Officer.

d. Notwithstanding the foregoing, the Contractor may, without the consent of the Contracting Officer, assign its rights to payment to be received under the Contract, provided that the Contractor provides written notice of such assignment to the Contracting Officer together with a written acknowledgement from the assignee that any such payments are subject to all of the terms and conditions of this Contract.

e. For the purposes of this Contract, the term "assign" shall include, but shall not be limited to, the sale, gift, assignment, pledge, or other transfer of any ownership interest in the Contractor provided, however, that the term shall not apply to the sale or other transfer of stock of a publicly traded company.

f . Any assignment consented to by the Contracting Officer shall be evidenced by a written assignment agreement executed by the Contractor and its assignee in which the assignee agrees to be legally bound by all of the terms and conditions of the Contract and to assume the duties, obligations, and responsibilities being assigned.

g. A change of name by the Contractor, following which the Contractor's federal identification number remains unchanged, shall not be considered to be an assignment hereunder. The Contractor shall give the Contracting Officer written notice of any such change of name.

1.17 CONTRACT-026.1 Other Contractors (Oct 2006)

The Commonwealth may undertake or award other contracts for additional or related work, and the Contractor shall fully cooperate with other contractors and Commonwealth employees, and coordinate its work with such additional work as may be required. The Contractor shall not commit or permit any act that will interfere with the performance of work by any other contractor or by Commonwealth employees. This paragraph shall be included in the Contracts of all contractors with which this Contractor will be required to cooperate. The Commonwealth shall equitably enforce this paragraph as to all contractors to prevent the imposition of unreasonable burdens on any contractor.

1.18 CONTRACT-027.1 Nondiscrimination/Sexual Harassment Clause (March 2015)

The Contractor agrees:

1. In the hiring of any employee(s) for the manufacture of supplies, performance of work, or any other activity

required under the contract or any subcontract, the Contractor, each subcontractor, or any person acting on behalf of the Contractor or subcontractor shall not discriminate in violation of the *Pennsylvania Human Relations Act* (PHRA) and applicable federal laws against any citizen of this Commonwealth who is qualified and available to perform the work to which the employment relates.

2. Neither the Contractor nor any subcontractor nor any person on their behalf shall in any manner discriminate in violation of the PHRA and applicable federal laws against or intimidate any employee involved in the manufacture of supplies, the performance of work, or any other activity required under the contract.

3. The Contractor and each subcontractor shall establish and maintain a written nondiscrimination and sexual harassment policy and shall inform their employees of the policy. The policy must contain a provision that sexual harassment will not be tolerated and employees who practice it will be disciplined. Posting this Nondiscrimination/Sexual Harassment Clause conspicuously in easily-accessible and well-lighted places customarily frequented by employees and at or near where the contract services are performed shall satisfy this requirement.

4. The Contractor and each subcontractor shall not discriminate in violation of PHRA and applicable federal laws against any subcontractor or supplier who is qualified to perform the work to which the contract relates.

5. The Contractor and each subcontractor represents that it is presently in compliance with and will maintain compliance with all applicable federal, state, and local laws and regulations relating to nondiscrimination and sexual harassment. The Contractor and each subcontractor further represents that it has filed a Standard Form 100 Employer Information Report ("EEO-1") with the U.S. Equal Employment Opportunity Commission ("EEOC") and shall file an annual EEO-1 report with the EEOC as required for employers subject to *Title VII* of the *Civil Rights Act of 1964*, as amended, that have 100 or more employees and employers that have federal government contracts or first-tier subcontracts and have 50 or more employees. The Contractor and each subcontractor shall, upon request and within the time periods requested by the Commonwealth, furnish all necessary employment documents and records, including EEO-1 reports, and permit access to their books, records, and accounts by the contracting agency and the Bureau of Small Business Opportunities (BSBO), for purpose of ascertaining compliance with provisions of this Nondiscrimination/Sexual Harassment Clause.

6. The Contractor shall include the provisions of this Nondiscrimination/Sexual Harassment Clause in every subcontract so that those provisions applicable to subcontractors will be binding upon each subcontractor.

7. The Contractor's and e ach subcontractor's obligations pursuant to these provisions are ongoing from and after the effective date of the contract through the termination date thereof. Accordingly, the Contractor and each subcontractor shall have an obligation to inform the Commonwealth if, at any time during the term of the contract, it becomes aware of any actions or occurrences that would result in violation of these provisions.

8. The Commonwealth may cancel or terminate the contract and all money due or to become due under the contract may be forfeited for a violation of the terms and conditions of this Nondiscrimination/Sexual Harassment Clause. In addition, the agency may proceed with debarment or suspension and may place the Contractor in the Contractor Responsibility File.

1.19 CONTRACT-028.1 Contractor Integrity Provisions (Jan 2015)

It is essential that those who seek to contract with the Commonwealth of Pennsylvania ("Commonwealth") observe high standards of honesty and integrity. They must conduct themselves in a manner that fosters public confidence in the integrity of the Commonwealth contracting and procurement process.

1. DEFINITIONS. For purposes of these Contractor Integrity Provisions, the following terms shall have the meanings found in this Section:

a. "Affiliate" means two or more entities where (a) a parent entity owns more than fifty percent of the voting stock of each of the entities; or (b) a common shareholder or group of shareholders owns more than fifty percent of the voting stock of each of the entities; or (c) the entities have a common proprietor or general partner.

b. "Consent" means written permission signed by a duly authorized officer or employee of the Commonwealth, provided that where the material facts have been disclosed, in writing, by prequalification, bid, proposal, or contractual terms, the Commonwealth shall be deemed to have consented by virtue of the execution of this contract.

c. "Contractor" means the individual or entity, that has entered into this contract with the Commonwealth.

d. "Contractor Related Parties" means any affliates of the Contractor and the Contractor's executive officers, Pennsylvania officers and directors, or owners of 5 percent or more interest in the Contractor.

e. "Financial Interest" means either:

(1) Ownership of more than a five percent interest in any business; or

(2) Holding a position as an officer, director, trustee, partner, employee, or holding any position of management.

f. "Gratuity" means tendering, giving, or providing anything of more than nominal monetary value including, but not limited to, cash, travel, entertainment, gifts, meals, lodging, loans, subscriptions, advances, deposits of money, services, employment, or contracts of any kind. The exceptions set forth in the *Governor's Code of Conduct, Executive Order 1980-18*, the *4 Pa. Code §7.153(b)*, shall apply.

g. "Non-bid Basis" means a contract awarded or executed by the Commonwealth with Contractor without seeking bids or proposals from any other potential bidder or offeror.

2. In furtherance of this policy, Contractor agrees to the following:

a. Contractor shall maintain the highest standards of honesty and integrity during the performance of this contract and shall take no action in violation of state or federal laws or regulations or any other applicable laws or regulations, or other requirements applicable to Contractor or that govern contracting or procurement with the Commonwealth.

b. Contractor shall establish and implement a written business integrity policy, which includes, at a minimum, the requirements of these provisions as they relate to the Contractor activity with the Commonwealth and Commonwealth employees and which is made known to all Contractor employees. Posting these Contractor Integrity Provisions conspicuously in easily-accessible and well-lighted places customarily frequented by employees and at or near where the contract services are performed shall satisfy this requirement.

c. Contractor, its affiliates, agents, employees and anyone in privity with Contractor shall not accept, agree to give, offer, confer or agree to confer or promise to confer, directly or indirectly, any gratuity or pecuniary benefit to any person, or to influence or attempt to influence any person in violation of any federal or state law, regulation, executive order of the Governor of Pennsylvania, statement of policy, management directive or any other published standard of the Commonwealth in connection with performance of work under this contract, except as provided in this contract.

d. Contractor shall not have a financial interest in any other contractor, subcontractor, or supplier providing services, labor or material under this contract, unless the financial interest is disclosed to the Commonwealth in writing and the Commonwealth consents to Contractor's financial interest prior to Commonwealth execution of the contract. Contractor shall disclose the financial interest to the Commonwealth at the time of bid or proposal submission, or if no bids or proposals are solicited, no later than the Contractor's submission of the contract signed by Contractor.

e. Contractor certifies to the best of its knowledge and belief that within the last five (5) years Contractor or Contractor Related Parties have not:

(1) been indicted or convicted of a crime involving moral turpitude or business honesty or integrity in any jurisdiction;

(2) been suspended, debarred or otherwise disqualified from entering into any contract with any governmental agency;

(3) had any business license or professional license suspended or revoked;

(4) had any sanction or finding of fact imposed as a result of a judicial or administrative proceeding related to fraud, extortion, bribery, bid rigging, embezzlement, misrepresentation or anti-trust; and

(5) been, and is not currently, the subject of a criminal investigation by any federal, state or local prosecuting or investigative agency and/or civil anti-trust investigation by any federal, state or local prosecuting or investigative agency.

If Contractor cannot so certify to the above, then it must submit along with its bid, proposal or contract a written explanation of why such certification cannot be made and the Commonwealth will determine whether a contract may be entered into with the Contractor. The Contractor's obligation pursuant to this certification is ongoing from and after the effective date of the contract through the termination date thereof. Accordingly, the Contractor shall have an obligation to immediately notify the Commonwealth in writing if at any time during the term of the contract it becomes aware of any event which would cause the Contractor's certification or explanation to change. Contractor acknowledges that the Commonwealth may, in its sole discretion, terminate the contract for cause if it learns that any of the certifications made herein are currently false due to intervening factual circumstances or were false or should have been known to be false when entering into the contract.

f. Contractor shall comply with the requirements of the *Lobbying Disclosure Act (65 Pa.C.S. §13A01 et seq.)* regardless of the method of award. If this contract was awarded on a Non-bid Basis, Contractor must also comply with the requirements of the *Section 1641 of the Pennsylvania Election Code (25 P.S. §3260a).*

g. When contractor has reason to believe that any breach of ethical standards as set forth in law, the Governor's Code of Conduct, or these Contractor Integrity Provisions has occurred or may occur, including but not limited to contact by a Commonwealth officer or employee which, if acted upon, would violate such ethical standards, Contractor shall immediately notify the Commonwealth contracting officer or the Office of the State Inspector General in writing.

h. Contractor, by submission of its bid or proposal and/or execution of this contract and by the submission of any bills, invoices or requests for payment pursuant to the contract, certifies and represents that is has not violated any of these Contractor Integrity Provisions in connection with the submission of the bid or proposal, during any contract negotiations or during the term of the contract, to include any extensions thereof. Contractor shall immediately notify the Commonwealth in writing of any actions for occurrences that would result in a violation of these Contractor Integrity Provisions. Contractor agrees to reimburse the Commonwealth for the reasonable costs of investigation incurred by the Office of the State Inspector General for investigations of the Contractor's compliance with the terms of this or any other agreement between the Contractor and the Commonwealth that results in the suspension or debarment of the Contractor. Contractor shall not be responsible for investigative costs for investigations that do not result in the Contractor's suspension or debarment.

i. Contractor shall cooperate with the Office of the State Inspector General in its investigation of any alleged Commonwealth agency or employee breach of ethical standards and any alleged Contractor non-compliance with these Contractor Integrity Provisions. Contractor agrees to make identified Contractor employees available for interviews at reasonable times and places. Contractor, upon the inquiry or request of an Inspector General, shall provide, or if appropriate, make promptly available for inspection or copying, any information of any type or form deemed relevant by the Office of the State Inspector General to Contractor's integrity and compliance with these provisions. Such information may include, but shall not be limited to, Contractor's business or financial records, documents or files of any type or form that refer to or concern this contract. Contractor shall incorporate this paragraph in any agreement, contract or subcontract it enters into in the course of the performance of this contract/agreement solely for the purpose of obtaining subcontractor compliance with this provision. The incorporation of this provision in a subcontract shall not create privity of contract between the Commonwealth and any such subcontractor, and no third party beneficiaries shall be created thereby.

j. For violation of any of these Contractor Integrity Provisions, the Commonwealth may terminate this and any other contract with Contractor, claim liquidated damages in an amount equal to the value of anything received in breach of these Provisions, claim damages for all additional costs and expenses incurred in obtaining another contractor to complete performance under this contract, and debar and suspend Contractor from doing business with the Commonwealth. These rights and remedies are cumulative, and the use or non-use of any one shall not preclude the use of all or any other. These rights and remedies are in addition to those the Commonwealth may have under law, statute, regulation or otherwise.

1.20 CONTRACT-029.1 Contractor Responsibility Provisions (Nov 2010)

For the purpose of these provisions, the term contractor is defined as any person, including, but not limited to, a bidder, offeror, loan recipient, grantee or lessor, who has furnished or performed or seeks to furnish or perform, goods, supplies, services, leased space, construction or other activity, under a contract, grant, lease, purchase order or reimbursement agreement with the Commonwealth of Pennsylvania (Commonwealth). The term contractor includes a permittee, licensee, or any agency, political subdivision, instrumentality, public authority, or other public entity in the Commonwealth.

1. The Contractor certifies, in writing, for itself and its subcontractors required to be disclosed or approved by the Commonwealth, that as of the date of its execution of this Bid/Contract, that neither the Contractor, nor any such subcontractors, are under suspension or debarment by the Commonwealth or any governmental entity, instrumentality, or authority and, if the Contractor cannot so certify, then it agrees to submit, along with its Bid/Contract, a written explanation of why such certification cannot be made.

2. The Contractor also certifies, in writing, that as of the date of its execution of this Bid/Contract it has no tax liabilities or other Commonwealth obligations, or has filed a timely administrative or judicial appeal if such liabilities or obligations exist, or is subject to a duly approved deferred payment plan if such liabilities exist.

3. The Contractor's obligations pursuant to these provisions are ongoing from and after the effective date of the Contract through the termination date thereof. Accordingly, the Contractor shall have an obligation to inform the Commonwealth if, at any time during the term of the Contract, it becomes delinquent in the payment of taxes, or other Commonwealth obligations, or if it or, to the best knowledge of the Contractor, any of its subcontractors are suspended or debarred by the Commonwealth, the federal government, or any other state or governmental entity. Such notification shall be made within 15 days of the date of suspension or debarment.

4. The failure of the Contractor to notify the Commonwealth of its suspension or debarment by the Commonwealth, any other state, or the federal government shall constitute an event of default of the Contract with the Commonwealth.

5. The Contractor agrees to reimburse the Commonwealth for the reasonable costs of investigation incurred by the Office of State Inspector General for investigations of the Contractor's compliance with the terms of this or any other agreement between the Contractor and the Commonwealth that results in the suspension or debarment of the contractor. Such costs shall include, but shall not be limited to, salaries of investigators, including overtime; travel and lodging expenses; and expert witness and documentary fees. The Contractor shall not be responsible for investigative costs for investigations that do not result in the Contractor's suspension or debarment.

6. The Contractor may obtain a current list of suspended and debarred Commonwealth contractors by either searching the Internet at **http://www.dgs.state.pa.us/** or contacting the:

Department of General Services
Office of Chief Counsel
603 North Office Building
Harrisburg, PA 17125
Telephone No: (717) 783-6472
FAX No: (717) 787-9138

1.21 CONTRACT-030.1 Americans with Disabilities Act (Oct 2006)

a. Pursuant to federal regulations promulgated under the authority of The Americans With Disabilities Act, 28 C.F.R. Section 35.101 et seq., the Contractor understands and agrees that it shall not cause any individual with a disability to be excluded from participation in this Contract or from activities provided for under this Contract on the basis of the disability. As a condition of accepting this contract, the Contractor agrees to comply with the "General Prohibitions Against Discrimination," 28 C.F.R. Section 35.130, and all other regulations promulgated under Title II of The Americans With Disabilities Act which are applicable to all benefits, services, programs, and activities provided by the Commonwealth of Pennsylvania through contracts with outside contractors.

b. The Contractor shall be responsible for and agrees to indemnify and hold harmless the Commonwealth of Pennsylvania from all losses, damages, expenses, claims, demands, suits, and actions brought by any party against the Commonwealth of Pennsylvania as a result of the Contractor's failure to comply with the provisions of Subparagraph a. above.

1.22 CONTRACT-032.1 Covenant Against Contingent Fees (Oct 2006)

The Contractor warrants that no person or selling agency has been employed or retained to solicit or secure the Contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, except bona fide employees or bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business. For breach or violation of this warranty, the Commonwealth shall have the right to terminate the Contract without liability or in its discretion to deduct from the Contract price or consideration, or otherwise recover the full amount of such commission, percentage, brokerage, or contingent fee.

1.23 CONTRACT-033.1 Applicable Law (Oct 2006)

This Contract shall be governed by and interpreted and enforced in accordance with the laws of the Commonwealth of Pennsylvania (without regard to any conflict of laws provisions) and the decisions of the Pennsylvania courts. The Contractor consents to the jurisdiction of any court of the Commonwealth of Pennsylvania and any federal courts in Pennsylvania, waiving any claim or defense that such forum is not convenient or proper. The Contractor agrees that any such court shall have in personam jurisdiction over it, and consents to service of process in any manner authorized by Pennsylvania law.

1.24 CONTRACT-034.1d Integration – Stand Alone Purchase Order (Nov 30 2006)

This Purchase Order, including all referenced documents, constitutes the entire agreement between the parties. No agent, representative, employee or officer of either the Commonwealth or the Contractor has authority to make, or has made, any statement, agreement or representation, oral or written, in connection with the Contract, which in any way can be deemed to modify, add to or detract from, or otherwise change or alter its terms and conditions. No negotiations between the parties, nor any custom or usage, shall be permitted to modify or contradict any of the terms and conditions of the Contract. No modifications, alterations, changes, or waiver to the Contract or any of its terms shall be valid or binding unless accomplished by a written amendment signed by both parties.

1.25 CONTRACT-034.3 Controlling Terms and Conditions (Aug 2011)

The terms and conditions of this Contract shall be the exclusive terms of agreement between the Contractor and the Commonwealth. All quotations requested and received from the Contractor are for obtaining firm pricing only. Other terms and conditions or additional terms and conditions included or referenced in the Contractor's quotations, invoices, business forms, or other documentation shall not become part of the parties' agreement and shall be disregarded by the parties, unenforceable by the Contractor and not binding on the Commonwealth.

1.26 CONTRACT-052.1 Right to Know Law (Feb 2010)

a. The Pennsylvania Right-to-Know Law, 65 P.S. §§ 67.101-3104, ("RTKL") applies to this Contract. For the purpose of these provisions, the term "the Commonwealth" shall refer to the contracting Commonwealth agency.

b. If the Commonwealth needs the Contractor's assistance in any matter arising out of the RTKL related to this Contract, it shall notify the Contractor using the legal contact information provided in this Contract. The Contractor, at any time, may designate a different contact for such purpose upon reasonable prior written notice to the Commonwealth.

c. Upon written notification from the Commonwealth that it requires the Contractor's assistance in responding to a request under the RTKL for information related to this Contract that may be in the Contractor's possession, constituting, or alleged to constitute, a public record in accordance with the RTKL ("Requested Information"), the Contractor shall:

1. Provide the Commonwealth, within ten (10) calendar days after receipt of written notification, access to, and copies of, any document or information in the Contractor's possession arising out of this Contract that the Commonwealth reasonably believes is Requested Information and may be a public record under the RTKL; and
2. Provide such other assistance as the Commonwealth may reasonably request, in order to comply with the RTKL with respect to this Contract.

d. If the Contractor considers the Requested Information to include a request for a Trade Secret or Confidential Proprietary Information, as those terms are defined by the RTKL, or other information that the Contractor considers exempt from production under the RTKL, the Contractor must notify the Commonwealth and provide, within seven (7) calendar days of receiving the written notification, a written statement signed by a representative of the Contractor explaining why the requested material is exempt from public disclosure under the RTKL.

e. The Commonwealth will rely upon the written statement from the Contractor in denying a RTKL request for the Requested Information unless the Commonwealth determines that the Requested Information is clearly not protected from disclosure under the RTKL. Should the Commonwealth determine that the Requested Information is clearly not exempt from disclosure, the Contractor shall provide the Requested Information within five (5) business days of receipt of written notification of the Commonwealth's determination.

f. If the Contractor fails to provide the Requested Information within the time period required by these provisions, the Contractor shall indemnify and hold the Commonwealth harmless for any damages, penalties, costs, detriment or harm that the Commonwealth may incur as a result of the Contractor's failure, including any statutory damages assessed against the Commonwealth.

g. The Commonwealth will reimburse the Contractor for any costs associated with complying with these provisions only to the extent allowed under the fee schedule established by the Office of Open Records or as otherwise provided by the RTKL if the fee schedule is inapplicable.

h. The Contractor may file a legal challenge to any Commonwealth decision to release a record to the public with the Office of Open Records, or in the Pennsylvania Courts, however, the Contractor shall indemnify the Commonwealth for any legal expenses incurred by the Commonwealth as a result of such a challenge and shall hold the Commonwealth harmless for any damages, penalties, costs, detriment or harm that the Commonwealth may incur as a result of the Contractor's failure, including any statutory damages assessed against the Commonwealth, regardless of the outcome of such legal challenge. As between the parties, the Contractor agrees to waive all rights or remedies that may be available to it as a result of the Commonwealth's disclosure of Requested Information pursuant to the RTKL.

i. The Contractor's duties relating to the RTKL are continuing duties that survive the expiration of this Contract and shall continue as long as the Contractor has Requested Information in its possession.

1.27 CONTRACT-016.2 ACH Payments (Aug 2007)

a. The Commonwealth will make contract payments through the Automated Clearing House (ACH). Within 10 days of award of the contract or purchase order, the contractor must submit or must have already submitted their ACH information within their user profile in the Commonwealth's procurement system (SRM).

b. The contractor must submit a unique invoice number with each invoice submitted. The unique invoice number will be listed on the Commonwealth of Pennsylvania's ACH remittance advice to enable the contractor to properly apply the state agency's payment to the invoice submitted.

c. It is the responsibility of the contractor to ensure that the ACH information contained in SRM is accurate and complete. Failure to maintain accurate and complete information may result in delays in payments.

March 20, 2015

RE: Request for Proposal – PSERS RFP 2015-2

You are invited to submit a proposal to the Pennsylvania Public School Employees' Retirement System (PSERS) in accordance with the enclosed specifications for Hedge Fund Investment Consulting Services.

All proposals must be submitted in the number of copies outlined in Section I-12 of the RFP to PSERS, Attention: Terrianne Mirarchi, 5 North 5th Street, Harrisburg, PA 17101. Proposals must be received at the above address no later than 1:30 PM, April 17, 2015. Late proposals will not be considered regardless of the reason.

All questions should be submitted by email (with subject line "PSERS RFP 2015-2 Question") to John Kemp at johkemp@state.pa.us no later than March 27, 2015. All Offerors will be provided with answers to questions asked by any one Offeror.

Thank you.

Sincerely,

Terrianne P. Mirarchi
Purchasing and Contracting Manager

REQUEST FOR PROPOSALS FOR

HEDGE FUND INVESTMENT CONSULTING SERVICES

ISSUING OFFICE

COMMONWEALTH OF PENNSYLVANIA
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (PSERS)
5 NORTH 5TH STREET
HARRISBURG, PA 17101

RFP NUMBER

PSERS RFP 2015-2

DATE OF ISSUANCE

March 2015

REQUEST FOR PROPOSALS FOR

Hedge Fund Investment Consulting Services

TABLE OF CONTENTS

CALENDAR OF EVENTS

The Commonwealth will make every effort to adhere to the following schedule:

Activity	Responsibility	Date
Deadline to submit Questions via email to johkemp@state.pa.us	Potential Offerors	March 27, 2015
Pre-proposal Conference—Location.	Issuing Office/Potential Offerors	None
Answers to Potential Offeror questions posted to the DGS website (**http://www.dgsweb.state.pa.us/RTA/Search.aspx**) no later than this date.	Issuing Office	April 3, 2015
Please monitor website for all communications regarding the RFP.	Potential Offerors	
Sealed proposal must be received by the Issuing Office at: Public School Employees' Retirement System ATTN: Terrianne Mirarchi 5 N 5th Street Harrisburg, PA 17101	Offerors	April 17, 2015 1:30 PM

PART I

GENERAL INFORMATION

I-1. Purpose. This request for proposals (RFP) provides to those interested in submitting proposals for the subject procurement ("Offerors") sufficient information to enable them to prepare and submit proposals for the Commonwealth of Pennsylvania, Public School Employees' Retirement System's ("PSERS") consideration on behalf of the Commonwealth of Pennsylvania ("Commonwealth") to satisfy a need for Hedge Fund Consulting Services ("Project").

I-2. Issuing Office. PSERS ("Issuing Office") has issued this RFP on behalf of the Commonwealth. The sole point of contact in the Commonwealth for this RFP shall be John Kemp, Operations Manager, PSERS, 5 North 5th Street, Harrisburg**,** PA 17101, johkemp@pa.gov, the Issuing Officer for this RFP. Please refer all inquiries to the Issuing Officer.

I-3. Scope. This RFP contains instructions governing the requested proposals, including the requirements for the information and material to be included; a description of the service to be provided; requirements which Offerors must meet to be eligible for consideration; general evaluation criteria; and other requirements specific to this RFP.

I-4. Problem Statement. The purpose of this RFP is to obtain the service or services of a contractor or contractors to provide non-discretionary hedge fund investment consulting and/or performance measurement services. Additional detail is provided in **Part IV** of this RFP.

I-5. Type of Contract. It is proposed that if the Issuing Office enters into a contract as a result of this RFP, it will be a fixed-fee contract containing the Standard Contract Terms and Conditions as shown in Appendix B and available at http://www.dgsweb.state.pa.us/comod/CurrentForms/BOP-1203.doc. The Issuing Office, in its sole discretion, may undertake negotiations with Offerors whose proposals, in the judgment of the Issuing Office, show them to be qualified, responsible and capable of performing the Project.

I-6. Rejection of Proposals. The Issuing Office reserves the right, in its sole and complete discretion, to reject any proposal received as a result of this RFP.

I-7. Incurring Costs. The Issuing Office is not liable for any costs the Offeror incurs in preparation and submission of its proposal, in participating in the RFP process or in anticipation of award of the contract.

I-8. Pre-proposal Conference. There will be no Pre-proposal conference for this RFP. If there are any questions, please forward them to the Issuing Officer in accordance with Section I-9.

I-9. Questions & Answers. If an Offeror has any questions regarding this RFP, the Offeror must submit the questions by email **(with the subject line "PSERS RFP 2015-2 Question")** to the Issuing Officer named in **Part I, Section I-2** of the RFP. If the Offeror has questions, they must be submitted via email **no later than** the date indicated on the Calendar of Events. The Offeror shall not attempt to contact the Issuing Officer by any other means. The Issuing Officer shall post the answers to the questions on the DGS website by the date stated on the Calendar of Events**.** An Offeror who submits a question *after* the deadline date for receipt of questions indicated on the Calendar of Events assumes the risk that its proposal will not be responsive or competitive because the Commonwealth is not able to respond before the proposal receipt date or in sufficient time for the Offeror to prepare a responsive or competitive proposal. When submitted after the deadline date for receipt of questions indicated on the Calendar of Events, the Issuing Officer *may* respond to questions of an administrative nature by directing the questioning Offeror to specific provisions in the RFP. To the extent that the Issuing Office decides to respond to a non-administrative question *after* the deadline date for receipt of questions indicated on the Calendar of Events, the answer must be provided to all Offerors through an addendum.

All questions and responses as posted on the DGS website are considered as an addendum to, and part of, this RFP in accordance with RFP **Part I, Section I-10.** Each Offeror shall be responsible to monitor the DGS website for new or revised RFP information. The Issuing Office shall not be bound by any verbal information nor shall it be bound by any written information that is not either contained within the RFP or formally issued as an addendum by the Issuing Office. The Issuing Office does not consider questions to be a protest of the specifications or of the solicitation. The required protest process for Commonwealth procurements is described on the DGS website http://www.dgs.state.pa.us/procurement/cwp/view.asp?=3&Q=124610&PM-1.

I-10. Addenda to the RFP. If the Issuing Office deems it necessary to revise any part of this RFP before the proposal response date, the Issuing Office will post an addendum to the DGS website at **http://www.dgsweb.state.pa.us/RTA/Search.aspx**. It is the Offeror's responsibility to periodically check the website for any new information or addenda to the RFP. Answers to the questions asked during the Questions & Answers period also will be posted to the website as an addendum to the RFP.

I-11. Response Date. To be considered for selection, hard copies of proposals must arrive at the Issuing Office on or before the time and date specified in the RFP Calendar of Events. The Issuing Office will **not** accept proposals via email or facsimile transmission. Offerors who send proposals by mail or other delivery service should allow sufficient delivery time to ensure timely receipt of their proposals. If, due to inclement weather, natural disaster, or any other cause, the Commonwealth office location to which proposals are to be returned is closed on the proposal response date, the deadline for submission will be automatically extended until the next Commonwealth business day on which the office is open, unless the Issuing Office otherwise notifies Offerors. The hour for submission of proposals shall remain the same. The Issuing Office will reject, unopened, any late proposals.

I-12. Proposals. To be considered, Offerors should submit a complete response to this RFP to the Issuing Office, using the format provided in **Part II**, providing **15 paper copies of the Technical Submittal and one (1) paper copy of the Cost Submittal and two (2) paper copies of the Small Diverse Business (SDB) participation submittal.** In addition to the paper copies of the proposal, Offerors shall submit two **complete and exact** copies of the entire proposal

(Technical, Cost and SDB submittals, along with all requested documents) on CD-ROM or Flash drive in Microsoft Office or Microsoft Office-compatible format. The electronic copy must be a mirror image of the paper copy and any spreadsheets must be in Microsoft Excel. The Offerors may not lock or protect any cells or tabs. Offerors should ensure that there is no costing information in the technical submittal. Offerors should not reiterate technical information in the cost submittal. The CD or Flash drive should clearly identify the Offeror and include the name and version number of the virus scanning software that was used to scan the CD or Flash drive before it was submitted. The Offeror shall make no other distribution of its proposal to any other Offeror or Commonwealth official or Commonwealth consultant. Each proposal page should be numbered for ease of reference. An official authorized to bind the Offeror to its provisions must sign the proposal. If the official signs the Proposal Cover Sheet (Appendix D to this RFP) and the Proposal Cover Sheet is attached to the Offeror's proposal, the requirement will be met. For this RFP, the proposal must remain valid for 120 days or until a contract is fully executed. If the Issuing Office selects the Offeror's proposal for award, the contents of the selected Offeror's proposal will become, except to the extent the contents are changed through Best and Final Offers or negotiations, contractual obligations.

Each Offeror submitting a proposal specifically waives any right to withdraw or modify it, except that the Offeror may withdraw its proposal by written notice received at the Issuing Office's address for proposal delivery prior to the exact hour and date specified for proposal receipt. An Offeror or its authorized representative may withdraw its proposal in person prior to the exact hour and date set for proposal receipt, provided the withdrawing person provides appropriate identification and signs a receipt for the proposal. An Offeror may modify its submitted proposal prior to the exact hour and date set for proposal receipt only by submitting a new sealed proposal or sealed modification which complies with the RFP requirements.

I-13. Small Diverse Business Information. The Issuing Office encourages participation by small diverse businesses as prime contractors, and encourages all prime contractors to make a significant commitment to use small diverse businesses as subcontractors and suppliers**.**

A Small Diverse Business is a DGS-verified minority-owned business, woman-owned business, veteran-owned business or service-disabled veteran-owned business.

A small business is a business in the United States which is independently owned, not dominant in its field of operation, employs no more than 100 full-time or full-time equivalent employees, and earns less than $7 million in gross annual revenues for building design, $20 million in gross annual revenues for sales and services and $25 million in gross annual revenues for those businesses in the information technology sales or service business.

Questions regarding this Program can be directed to:

Department of General Services
Bureau of Small Business Opportunities
Room 611, North Office Building
Harrisburg, PA 17125
Phone: (717) 783-3119

Fax: (717) 787-7052
Email: gs-bsbo@pa.gov
Website: www.dgs.state.pa.us

The Department's directory of BSBO-verified minority, women, veteran and service disabled veteran-owned businesses can be accessed from: Searching for Small Diverse Businesses.

I-14. Economy of Preparation. Offerors should prepare proposals simply and economically, providing a straightforward, concise description of the Offeror's ability to meet the requirements of the RFP.

I-15. Alternate Proposals. The Issuing Office has identified the basic approach to meeting its requirements, allowing Offerors to be creative and propose their best solution to meeting these requirements. The Issuing Office will not accept alternate proposals.

I-16. Discussions for Clarification. Offerors may be required to make an oral or written clarification of their proposals to the Issuing Office to ensure thorough mutual understanding and Offeror responsiveness to the solicitation requirements. The Issuing Office will initiate requests for clarification. Clarifications may occur at any stage of the evaluation and selection process prior to contract execution.

I-17. Prime Contractor Responsibilities. The contract will require the selected Offeror to assume responsibility for all services offered in its proposal whether it produces them itself or by subcontract. The Issuing Office will consider the selected Offeror to be the sole point of contact with regard to contractual matters.

I-18. Proposal Contents.

A. Confidential Information. The Commonwealth is not requesting, and does not require, confidential proprietary information or trade secrets to be included as part of Offerors' submissions in order to evaluate proposals submitted in response to this RFP. Accordingly, except as provided herein, Offerors should not label proposal submissions as confidential or proprietary or trade secret protected. Any Offeror who determines that it must divulge such information as part of its proposal must submit the signed written statement described in subsection c. below and must additionally provide a redacted version of its proposal on CD, which removes only the confidential proprietary information and trade secrets, for required public disclosure purposes. The CD should clearly identify the Offeror, note that it is a redacted copy and include the name and version number of the virus scanning software used to scan the CD before it was submitted. *If a written statement and redacted version of the proposal is not submitted at the time of the proposal submission, the proposal will be subject to release as submitted with only the financial capability redacted.*

B. Commonwealth Use. All material submitted with the proposal shall be considered the property of the Commonwealth of Pennsylvania and may be returned only at the Issuing Office's option. The Commonwealth has the right to use any or all ideas not protected by intellectual property rights that are presented in any proposal regardless of whether the proposal becomes part of a contract. Notwithstanding any Offeror copyright designations contained on proposals, the Commonwealth shall have the right to make copies and distribute proposals internally and to comply with public record or other disclosure requirements under the provisions of any Commonwealth or United States statute or regulation, or rule or order of any court of competent jurisdiction.

C. Public Disclosure. After the award of a contract pursuant to this RFP, all proposal submissions are subject to disclosure in response to a request for public records made under the Pennsylvania Right-to-Know-Law, 65 P.S. § 67.101, et seq. If a proposal submission contains confidential proprietary information or trade secrets, a signed written statement to this effect must be provided with the submission in accordance with 65 P.S. § 67.707(b) for the information to be considered exempt under 65 P.S. § 67.708(b)(11) from public records requests. Refer to APPENDIX F of the RFP for a Trade Secret Confidential Proprietary Information Notice Form that may be utilized as the signed written statement, if applicable. If financial capability information is submitted in response to Part II of this RFP such financial capability information is exempt from public records disclosure under 65 P.S. § 67.708(b)(26).

I-19. Best and Final Offers.

A. While not required, the Issuing Office reserves the right to conduct discussions with Offerors for the purpose of obtaining "best and final offers." To obtain best and final offers from Offerors, the Issuing Office may do one or more of the following, in any combination and order:

1. Schedule oral presentations;
2. Request revised proposals;
3. Conduct a reverse online auction; and
4. Enter into pre-selection negotiations.

B. The following Offerors will **not** be invited by the Issuing Office to submit a Best and Final Offer:

1. Those Offerors, which the Issuing Office has determined to be not responsible or whose proposals the Issuing Office has determined to be not responsive.
2. Those Offerors, which the Issuing Office has determined in accordance with **Part III, Section III-5**, from the submitted and gathered financial and other information, do not possess the financial capability, experience or qualifications to assure good faith performance of the contract.

3. Those Offerors whose score for their technical submittal of the proposal is less than 70% of the total amount of technical points allotted to the technical criterion.

The issuing office may further limit participation in the best and final offers process to those remaining responsible offerors which the Issuing Office has, within its discretion, determined to be within the top competitive range of responsive proposals.

C. The Evaluation Criteria found in **Part III, Section III-4**, shall also be used to evaluate the Best and Final offers.

D. Price reductions offered through any reverse online auction shall have no effect upon the Offeror's Technical Submittal. Dollar commitments to Small Diverse Businesses can be reduced only in the same percentage as the percent reduction in the total price offered through any reverse online auction or negotiations.

I-20. News Releases. Offerors shall not issue news releases, Internet postings, advertisements or any other public communications pertaining to this Project without prior written approval of the Issuing Office, and then only in coordination with the Issuing Office.

I-21. Restriction of Contact. From the issue date of this RFP until the Issuing Office selects a proposal for award, the Issuing Officer is the sole point of contact concerning this RFP. Any violation of this condition may be cause for the Issuing Office to reject the offending Offeror's proposal. If the Issuing Office later discovers that the Offeror has engaged in any violations of this condition, the Issuing Office may reject the offending Offeror's proposal or rescind its contract award. Offerors must agree not to distribute any part of their proposals beyond the Issuing Office. An Offeror who shares information contained in its proposal with other Commonwealth personnel and/or competing Offeror personnel may be disqualified.

I-22. Issuing Office Participation. Offerors shall provide all services, supplies, facilities, and other support necessary to complete the identified work, except as otherwise provided in this **Part I, Section I-22**.

I-23. Term of Contract. The term of the contract will commence on the Effective Date and will end five years after the Effective Date. The Issuing Office will fix the Effective Date after the contract has been fully executed by the selected Offeror and by the Commonwealth and all approvals required by Commonwealth contracting procedures have been obtained. The selected Offeror shall not start the performance of any work prior to the Effective Date of the contract and the Commonwealth shall not be liable to pay the selected Offeror for any service or work performed or expenses incurred before the Effective Date of the contract.

I-24. Offeror's Representations and Authorizations. By submitting its proposal, each Offeror understands, represents, and acknowledges that:

A. All of the Offeror's information and representations in the proposal are material and important, and the Issuing Office may rely upon the contents of the proposal in awarding the contract(s). The Commonwealth shall treat any misstatement, omission or misrepresentation as fraudulent concealment of the true facts relating to the Proposal submission, punishable pursuant to 18 Pa. C.S. § 4904.

B. The Offeror has arrived at the price(s) and amounts in its proposal independently and without consultation, communication, or agreement with any other Offeror or potential offeror.

C. The Offeror has not disclosed the price(s), the amount of the proposal, nor the approximate price(s) or amount(s) of its proposal to any other firm or person who is an Offeror or potential offeror for this RFP, and the Offeror shall not disclose any of these items on or before the proposal submission deadline specified in the Calendar of Events of this RFP.

D. The Offeror has not attempted, nor will it attempt, to induce any firm or person to refrain from submitting a proposal on this contract, or to submit a proposal higher than this proposal, or to submit any intentionally high or noncompetitive proposal or other form of complementary proposal.

E. The Offeror makes its proposal in good faith and not pursuant to any agreement or discussion with, or inducement from, any firm or person to submit a complementary or other noncompetitive proposal.

F. To the best knowledge of the person signing the proposal for the Offeror, the Offeror, its affiliates, subsidiaries, officers, directors, and employees are not currently under investigation by any governmental agency and have not in the last **four** years been convicted or found liable for any act prohibited by State or Federal law in any jurisdiction, involving conspiracy or collusion with respect to bidding or proposing on any public contract, except as the Offeror has disclosed in its proposal.

G. To the best of the knowledge of the person signing the proposal for the Offeror and except as the Offeror has otherwise disclosed in its proposal, the Offeror has no outstanding, delinquent obligations to the Commonwealth including, but not limited to, any state tax liability not being contested on appeal or other obligation of the Offeror that is owed to the Commonwealth.

H. The Offeror is not currently under suspension or debarment by the Commonwealth, any other state or the federal government, and if the Offeror cannot so certify, then it shall submit along with its proposal a written explanation of why it cannot make such certification.

I. The Offeror has not made, under separate contract with the Issuing Office, any recommendations to the Issuing Office concerning the need for the services described in its proposal or the specifications for the services described in the proposal.

J. Each Offeror, by submitting its proposal, authorizes Commonwealth agencies to release to the Commonwealth information concerning the Offeror's Pennsylvania taxes, unemployment compensation and workers' compensation liabilities.

K. Until the selected Offeror receives a fully executed and approved written contract from the Issuing Office, there is no legal and valid contract, in law or in equity, and the Offeror shall not begin to perform.

I-25. Notification of Selection.

A. **Contract Negotiations.** The Issuing Office will notify all Offerors in writing of the Offeror selected for contract negotiations after the Issuing Office has determined, taking into consideration all of the evaluation factors, the proposal that is the most advantageous to the Issuing Office.

B. **Award.** Offerors whose proposals are not selected will be notified when contract negotiations have been successfully completed and the Issuing Office has received the final negotiated contract signed by the selected Offeror.

I-26. Debriefing Conferences. Upon notification of award, Offerors whose proposals were not selected will be given the opportunity to be debriefed. The Issuing Office will schedule the debriefing at a mutually agreeable time. The debriefing will not compare the Offeror with other Offerors, other than the position of the Offeror's proposal in relation to all other Offeror proposals. An Offeror's exercise of the opportunity to be debriefed does not constitute nor toll the time for filing a protest (See Section I-27 of this RFP).

I-27. RFP Protest Procedure. The RFP Protest Procedure is on the DGS website at http://www.dgs.pa.gov/Businesses/Materials%20and%20Services%20Procurement/Supplier%20 Service%20Center/Pages/default.aspx. A protest by a party not submitting a proposal must be filed within **seven** days after the protesting party knew or should have known of the facts giving rise to the protest, but no later than the proposal submission deadline specified in the Calendar of Events of the RFP. Offerors may file a protest within **seven** days after the protesting Offeror knew or should have known of the facts giving rise to the protest, but in no event may an Offeror file a protest later than **seven** days after the date the notice of award of the contract is posted on the DGS website. The date of filing is the date of receipt of the protest. A protest must be filed in writing with the Issuing Office. To be timely, the protest must be received by 4:00 p.m. on the seventh day.

I-28. Use of Electronic Versions of this RFP. This RFP is being made available by electronic means. If an Offeror electronically accepts the RFP, the Offeror acknowledges and accepts full responsibility to insure that no changes are made to the RFP. In the event of a conflict between a version of the RFP in the Offeror's possession and the Issuing Office's version of the RFP, the Issuing Office's version shall govern.

PART II

PROPOSAL REQUIREMENTS

Offerors must submit their proposals in the format, including heading descriptions, outlined below. To be considered, the proposal must respond to all requirements in this part of the RFP. Offerors should provide any other information thought to be relevant, but not applicable to the enumerated categories, as an appendix to the Proposal. All cost data relating to this proposal and all Small Diverse Business cost data should be kept separate from and not included in the Technical Submittal. Each Proposal shall consist of the following **three** separately sealed submittals:

A. Technical Submittal, which shall be a response to RFP **Part II, Sections II-1 through II-8**;

B. Small Diverse Business participation submittal, in response to RFP **Part II, Section II-9**; and

C. Cost Submittal, in response to RFP **Part II, Section II-10.**

The Issuing Office reserves the right to request additional information which, in the Issuing Office's opinion, is necessary to assure that the Offeror's competence, number of qualified employees, business organization, and financial resources are adequate to perform according to the RFP.

The Issuing Office may make investigations as deemed necessary to determine the ability of the Offeror to perform the Project, and the Offeror shall furnish to the Issuing Office all requested information and data. The Issuing Office reserves the right to reject any proposal if the evidence submitted by, or investigation of, such Offeror fails to satisfy the Issuing Office that such Offeror is properly qualified to carry out the obligations of the RFP and to complete the Project as specified.

II-1. Mandatory Minimum Qualifications.

A. The Offeror must meet <u>all</u> of the following minimum qualifications to be given further consideration. <u>Failure to satisfy each of the minimum qualifications will result in the immediate rejection of the proposal</u>.

1) The Offeror must have been in the business of providing hedge fund investment consulting services for at least three (3) years, evidenced by a certificate of incorporation or copy of Form ADV as well as documentation of investment consulting clients (including venture capital/private equity/real estate consulting clients) which date back five years.

2) The Offeror must be a Registered Investment Advisor with the SEC under the Investment Advisors Act of 1940. Provide a copy of the latest Form ADV Parts I and II.

3) The primary consultant and principal assistant that will be assigned to the PSERS account must each have at least five years' experience analyzing, monitoring, recommending for investment, or investing in hedge funds for institutional clients.

4) The Offeror must have, or have access to, a database sufficient in size and scope to allow an analysis of the returns of hedge fund managers by a variety of factors, including capitalization size, style, etc.

5) As of December 31, 2014, the Offeror must have provided non-discretionary hedge fund consulting services to at least three (3) tax exempt clients, including at least two (2) public pension clients each having over $10 billion in total assets.

6) The Offeror's primary source (i.e. at least 70%) of revenue must be from non-discretionary consulting services.

B. The Offeror's consulting team must provide written responses to each of the aforementioned mandatory qualifications <u>substantiating</u> how your firm satisfies each qualification. The responses must contain sufficient information as prescribed to assure the Board of its accuracy. Failure to provide complete information will result in the rejection of the proposal.

II-2. Offeror's Qualifications.

A. Provide a summary description of your firm including the name, year formed, history, ownership structure, names of owners or partners, subsidiary or affiliate relationships, and the reporting and control structure. If you are an affiliate or subsidiary of another company, what percentage of the firm's total revenue does your division generate? Please describe the organizational structure and your relationship to the parent company and any other subsidiaries. List services to the investment community (trading, investment management, database) other than hedge fund investment consulting services, provided by your firm, as well as services of any parent, subsidiary, or affiliate. If hedge fund consulting is not your only line of business, please make clear in answering these questions the history and circumstances of your entrance into hedge fund consulting.

B. Do senior executives have ownership interests in the firm? State the name, title, address and telephone number of the proposal contact person. Will the primary consultant assigned to PSERS' account have ownership interest in the firm or is there a specific arrangement for sharing in the profits earned by the enterprise (e.g., salary, bonus, group/individual performance incentives, profit sharing, etc.)? Please describe.

C. How long has your firm provided general consulting services to public pension plans? Hedge fund consulting services?

D. Please provide the following indicators of financial stability:

1) Audited financial statements for the past three (3) years, including a breakdown of revenue by line of business, and

2) Any special audit reports concerning internal controls for the past three (3) years.

E. Within the past three (3) years, have there been any significant developments in your firm (changes in ownership, personnel reorganization, new business ventures, etc.)? If so, describe in detail and outline the circumstances. Do you anticipate any significant changes in your firm? If so, describe these changes and their impact on clients.

F. Explain your firm's goals for expansion and accepting new client business. How will the firm control the quality of service to clients? Include the following:

1) Total number of accounts that will be accepted.

2) Total assets that will be accepted.

3) Plans for additions to professional staff and approximate timing in relation to growth of accounts and/or assets.

G. What is the location(s) of firm headquarters and branch offices? If several locations, what quality controls does the firm use to ensure consistency of services among clients, and how does the firm handle research, information processing and databases?

H. Present the previous experience and expertise of the firm providing the services proposed for PSERS. Include:

1. List the name of pension funds your firm has as clients, indicating whether your firm represents these clients on a discretionary or non-discretionary basis.

2. List your five (5) largest hedge fund consulting clients by assets and your three (3) largest public pension fund hedge fund consulting clients, including:

   a. Type of client;
   b. Total size of fund;
   c. Assets on which you provide consulting services;
   d. Length of service to them;
   e. Nature of relationship (retainer or project-based);
   f. Type of hedge fund investments (direct, fund of funds, or both); and

g. Brief description of services provided.

3. Please complete a breakdown of all your consulting clients as follows (include in each box the number of clients and their aggregate AUM in billions):

	Public	**Corporate**	**Endowment & Foundation**	**Other**
By Size				
< $1 billion				
≥$1 and <$10 billion				
≥$10 and < $30 billion				
≥ $30 billion				
By Length of Relationships				
< 1 Year				
≥1 and < 3 Years				
≥3 and < 5 Years				
≥5 and < 10 Years				
≥ 10 Years				

4. Does your firm operate any funds or other pooled investment vehicles, including, but not limited to, funds of funds?

5. Please list the names of pension clients that you have added in the last five (5) years.

6. Please provide the names of all pension plan clients that you have lost in the last five (5) years, the asset size of each account, and the reason(s) for termination.

I. Describe any other service not included in Part IV "Work Statement" that you believe would be beneficial to PSERS and you are proposing to provide for PSERS.

J. State what you believe sets your consulting services apart from your competitors. What do you consider to be your firm's consulting specialties, strengths, and limitations?

K. Does your firm have any record or rating system depicting value it has added over either a random hedge fund selection process or an intelligent indexing approach? If so, please provide and explain.

L. How does your firm evaluate the quality of its consulting services?

M. Over the past five years, has your organization or any officer or principal been involved in any litigation or other legal proceedings relating to your consulting or investment activities? If so, provide a brief explanation and indicate the current status.

N. Has your firm or any officer, director, partner, principal or employee ever been the subject of any non-routine investigation or inquiry by a governmental agency or self-regulatory body regarding fiduciary responsibilities or other investment-related matters? If so, describe each instance and summarize any directives or letters of opinion that were issued.

O. Please provide a copy of the most recent review by a government agency or regulatory body of your firm that relates to the services sought by PSERS.

P. Please describe the levels of coverage for errors and omissions insurance and any fiduciary or professional liability insurance your firm carries. Is the coverage on a per client basis, or is the dollar figure applied to the firm as a whole? List the insurance carriers. Has your firm ever submitted a claim to your errors and omissions, liability, fiduciary or fidelity bond carrier(s)? If so, describe each instance.

Q. Describe your disaster recovery plan and facilities.

II-3. Personnel Qualifications.

A. How many employees work at your firm? How many in each category (using the categories that your firm uses to organize employees into departments, i.e. consulting, research, technology, marketing, etc.).

B. Provide an organization chart showing name, title, function, years of experience (both total and with the firm), and area of expertise of pension fund consulting professionals and support staff.

C. What is the average number of clients per consultant?

D. Delineate the proposed management of services to PSERS. Provide names of staff who will serve as primary consultants, principal assistant, serve as PSERS' contacts with your firm, and provide services for PSERS. Specify the role and scope of involvement for each individual. Will the primary consultant be available to attend all Board meetings and assist the Board's investment staff when needed?

E. For proposed primary consultant, principal assistant, and other key individuals who will be providing services to PSERS, provide a biographical profile to include education, years and areas of professional investment consulting experience, and years and areas of professional investment consulting experience with your firm.

F. For proposed primary consultant and principal assistant, provide the names of all clients, hedge fund portfolio size, and nature of engagement for which these individuals assume a similar role. What are their other duties for the firm?

G. Provide name and position of hedge fund consulting professionals who were added to the firm during the past five (5) years. Provide name and position of hedge fund consulting professionals who left the firm during the past three years. Have any senior executives left or joined the firm in the past five (5) years? Please describe the circumstances of their departure(s) or their current roles. Please provide a description of your succession and continuity plans for management of the firm.

H. What is the full-time-equivalent number of hedge fund analysts employed by the firm, the average length of experience, and at which location(s) do they work?

I. How does the firm monitor performance of consultants, analysts, and other investment professionals that it employs?

J. Provide a brief general description of the firm's compensation agreements for professional staff, including bonuses, profit sharing and equity ownership. Is some component of compensation deferred? Does your firm have employment contracts and/or non-compete agreements with investment professionals?

K. Describe the job qualifications required by your firm when hiring investment professionals. Are there specific qualifications unique to those involved in hedge fund consulting?

L. Describe your internal training procedures for consultants and research analysts.

M. Describe your continuity plan and procedures in the event that key personnel for this assignment should leave the firm.

N. Are any of the activities related to your hedge fund consulting services outsourced to a third party? If so, please describe each arrangement including the compensation structure.

II-4. Soundness of Approach.

A. General

1. What differentiates your firm from other competing firms? Please identify your competitive advantages and disadvantages.

2. Discuss the challenges generally involved in designing, implementing, and monitoring a hedge fund program for a very large client with substantial capital to deploy.

3. In light of the current environment, please discuss the unique challenges, areas of concern and opportunities that both hedge fund managers and investors currently face, including the following:

    a. How has the hedge fund landscape changed over the past year, and what further changes do you expect?

b. Are there any hedge fund strategies that are fundamentally impaired, and if so, why?

c. Are there any hedge fund strategies that are particularly attractive going forward, and if so, why?

4. Provide a sample Investment Policy Statement covering a hedge fund program for a large pension plan.

5. Discuss your views on utilizing funds of funds vs. direct hedge fund investments and provide your rationale.

6. Discuss your views on applying additional leverage to hedge fund investments.

7. Discuss your views on registration/regulatory issues with respect to hedge funds.

8. Discuss your views on hedge fund fee structures.

9. Discuss your views on position transparency. What level of information do you require from the managers you recommend to clients? Discuss your ability to collect individual hedge fund investment positions and provide them to PSERS' risk management system provider. What level of transparency do you typically require from a hedge fund manager before recommending them for a portfolio? What percentage of your recommended managers provides full transparency? Please answer separately for both single strategy managers and funds of funds.

10. Do you host any client events or conferences? If so, please describe them. Are hedge fund managers invited to attend?

11. Discuss your willingness to establish a knowledge transfer relationship with PSERS and describe the activities and information that this would entail including data sharing and analytics.

12. Describe the access and interaction PSERS would have with members of your staff, other than the assigned consultant and backup.

13. Briefly summarize your philosophy regarding the consultant's relationships with boards, staff, and investment managers.

14. List all standard services provided in a typical pension plan consulting assignment. List the specialized services that you have provided to meet other needs of your clients.

15. Discuss your views on liquidity and lock-ups.

16. Discuss your views on recent decisions by public pension plans to liquidate their hedge fund portfolios.

B. Portfolio Construction

1. It is the Board's desire that the hedge fund portfolio compliment, or diversify, the primary holdings of the Fund. How would you ensure the hedge fund program is structured in this manner? How would you monitor the hedge fund program in relation to PSERS' total investments on an ongoing basis to ensure the hedge fund program is truly providing diversification?

2. Describe the process you will use to recommend hedge fund program investment objectives and policies for PSERS. Provide a sample of investment objectives and policies you have developed for a pension fund client.

3. Describe the framework used for hedge fund classification, including a list of the specific categories. Describe the process and resources you will use to recommend hedge fund asset allocation for PSERS. Discuss the possible circumstances and process whereby you might recommend that an asset allocation should be changed. Provide a sample of an asset allocation plan you have developed for a pension fund client.

4. Describe the hedge fund program construction framework and process, including how recommended allocations to hedge fund strategy types, geographic regions and individual managers are derived.

   a. Do you develop forecasts for distinct strategy types that form the basis of allocation decisions?
   b. Do you employ an optimization routine?

5. Are there any strategy types or geographic regions that you specifically target or avoid? If so, why?

6. How do you identify style drift in a hedge fund? When style drift is identified how is it evaluated and what actions are taken?

7. Describe the variables and methodology you will consider in recommending hedge fund performance benchmark(s) for PSERS. Provide samples of benchmarks you have recommended for pension fund clients. Can the firm provide customized benchmarks?

8. How are expected or potential exposures to macro-level risk factors and correlations among strategy types and individual hedge funds incorporated into the portfolio construction process?

9. Describe your approach to managing the liquidity profile of a client's hedge fund portfolio. Include a discussion of lock-ups, redemption frequencies, side pockets, etc.

10. Describe the methodology you would use to construct a hedge fund portfolio based on a set of parameters and constraints (i.e. LIBOR +350 basis points targeted return, 9% risk, maximum drawdown, limits on illiquid strategies, etc.)

C. Sourcing Hedge Fund Investment Opportunities

1. List the main channels through which new managers are sourced and the appropriate percentage of current managers sourced through each. Which channel do you feel is most effective and why?

2. Describe your investment and operational research and analysis capabilities related to hedge funds. Are your resources internal or external? If any external resources are used, provide a description including the name of vendors providing these resources. How is the information used to inform and advise clients?

3. Describe your overall approach to manager research and selection, including a list of any specific criteria that must be met in order for a manager to be considered and any characteristics that will automatically exclude a manager from consideration. Please provide an outline of your manager evaluation framework.

4. Do you have dedicated individuals or teams separately responsible for investment, operational, and legal/compliance due diligence? If so, does each group have authority to "veto" a prospective investment before a recommendation is made to a client or at any time thereafter?

5. Do you perform background checks on the key individuals of all prospective managers? What roles/titles are typically included in this group (i.e. CIO, portfolio managers, CEO, CFO, etc.)? What specific red flags are you looking for? What service provider(s) do you utilize for background checks?

6. Describe your approach to performing reference checks on prospective managers, including both named and informal references.

7. Do you examine and contact the third-party service providers of all prospective managers? If so, describe the key diligence components and areas of focus with respect to: 1) Administrators, 2) Custodians and Prime Brokers, 3) Auditors, and 4) Legal Advisors.

8. Please discuss the firm's database of hedge fund managers. How many single-strategy and how many fund of funds managers are in the database? What are some key factors the firm uses to rate managers in the database? Can the database be accessed by clients online?

9. How willing is the firm to perform due diligence on managers that are not in the database but that the Board would like reviewed? Is there an extra charge for that type of research?

10. Each year, on average, how many managers do you: 1) Meet with, 2) Subject to full due diligence, 3) Update prior full due diligence, and 4) Approve for investment?

11. Describe your abilities as to the extent of possible involvement in negotiating legal documents, including side agreements, where appropriate.

12. Briefly describe your requirements or preferences regarding level of management fees, level of profit sharing/carried interest, hurdle rates of return, acceptable levels of leverage and transparency, key person provisions, and other criteria you view as of high importance.

13. Describe your pre-investment due diligence process including the groups or individuals, deliverables, decision points and timeframe associated with each component.

14. Please provide a sample investment and operational due diligence summary report/memo.

15. If you use a questionnaire as part of your hedge fund manager due diligence process, please attach as an appendix to your response.

16. Describe how you verify the use of soft dollar arrangements and if they are used in capital raising activities.

17. Describe how your firm verifies SEC investigations and other regulatory proceedings of the fund and its personnel.

18. Describe how your firm interacts with placement agents.

19. Describe how you develop an opinion of the internal control environment of a manager.

20. Describe the systems and procedures used to store and access manager-related information (performance, portfolio exposures, research notes, due diligence reports, etc.), including any third-party and internally developed databases or document storage utilities.

    a. How is the information collected? (i.e. surveys, due diligence questionnaires, meetings, etc.)?
    b. How many unique funds are covered by your database?

c. Do you have dedicated support staff and/or technology professionals that focus on data management?
d. If you maintain an internal manager database, do you sell it to third parties? How is the compensation for access structured?
e. What fees or other consideration, if any, do you receive from managers who wish to be maintained in your database?

D. Risk Management and Monitoring

1. Describe your process for monitoring risk exposures, both for individual hedge funds and clients' aggregate hedge fund portfolios. What specific risk exposures are monitored and with what frequency? Include a description of key risks inherent in various sub-strategies based on a manager's strategy and style. Are individual fund risk exposures aggregated across sectors/strategy styles as well as the entire hedge fund portfolio? How? Do you use holdings-based measures, return-based measures, or some combination? Please provide a sample exposure report.

2. Do you have dedicated individuals or a team separately responsible for risk management?

3. Do you employ stress testing and/or scenario analysis? If so, please describe.

4. List any quantitative risk metrics you utilize along with a description of how they are used and why you believe they are useful.

5. Provide an overview of any third-party or internally developed risk systems or tools, how they are used and the standard output/reports they generate. Please include a standard risk report as an appendix to your response.

6. Describe your process of reviewing investment manager performance and consistency of investment approach.

7. How do you ensure the accuracy of manager-reported position/exposure data and fund NAV? How is this information collected and processed?

8. Describe your process for providing ongoing monitoring and oversight related to investment objectives, contract and guideline compliance, account restrictions, conflicts of interest and reporting requirements.

9. Describe your approach to post-investment due diligence including the groups or individuals, deliverables, decision points and timeframe associated with each component. How often do follow-up due diligence meetings, onsite visits, etc. occur? Which areas are reviewed? How often are follow-up due diligence reports/memos issued?

10. Discuss generally the issue of on-going risk management analysis of the hedge funds PSERS will be invested in, the tools you employ and the risk management reports you provide. Are the tools and reports available online?

11. How do you monitor leverage within hedge fund managers? How do you track style drift?

12. Under what circumstances do you typically recommend full redemptions? What process would you follow to evaluate the situation, formulate a recommendation and ultimately communicate this to the client?

13. Has a hedge fund that your firm has recommended to a client ever been liquidated or otherwise gone out of business? How long after the initial recommendation did the liquidation occur? If so, describe each instance, the lessons that were learned and any subsequent changes that were made in response to these events.

E. Reporting

1. List investment research reports or studies that you have provided clients in the past 12 months. Describe your capability to carry out special projects requested by PSERS. Provide a sample report that best represents your research capabilities.

2. What types of general research reports or white papers do you produce and distribute to clients? Please attach the three most recent reports. Outline the sources used to obtain data for publication of newsletters or periodicals. Include samples of your publications.

3. How do you communicate important developments and relevant information to clients outside of standard reporting packages and board meetings?

F. Conflicts of Interest

1. Describe in detail any potential conflicts of interest your firm may have in providing consulting services to PSERS. Include any activities of affiliated or parent organizations, brokerage activities, investment banking activities, or other relevant functions. Include any other pertinent activities, actions, or relationships not specifically outlined in this question.

2. Has your firm adopted the CFA Institute's code of Ethics and Standards of Professional Conduct?

3. Does your firm maintain a comparable written ethics or compliance manual or policy? If so, please provide a copy and a description of any similar management control tools.

4. Does the firm or any employees of the firm invest their own capital in investment opportunities that they also recommend for clients? If yes, please explain how potential conflicts that arise from these activities are mitigated.

5. Are there any circumstances under which your organization or any of its employee's receives compensation, finder's fees, or any other benefit from investment managers or third parties? If yes, please describe these arrangements in detail.

6. Describe how your firm is compensated on discretionary accounts you manage for clients.

7. Does the firm, its affiliates, or the ultimate parent of the firm receive revenues from investment managers for consulting services provided, software sold, attendance at conferences, access to manager databases, or for any other reason? If so, for 2014, please list the names of all investment managers from which revenues were received as well as the dollar amounts received from each entity and the service provided. Disclose all services provided and compensation received (including the sources of such compensation, whether direct or indirect) between your firm and investment managers, plan officials, beneficiaries, sponsors, and/or others as required by Standard 2b of the Investment Management Consultants Association Standards of Practice.

8. State whether you, any of your principals, or any other affiliates have any business involvements that could be viewed as potential conflicts of interest.

9. Provide a copy of your current Code of Ethics adopted pursuant to 204A-1 of the Advisers Act.

G. Performance Measurement

1. Describe the process and sources of data for analyzing, monitoring and reporting the performance of clients' hedge fund portfolios.

2. Describe the content and format of the monthly and quarterly performance reports you will prepare for PSERS. Include:

    1) Data and method used to calculate total return before and after fees;

    2) Time periods for which total returns will be calculated;

    3) Standard indices, custom indices, and benchmarks you will use for comparison;

    4) Characteristics you will compare; and

5) Market conditions.

Please comment on your ability to provide draft performance reports within 40 days after quarter-end given final market values from our hedge funds 25 days after quarter-end. Will you be able to issue final reports within 3 business days after receiving comments from PSERS on the draft? What quality control systems and procedures do you use to ensure that reports are prepared accurately and delivered on time?

Describe in detail the performance measurement attribution and analysis service you propose to provide for PSERS. Note its usefulness for PSERS.

3. Describe your performance evaluation and reporting process including the types of analysis typically included.

4. Please attach samples of all standard reports described above.

5. Can investors receive custom reports? If so, discuss the range of customization available.

6. Describe in detail the Internet-based fund management and consulting tools that your firm will provide.

II-5. Miscellaneous.

A. Does your firm offer both discretionary and non-discretionary hedge fund consulting services? If so, what percentage of clients are discretionary and what percentage of revenues are derived from discretionary client relationships?

B. What are your views of the role of hedge funds in a pension fund, particularly of the size of PSERS?

C. What do you see as being the most significant changes that will be occurring in asset allocation for pension funds over the next 10 years? In hedge funds specifically? Please comment.

D. Do you believe that investing in small and/or emerging hedge funds offers adequate potential excess returns or other benefits that outweigh the increased operational and business risks?

E. Describe any business relationships that you or any of your affiliates have had within the past two years with the Commonwealth of Pennsylvania or within the past five years with PSERS' staff or Board members.

II-6. References. List five (5) current non-discretionary hedge fund consulting clients as references, including at least two (2) public pension fund clients. For each reference, include client name, name of contact person with title, address (both building and email), telephone number, asset value of client, amount invested in hedge funds, number of hedge funds, services the client uses, and number of years the client retained the firm. PSERS intends to contact the references.

In addition, identify the five (5) largest clients lost within the last 5 years and indicate the reason(s) for termination. Include client name, name of contact person with title, address (both building and email), telephone number, services the client used, and number of years the client retained the firm.

II.7. Work Plan. Describe in narrative form your technical plan for accomplishing the work. Use the task descriptions in Part IV of this RFP as your reference point. Modifications of the task descriptions are permitted; however, reasons for changes should be fully explained. Indicate the number of person hours allocated to each task. Include a Program Evaluation and Review Technique (PERT) or similar type display, time related, showing each event. If more than one approach is apparent, comment on why you chose this approach.

II-8. Objections and Additions to Standard Contract Terms and Conditions. The Offeror will identify which, if any, of the terms and conditions (contained in **Appendices A and B**) it would like to negotiate and what additional terms and conditions the Offeror would like to add to the rider or the standard contract terms and conditions. The Offeror's failure to make a submission under this paragraph will result in its waiving its right to do so later, but the Issuing Office may consider late objections and requests for additions if to do so, in the Issuing Office's sole discretion, would be in the best interest of the Commonwealth. The Issuing Office may, in its sole discretion, accept or reject any requested changes to either the rider or the standard contract terms and conditions. The Offeror shall not request changes to the other provisions of the RFP, nor shall the Offeror request to completely substitute its own terms and conditions for **Appendices A and B** . All terms and conditions must appear in one integrated contract. The Issuing Office will not accept references to the Offeror's, or any other, online guides or online terms and conditions contained in any proposal.

Regardless of any objections set out in its proposal, the Offeror must submit its proposal, including the cost proposal, on the basis of the terms and conditions set out in **Appendices A and B**. The Issuing Office will reject any proposal that is conditioned on the negotiation of the terms and conditions set out in **Appendices A and B or to other provisions of the RFP as specifically identified above**. The Board will not consider proposals that contain any limitations of Offeror liability for services provided. Any proposal containing such a limitation shall be rejected.

II-9. Small Diverse Business Participation Submittal.

A. To receive credit for being a Small Diverse Business or for subcontracting with a Small Diverse Business (including purchasing supplies and/or services through a purchase agreement), an Offeror must include proof of Small Diverse Business qualification in the Small Diverse Business participation submittal of the proposal, as indicated below:

A Small Diverse Business verified by BSBO as a Small Diverse Business must provide a photocopy of its DGS issued certificate entitled "Notice of Small Business Self-Certification and Small Diverse Business Verification" indicating its diverse status.

B. In addition to the above certification, the Offeror must include in the Small Diverse Business participation submittal of the proposal the following information:

1. ***All*** Offerors must include a numerical percentage which represents the total percentage of the work (as a percentage of the total cost in the Cost Submittal) to be performed by the Offeror and not by subcontractors and suppliers.

2. ***All*** Offerors must include a numerical percentage which represents the total percentage of the total cost in the Cost Submittal that the Offeror commits to paying to Small Diverse Businesses (SDBs) as subcontractors. To support its total percentage SDB subcontractor commitment, Offeror must also include:

    a) The percentage and dollar amount of each subcontract commitment to a Small Diverse Business;
    b) The name of each Small Diverse Business. The Offeror will not receive credit for stating that after the contract is awarded it will find a Small Diverse Business.
    c) The services or supplies each Small Diverse Business will provide, including the timeframe for providing the services or supplies.
    d) The location where each Small Diverse Business will perform services.
    e) The timeframe for each Small Diverse Business to provide or deliver the goods or services.
    f) A subcontract or letter of intent signed by the Offeror and the Small Diverse Business (SDB) for each SDB identified in the SDB Submittal. The subcontract or letter of intent must identify the specific work, goods or services the SDB will perform, how the work, goods or services relates to the project, and the specific timeframe during the term of the contract and any option/renewal periods when the work, goods or services will be performed or provided. In addition, the subcontract or letter of intent must identify the fixed percentage commitment and associated estimated dollar value that each SDB will receive based on the total value of the initial term of the contract as provided in the Offeror's Cost Submittal. Attached is a letter of intent template (Appendix E) which may be used to satisfy these requirements.
    g) The name, address and telephone number of the primary contact person for each Small Diverse Business.

3. The total percentages and each SDB subcontractor commitment will become contractual obligations once the contract is fully executed.

4. The name and telephone number of the Offeror's project (contact) person for the Small Diverse Business information.

C. The Offeror is required to submit **two** copies of its Small Diverse Business participation submittal. The submittal shall be clearly identified as Small Diverse Business information and sealed in its own envelope, separate from the remainder of the proposal.

D. A Small Diverse Business can be included as a subcontractor with as many prime contractors as it chooses in separate proposals.

E. An Offeror that qualifies as a Small Diverse Business and submits a proposal as a prime contractor is not prohibited from being included as a subcontractor in separate proposals submitted by other Offerors.

II-10. Cost Submittal. The information requested in this **Part II, Section II-10** shall constitute the Cost Submittal. The Cost Submittal shall be placed in a separate sealed envelope within the sealed proposal, separated from the technical submittal. The total proposed cost shall be broken down into the following components:

Calendar Year	Fee for Only Risk and Performance Measurement (RPM) (1)	Fee for Consulting Only (2)	Fee for Both RPM and Consulting (2, 3)
XX/2015 to XX/2016	$	$	$
XX/2016 to XX/2017	$	$	$
XX/2017 to XX/2018	$	$	$
XX/2018 to XX/2019	$	$	$
XX/2019 to XX/2020	$	$	$
Total (5 years)	**$**	**$**	**$**

(1) – fee should include use of analytics software.
(2) – fee should include use of analytics software as well as attendance of up to eight board meetings a year (on average, you attendance would normally only be requested quarterly).
(3) – does not need to be the total of the two individually if discount provided for having both contracts.

Offerors should **not** include any assumptions in their cost submittals. If the Offeror includes assumptions in its cost submittal, the Issuing Office may reject the proposal. Offerors should direct in writing to the Issuing Office pursuant to **Part I, Section I-9**, of this RFP any questions about whether a cost or other component is included or applies. All Offerors will then have the benefit of the Issuing Office's written answer so that all proposals are submitted on the same basis.

The Issuing Office will reimburse the selected Offeror for work satisfactorily performed after execution of a written contract and the start of the contract term, in accordance with contract requirements, and only after the Issuing Office has issued a notice to proceed.

II-11. Domestic Workforce Utilization Certification. Complete and sign the Domestic Workforce Utilization Certification contained in **Appendix C** of this RFP. Offerors who seek consideration for this criterion must submit in hardcopy the signed Domestic Workforce Utilization Certification Form in the same sealed envelope with the Technical Submittal.

PART III

CRITERIA FOR SELECTION

III-1. Mandatory Responsiveness Requirements. To be eligible for selection, a proposal must be:

A. Timely received from an Offeror;

B. Properly signed by the Offeror.

C. Meet all of the Mandatory Minimum Qualifications outlined in Section II-1.

III-2. Technical Nonconforming Proposals. The three (3) Mandatory Responsiveness Requirements set forth in **Section III-1** above (A through C) are the only RFP requirements that the Commonwealth will consider to be *non-waivable.* The Issuing Office reserves the right, in its sole discretion, to (1) waive any other technical or immaterial nonconformities in an Offeror's proposal, (2) allow the Offeror to cure the nonconformity, or (3) consider the nonconformity in the scoring of the Offeror's proposal.

III-3. Evaluation. The Issuing Office has selected a committee of qualified personnel to review and evaluate timely submitted proposals. Independent of the committee, BSBO will evaluate the Small Diverse Business participation submittal and provide the Issuing Office with a rating for this component of each proposal. The Issuing Office will notify in writing of its selection for negotiation the responsible Offeror whose proposal is determined to be the most advantageous to the Commonwealth as determined by the Issuing Office after taking into consideration all of the evaluation factors.

III-4. Evaluation Criteria. The following criteria will be used in evaluating each proposal:

A. **Technical:** The Issuing Office has established the weight for the Technical criterion for this RFP as **60**% of the total points. Evaluation will be based upon the following in order of importance: **Soundness of Approach, Personnel Qualifications and Offeror Qualifications.** The final Technical scores are determined by giving the maximum number of technical points available to the proposal with the highest raw technical score. The remaining proposals are rated by applying the Technical Scoring Formula set forth at the following webpage: http://www.dgs.pa.gov/Businesses/Materials%20and%20Services%20Procurement/Procurement-Resources/Pages/default.aspx.

B. **Cost:** The Issuing Office has established the weight for the Cost criterion for this RFP as **20**% of the total points. The cost criterion is rated by giving the proposal with the lowest total cost the maximum number of Cost points available. The remaining proposals are rated by applying the Cost Formula set forth at the following webpage: http://www.dgs.pa.gov/Businesses/Materials%20and%20Services%20Procurement/Procurement-Resources/Pages/default.aspx.

C. **Small Diverse Business Participation:**

BSBO has established the weight for the Small Diverse Business (SDB) participation criterion for this RFP as 20 % of the total points. Each SDB participation submittal will be rated for its approach to enhancing the utilization of SDBs in accordance with the below-listed priority ranking and subject to the following requirements:

1. A business submitting a proposal as a prime contractor must perform 60% of the total contract value to receive points for this criterion under any priority ranking.

2. To receive credit for an SDB subcontracting commitment, the SDB subcontractor must perform at least fifty percent (50%) of the work subcontracted to it.

3. A significant subcontracting commitment is a minimum of five percent (5%) of the total contract value.

4. A subcontracting commitment less than five percent (5%) of the total contract value is considered nominal and will receive reduced or no additional SDB points depending on the priority ranking.

Priority Rank 1: Proposals submitted by SDBs as prime offerors will receive 150 points. In addition, SDB prime offerors that have significant subcontracting commitments to additional SDBs may receive up to an additional 50 points (200 points total available).

Subcontracting commitments to additional SDBs are evaluated based on the proposal offering the highest total percentage SDB subcontracting commitment. All other Offerors will be scored in proportion to the highest total percentage SDB subcontracting commitment within this ranking. *See formula below.*

Priority Rank 2: Proposals submitted by SDBs as prime contractors, with no or nominal subcontracting commitments to additional SDBs, will receive 150 points.

Priority Rank 3: Proposals submitted by non-small diverse businesses as prime contractors, with significant subcontracting commitments to SDBs, will receive up to 100 points. Proposals submitted with nominal subcontracting commitments to SDBs will receive points equal to the percentage level of their total SDB subcontracting commitment.

SDB subcontracting commitments are evaluated based on the proposal offering the highest total percentage SDB subcontracting commitment. All other Offerors will be scored in proportion to the highest total percentage SDB subcontracting commitment within this ranking. *See formula below.*

<u>Priority Rank 4</u>: Proposals by non-small diverse businesses as prime contractors with no SDB subcontracting commitments shall receive no points under this criterion.

To the extent that there are multiple SDB Participation submittals in Priority Rank 1 and/or Priority Rank 3 that offer significant subcontracting commitments to SDBs, the proposal offering the highest total percentage SDB subcontracting commitment shall receive the highest score (or additional points) available in that Priority Rank category and the other proposal(s) in that category shall be scored in proportion to the highest total percentage SDB subcontracting commitment. Proportional scoring is determined by applying the following formula:

$$\frac{\textit{SDB \% Being Scored}}{\textit{Highest \% SDB Commitment}} \quad x \quad \textit{Points/Additional Points Available*} \quad = \quad \textit{Awarded/Additional SDB Points}$$

Priority Rank 1 = 50 Additional Points Available
Priority Rank 3 = 100 Total Points Available

Please refer to the following webpage for an illustrative chart which shows SDB scoring based on a hypothetical situation in which the Commonwealth receives proposals for each Priority Rank: http://dgs.pa.gov/Businesses/Materials%20and%20Services%20Procurement/Procurement-Resources/Pages/default.aspx.

D. **Domestic Workforce Utilization:** Any points received for the Domestic Workforce Utilization criterion are bonus points in addition to the total points for this RFP. The maximum amount of bonus points available for this criterion is 3% of the total points for this RFP.

To the extent permitted by the laws and treaties of the United States, each proposal will be scored for its commitment to use domestic workforce in the fulfillment of the contract. Maximum consideration will be given to those Offerors who will perform the contracted direct labor exclusively within the geographical boundaries of the United States or within the geographical boundaries of a country that is a party to the World Trade Organization Government Procurement Agreement. Those who propose to perform a portion of the direct labor outside of the United States and not within the geographical boundaries of a party to the World Trade Organization Government Procurement Agreement will receive a correspondingly smaller score for this criterion. See the following webpage for the Domestic Workforce Utilization Formula: http://dgs.pa.gov/Businesses/Materials%20and%20Services%20Procurement/Procurement-Resources/Pages/default.aspx. Offerors who seek consideration for this criterion must submit in hardcopy the signed Domestic Workforce Utilization Certification Form in the same sealed envelope with the Technical Submittal. The certification will be included as a contractual obligation when the contract is executed.

III-5. Offeror Responsibility. To be responsible, an Offeror must submit a responsive proposal and possess the capability to fully perform the contract requirements in all respects and the integrity and reliability to assure good faith performance of the contract.

In order for an Offeror to be considered responsible for this RFP and therefore eligible for selection for best and final offers or selection for contract negotiations:

A. The total score for the technical submittal of the Offeror's proposal must be greater than or equal to **70%** of the **available technical points**; <u>and</u>

B. The Offeror's financial information must demonstrate that the Offeror possesses the financial capability to assure good faith performance of the contract. The Issuing Office will review the Offeror's previous three financial statements, any additional information received from the Offeror, and any other publicly-available financial information concerning the Offeror, and assess each Offeror's financial capacity based on calculating and analyzing various financial ratios, and comparison with industry standards and trends.

An Offeror which fails to demonstrate sufficient financial capability to assure good faith performance of the contract as specified herein may be considered by the Issuing Office, in its sole discretion, for Best and Final Offers or contract negotiation contingent upon such Offeror providing contract performance security for the first contract year cost proposed by the Offeror in a form acceptable to the Issuing Office. Based on the financial condition of the Offeror, the Issuing Office may require a certified or bank (cashier's) check, letter of credit, or a performance bond conditioned upon the faithful performance of the contract by the Offeror. The required performance security must be issued or executed by a bank or surety company authorized to do business in the Commonwealth. The cost of the required performance security will be the sole responsibility of the Offeror and cannot increase the Offeror's cost proposal or the contract cost to the Commonwealth.

Further, the Issuing Office will award a contract only to an Offeror determined to be responsible in accordance with the most current version of Commonwealth Management Directive 215.9, Contractor Responsibility Program.

III-6. Final Ranking and Award.

A. After any best and final offer process conducted, the Issuing Office will combine the evaluation committee's final technical scores, BSBO's final small diverse business participation scores, the final cost scores, and (when applicable) the domestic workforce utilization scores, in accordance with the relative weights assigned to these areas as set forth in this Part.

B. The Issuing Office will rank responsible offerors according to the total overall score assigned to each, in descending order.

C. The Issuing Office must select for contract negotiations the offeror with the highest overall score; PROVIDED, HOWEVER, THAT AN AWARD WILL NOT BE MADE TO AN OFFEROR WHOSE PROPOSAL RECEIVED THE LOWEST TECHNICAL SCORE AND HAD THE LOWEST COST SCORE OF THE RESPONSIVE PROPOSALS RECEIVED FROM RESPONSIBLE OFFERORS. IN THE EVENT SUCH A PROPOSAL ACHIEVES THE HIGHEST OVERALL SCORE, IT SHALL BE ELIMINATED FROM CONSIDERATION AND AWARD SHALL BE MADE TO THE OFFEROR WITH THE NEXT HIGHEST OVERALL SCORE.

D. The Issuing Office has the discretion to reject all proposals or cancel the request for proposals, at any time prior to the time a contract is fully executed, when it is in the best interests of the Commonwealth. The reasons for the rejection or cancellation shall be made part of the contract file.

PART IV

WORK STATEMENT

Background.

The Commonwealth of Pennsylvania, Public School Employees' Retirement System (PSERS) is the administrator of a cost-sharing multiple-employer defined benefit retirement system established by the Commonwealth of Pennsylvania to provide pension benefits for employees of the public school system in the Commonwealth. PSERS' funding policy provides for periodic member contributions at statutory rates and periodic employer contributions at actuarially determined rates that are sufficient to accumulate assets to pay defined benefits when due. As provided by statutes, the PSERS' Board of Trustees (Board) has exclusive control and management responsibility of PSERS' fund and full power to invest the fund. In exercising its fiduciary responsibility to PSERS' membership, the Board is governed by the "prudent investor" rule and has adopted an Investment Policy Statement to formally document investment objectives and responsibilities. This policy, as well as applicable state law, defines permissible investments for PSERS. The Investment Policy Statement, Objectives, and Guidelines can be obtained on the internet at http://www.psers.state.pa.us/investment/guide/guide.htm.

The market value of the System's net assets totaled approximately $50.8 billion as of December 31, 2014. Based on this valuation of its assets, the System is the 14th largest defined benefit public pension fund in the nation. A copy of the Fund's most recent comprehensive annual financial report can be obtained on the internet at http://www.psers.state.pa.us/publications/general/cafr.htm. Currently, the actual allocation to hedge fund investments is approximately 10%, representing approximately $5.0 billion in approximately 20 hedge funds. The primary investment objective for the System's hedge fund portfolio is to achieve risk-adjusted returns not available in the traditional public markets. The Board needs investment consulting and risk and performance measurement services for its hedge fund investments to fulfill its fiduciary duties with respect to the PSERS' fund.

IV-1. Requested Services.

The contractor will provide non-discretionary hedge fund investment consulting and/or performance measurement services for the period June 15, 2015 thru June 14, 2020. The contractor will serve in a fiduciary capacity and will acknowledge in writing the contractor's fiduciary status, without qualification. In all cases, the hedge fund consultant and its staff will offer its advice to the Board, in conformity with the Board's policies, and in the interest of the System's participants and beneficiaries. The requested services include:

A. Hedge Fund Consulting Services:

1) The consultant will review hedge fund investment objectives, policies, and asset allocation and will make initial recommendations on hedge fund investment objectives, policies, and asset allocation changes, if any, by September 1, 2015.

2) The consultant will prepare a written annual, three- and ten-year investment plan by February 1 of each calendar year for PSERS' hedge fund program.

3) The consultant will prepare and deliver, by March 1 of each year, an annual written report that contains a comparative analysis of PSERS' hedge fund program results with the annual investment plan provided for in subsection 2.

4) The consultant will recommend appropriate hedge fund investment strategies, tactics, procedures, and practices.

5) The consultant will review and make recommendations regarding the total hedge fund program guidelines at least annually.

6) The consultant will maintain a disciplined and comprehensive process to screen institutional quality hedge fund managers down to an appropriate number for consideration by PSERS.

7) The consultant will maintain a focus list and forward-looking calendar of hedge fund investment opportunities for PSERS, consistent with the statutory investment authority of PSERS and any internal investment guidelines or policies adopted by PSERS.

8) On a non-discretionary basis, the consultant will provide "gate-keeper" services which may include: sourcing, screening, securing allocations, conducting due diligence, assisting in contract negotiations, and providing manager selection recommendations.

9) The consultant will work with the Board and staff to identify new hedge fund investment opportunities, including in-depth due diligence covering areas including investment strategy, personnel, risk management, operations (including pricing, independent administrator, and independent auditor), infrastructure, regulatory and compliance reviews, etc. Any recommendation for investment will be supported by appropriate written due diligence summaries.

10) The consultant will perform regular due diligence reviews of PSERS' hedge fund managers including but not limited to, investment strategy, personnel, risk management, operations (including pricing, independent administrator, and independent auditor), infrastructure, regulatory and compliance reviews, etc. and provide no less than annual written updates of those reviews and any other manager visits/meetings as they are completed with current recommendations. Any changes

from the initial recommendation for investment must be supported by appropriate written due diligence summaries.

11) The consultant will assist in developing liquidity schedules, analysis of cash flow, and recommendations on redemptions.

12) The consultant will recommend a performance benchmark for the total hedge fund program as well individual hedge fund portfolios.

13) The consultant will recommend suitable hedge fund investment opportunities and practical implementation methods.

14) The consultant will assist PSERS' staff in conducting hedge fund investment manager searches and facilitate the hiring of suitable managers, including assistance with the contract/fee negotiations when requested.

15) The consultant will provide research reports on hedge fund asset allocation, investment issues, and description and evaluation of alternative approaches.

16) The consultant will provide information on market conditions and explain their impact on PSERS' investments.

17) The consultant will keep the Board fully informed on investment subjects, and will meet with the Board to report on investment matters as desired by the Board. Generally, there are eight regularly scheduled Board meetings annually. Special meetings may be scheduled as needed.

18) The consultant will present the hedge fund performance results to the Board quarterly, including relative results versus pre-established benchmarks, and the returns relative to the risks taken.

19) The consultant will provide access to consultant's investment research, including return, risk and correlation assumptions of various hedge fund strategies and other information deemed relevant by PSERS, including Consultant's hedge fund manager database.

20) The consultant will provide an Internet-based fund management and consulting tool that allows staff to:

    a) Formulate hedge fund investment policy and implement strategies;

    b) Develop hedge fund asset allocation and rebalancing recommendations;

    c) Select and evaluate hedge fund managers;

    d) Analyze and optimize hedge fund managers; and,

e) Analyze the risk characteristics of individual managers and the portfolio as a whole.

21) It is expected that PSERS historical performance data, by hedge fund portfolio and hedge fund composite, will be included and that the database will be updated on a quarterly basis.

22) The consultant will provide on-site training to PSERS and the Board, as needed, but in no case more than two days in any one calendar year.

23) The consultant will carry out other assignments that may be specified by PSERS and the Board.

B. Hedge Fund Risk Measurement and Performance Measurement Services:

1) The consultant will prepare a monthly report containing calculated total return for each hedge fund composite, and each individual hedge fund portfolio, and compare PSERS' calculated data with benchmarks and with comparagle data for a similar population of funds. Returns should be calculated for the following time periods: one month, three months, fiscal year, calendar year-to-date, one year, three year, five year, ten year, and since inception.

2) The consultant will prepare a quarterly risk analysis report for each hedge fund and for PSERS total hedge fund program. The risk analysis should include a variety or risk measures, including Sharpe and other statistically relevant ratios, skewness, kurtosis, volatility, correlations to a variety of market betas and other hedge funds, VaR, scenario analysis, etc.

3) The consultant will prepare a quarterly report containing the calculated total return (gross and net of fees) for the hedge fund program, and individual hedge funds, and compare PSERS calculated data with benchmarks and with data for a similar population of funds by asset class and portfolio management styles for all of the public market portfolios and composites. Returns should be calculated for the following time periods: quarter, fiscal and calendar year-to-date, 1-year, 3-year, 5-year, 10-year, and since inception.

4) The consultant will provide one-, three-, five-, and ten-year quartile ranking reports of composite returns for PSERS' hedge fund program as well as individual hedge fund investment manager returns.

5) The consultant will be responsible for reconciling performance with both individual hedge fund managers as well as the custodian bank on a quarterly basis.

6) The consultant will be responsible for the creation of additional composites with historical returns for those composites as requested by PSERS.

IV-2.Requirements.

A. **Emergency Preparedness.**

To support continuity of operations during an emergency, including a pandemic, the Commonwealth needs a strategy for maintaining operations for an extended period of time. One part of this strategy is to ensure that essential contracts that provide critical business services to the Commonwealth have planned for such an emergency and put contingencies in place to provide needed goods and services.

1. Describe how you anticipate such a crisis will impact your operations.

2. Describe your emergency response continuity of operations plan. Please attach a copy of your plan, or at a minimum, summarize how your plan addresses the following aspects of pandemic preparedness:

    a) Employee training (describe your organization's training plan, and how frequently your plan will be shared with employees)

    b) Identified essential business functions and key employees (within your organization) necessary to carry them out

    c) Contingency plans for:

        i.) How your organization will handle staffing issues when a portion of key employees are incapacitated due to illness.

        ii.) How employees in your organization will carry out the essential functions if contagion control measures prevent them from coming to the primary workplace.

    d) How your organization will communicate with staff and suppliers when primary communications systems are overloaded or otherwise fail, including key contacts, chain of communications (including suppliers), etc.

    e) How and when your emergency plan will be tested, and if the plan will be tested by a third-party.

IV-3. Contract Requirements—Small Diverse Business Participation.

All contracts containing Small Diverse Business participation must also include a provision requiring the selected contractor to meet and maintain those commitments made to Small Diverse Businesses at the time of proposal submittal or contract negotiation, unless a change in the commitment is approved by the BSBO. All contracts containing Small Diverse Business participation must include a provision requiring Small Diverse Business subcontractors to perform at least **50%** of the subcontracted work.

The selected contractor's commitments to Small Diverse Businesses made at the time of proposal submittal or contract negotiation shall, to the extent so provided in the commitment, be maintained throughout the term of the contract and through any renewal or extension of the contract. Any proposed change must be submitted to BSBO, which will make a recommendation to the Contracting Officer regarding a course of action.

If a contract is assigned to another contractor, the new contractor must maintain the Small Diverse Business participation of the original contract.

The selected contractor shall complete the Prime Contractor's Quarterly Utilization Report (or similar type document containing the same information) and submit it to the contracting officer of the Issuing Office and BSBO within **10** workdays at the end of each quarter the contract is in force. This information will be used to determine the actual dollar amount paid to Small Diverse Business subcontractors and suppliers. Also, this information will serve as a record of fulfillment of the commitment the selected contractor made and for which it received Small Diverse Business participation points. If there was no activity during the quarter then the form must be completed by stating "No activity in this quarter."

NOTE: EQUAL EMPLOYMENT OPPORTUNITY AND CONTRACT COMPLIANCE STATEMENTS REFERRING TO COMPANY EQUAL EMPLOYMENT OPPORTUNITY POLICIES OR PAST CONTRACT COMPLIANCE PRACTICES DO NOT CONSTITUTE PROOF OF SMALL DIVERSE BUSINESS STATUS OR ENTITLE AN OFFEROR TO RECEIVE CREDIT FOR SMALL DIVERSE BUSINESS UTILIZATION.

APPENDIX A

SAMPLE RIDER INCLUDING TERMS AND CONDITIONS

RIDER __

TERMS AND CONDITIONS

The following terms and conditions shall apply at all times to the provision of hedge fund investment consulting services by _______________ ("CONSULTANT") pursuant to any purchase order:

1. Reimbursement of Travel Expenses. CONSULTANT shall reimburse PSERS for the reasonable travel expenses actually incurred by PSERS, if any, for each contract year (i) for travel to CONSULTANT's location for due diligence and/or to discuss performance results, economic outlook, investment strategy, organization changes and other pertinent matters and (ii) to attend investment conferences, training, seminars or similar events sponsored by CONSULTANT. Reimbursable expenses shall include airfare, automobile rental, lodging, meals, advisor-sponsored meeting registration fees, and other travel-related expenses at maximum allowance rates established by the Commonwealth Management Directive 230.10 as revised, Travel and Subsistence Allowances. The reimbursable expenses for each of (i) or (ii), above, shall not exceed $10,000 per calendar year. PSERS shall submit a properly documented claim for reimbursement of such travel expenses, which CONSULTANT shall pay within 30 days after receipt.

2. Compensation. The CONSULTANT'S compensation for performing services shall be at a fixed rate per year, billed quarterly in advance.

3. Indemnification. The CONSULTANT shall hold and save harmless the Commonwealth of Pennsylvania, PSERS, the Public School Employees' Retirement Board collectively and its members and their designees individually (together, the "Board") and the Fund, their beneficiaries, directors, officers, agents, and employees, from and against claims, demands, actions, or liability of any nature, including attorneys' fees and court costs, based upon or arising out of any services performed, or the failure to perform services by the CONSULTANT, its directors, officers, employees, and agents under the Purchase Order taken together with any attachments thereto including this Rider (this "Agreement"). The CONSULTANT shall defend at its expense actions brought against the Commonwealth of Pennsylvania, PSERS, the Board and/or the Fund, and the costs of such defense shall be borne by the CONSULTANT and shall not constitute any expense of, nor shall be paid out of, Fund, Board or Commonwealth of Pennsylvania assets.

4. Unauthorized Liabilities. The CONSULTANT shall not enter into any agreement by or on behalf of the BOARD that (i) is binding on PSERS or allows, either expressly or by operation of law, recourse to PSERS and (ii) creates any actual or potential liability on the part of PSERS that exceeds the scope of authority delegated to the CONSULTANT under this Agreement or (iii) waives any of PSERS' rights, defenses, causes of action, or immunities. Liabilities that are

not authorized by PSERS and prohibited by this Section 4 include, without limitation, any obligation on the part of PSERS to indemnify a third party or to pay attorney fees, legal expenses, penalties, or liquidated damages.

5. The CONSULTANT's Insurance. The CONSULTANT shall maintain during any period in which it is providing services a policy of errors and omissions insurance for the protection of the Fund, with a limit of liability of at least $5,000,000, to cover the CONSULTANT, its officers, and its affiliates to the extent any affiliate performs services under this Agreement. Unless otherwise approved by PSERS, the maximum deductible on the errors and omissions policy shall be no greater than $1,000,000. The CONSULTANT shall submit copies of the actual policies of said insurance as directed by PSERS, and PSERS shall cause to be issued a written determination on compliance. CONSULTANT shall thereafter maintain annual filings of current certificates of insurance with PSERS. If the CONSULTANT changes insurance carriers for insurance required hereunder, CONSULTANT shall submit copies of the actual policies of said insurance as directed by PSERS. The errors and omissions policy shall contain a provision or endorsement that coverage afforded thereunder shall not be canceled or changed until the underwriter has furnished PSERS at least 30 days' prior written notice of any cancellation or change. PSERS may, in its discretion, require such changes with respect to insurance coverage as it deems appropriate for the protection of the Fund by giving written notice of such changes to the CONSULTANT at least 30 days in advance of the effective date for such changes.

6. Registration. The CONSULTANT represents and confirms that it is duly registered and in good standing as an investment advisor under the Investment Advisers Act of 1940 or is exempt therefrom (and will maintain such registration or exemption). If registered pursuant to said Act, the CONSULTANT has furnished to PSERS Part II of the Consultant's current Form ADV filed with the Securities and Exchange Commission pursuant to Section 203(c) of the Investment Advisers Act of 1940. PSERS hereby acknowledges having received a copy of Part II of the Consultant's Form ADV.

7. The CONSULTANT as an Independent Contractor. The CONSULTANT shall perform its services as an independent contractor, and CONSULTANT acknowledges that it maintains Workers' Compensation Insurance and shall accept full responsibility for the payments of premiums for Workers' Compensation Insurance and Social Security, as well as all income tax deductions and other taxes or payroll deductions required by law for itself for performing services.

8. Changes in the CONSULTANT's Status. The CONSULTANT shall provide immediate written notice to PSERS of any change in the Consultant's status, including, without limitation, change in directors, officers, or employees who consult on PSERS' account; modification of the business organization; material change in SEC or other government or private registration, accreditation, or licensing; material deterioration of financial condition including but not limited to the filing of petition in bankruptcy; the Consultant's awareness that its representations and warranties herein cease to be true; and litigation alleging the Consultant's negligence or fraud.

9. Conflict of Interest. The CONSULTANT covenants that it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of its services hereunder. CONSULTANT further covenants that, in the performance of this Agreement, it will not knowingly engage any other person having such interest.

10. Assignment or Transfer. No interest herein, nor any claim arising hereunder shall be transferred or assigned by either party to any other party or parties.

11. Reporting Political Contributions. The CONSULTANT (i) understands and acknowledges that it is subject to the reporting requirements set forth in 25 P.S. § 3260a., (ii) if required to file a report, confirms that it has submitted to PSERS' Executive Director a copy of its current report to the Secretary of the Commonwealth of Pennsylvania , and (iii) hereby agrees, if required to file a report, to submit a copy of each successive report to PSERS' Executive Director by February 15 of each year during the term of this Agreement. CONSULTANT further agrees that for each year in which CONSULTANT is not required to file a report, it will submit a letter to PSERS' Executive Director by February 15 confirming that CONSULTANT is not required to file a report for the year.

12. Termination. The performance of services may be terminated by PSERS in whole or, from time to time, in part, whenever for any reason the Contracting Officer shall determine that such termination is in the best interest of PSERS. Any such termination shall be effected by delivery to the CONSULTANT of a written notice of termination specifying the extent to which performance of the work under the contract is terminated and the date on which such termination becomes effective. In the event of termination, fees for services shall be prorated and paid or repaid. Such termination shall not relieve CONSULTANT of any liability that may be incurred for its activities in connection with the providing of services.

13. Confidentiality. The CONSULTANT shall not publish or otherwise disclose, except to PSERS and except matters of public record, any information or data obtained hereunder from private individuals, organizations, or public agencies, in a publication whereby the information or data furnished by or about any particular person or establishment can be identified as relating to PSERS or its responsibilities, except with the consent of such person or establishment.

14. Ownership of Reports, etc. The CONSULTANT agrees that any specific plans, material, records, etc., developed during the performance of services remain the property of PSERS, and reproduction or duplication of such materials may be done only with the approval of the Contracting Officer.

15. Contracting Officer. The Contracting Officer on behalf of PSERS shall be PSERS' Executive Director.

16. Maintenance, Preservation, and Review of Records. CONSULTANT shall maintain such records, books, and accounts pertaining to services and payments hereunder in accordance with generally accepted accounting principles consistently applied. All such records, books, and accounts shall be maintained and preserved during the term of this Agreement and

any extension thereof and for four years thereafter. During such period, PSERS, or any other department or representative of the Commonwealth of Pennsylvania, from time to time upon reasonable notice, shall have the right to inspect, duplicate, and audit such records, books, and accounts for all purposes authorized and permitted by law. CONSULTANT may preserve such records, books, and accounts in original form or on microfilm, magnetic tape, or any other generally recognized and accepted process.

17. Notices. Any notice, demand, direction, instruction, or other communication required or permitted hereunder shall be confirmed in writing and shall be sufficiently given for all purposes when sent (a) by certified or registered U.S. mail, postage prepaid, (b) by a nationally recognized courier service that maintains verification of actual delivery, (c) by facsimile, with a copy sent by first class U.S. mail (provided that if the date of dispatch is not a working day, the facsimile shall be deemed to have been received at the opening of business of the addressee on the next working day), or (d) by delivering the same in person to any party at the following addresses or such other addresses as may be designated in writing from time to time by the parties:

BOARD: _______________, Executive Director
Commonwealth of Pennsylvania,
Public School Employees' Retirement System
5 North Fifth Street
Harrisburg, Pennsylvania 17101

CONSULTANT: _____________________
____
____
____

18. Reservation of Immunities. PSERS reserves all immunities, defenses, rights, or actions arising out of its status as a sovereign entity or from the Eleventh Amendment to the United States Constitution. No provision of this Agreement shall be construed as a waiver of any such immunities, defenses, rights, or actions.

19. Certification of Taxpayer Identification Number. Execution of this Agreement constitutes certification by CONSULTANT that (a) the number appearing on the PROPOSAL COVER SHEET is Consultant's correct taxpayer identification number, and (b) CONSULTANT is not subject to backup withholding because (i) CONSULTANT is exempt from backup withholding, (ii) CONSULTANT has not been notified by the IRS that it is subject to backup withholding as a result of a failure to report all interest or dividends, or (iii), the IRS has notified CONSULTANT that it is no longer subject to backup withholding.

20. Board of Claims Jurisdiction. The CONSULTANT hereby agrees and acknowledges that any legal proceeding involving any contract claim asserted against PSERS arising out of the Agreement may only be brought before and subject to the exclusive jurisdiction of the Board of Claims of the Commonwealth of Pennsylvania pursuant to 62 Pa. C.S. §§1721-1726, and that such proceeding shall be governed by the procedural rules and laws of the Commonwealth of Pennsylvania, without regard to the principles of conflicts of law.

21. Applicable Law; Binding Effect. The provision of services shall be governed by the laws of the Commonwealth of Pennsylvania and, for all purposes, shall be construed in accordance with said laws and the decisions of the courts of the Commonwealth of Pennsylvania therein, and shall be binding upon the successors and assigns of the parties thereto.

22. Severability. If any one or more of the covenants, agreements, provisions, or terms of this Agreement shall be held contrary to any express provision of law, or contrary to the policy of express law though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements, provisions, or terms shall be deemed severable from the remaining covenants, agreements, provisions, or terms of this Agreement and shall in no way affect the validity or enforceability of the rights of the CONSULTANT or the Commonwealth of Pennsylvania.

23. Headings. The headings and captions in this Rider __ are for convenience and reference purposes only and shall not be construed or deemed to explain, modify, amplify, or aid in the interpretation, construction, or meaning of the provisions hereof.

APPPENDIX B

Standard Commonwealth Contract Terms and Conditions

Please refer to this website for Commonwealth Standard Contract Terms and Conditions (BOP-1203):

http://www.dgsweb.state.pa.us/comod/CurrentForms/BOP-1203.doc

APPENDIX C
DOMESTIC WORKFORCE UTILIZATION CERTIFICATION

To the extent permitted by the laws and treaties of the United States, each proposal will be scored for its commitment to use the domestic workforce in the fulfillment of the contract. Maximum consideration will be given to those offerors who will perform the contracted direct labor exclusively within the geographical boundaries of the United States or within the geographical boundaries of a country that is a party to the World Trade Organization Government Procurement Agreement. Those who propose to perform a portion of the direct labor outside of the United States and not within the geographical boundaries of a party to the World Trade Organization Government Procurement Agreement will receive a correspondingly smaller score for this criterion. In order to be eligible for any consideration for this criterion, offerors must complete and sign the following certification. This certification will be included as a contractual obligation when the contract is executed. Failure to complete and sign this certification will result in no consideration being given to the offeror for this criterion.

I, ______________________ **[title]** of _____________________________________ **[name of Contractor]** a _______________ **[place of incorporation]** corporation or other legal entity, ("Contractor") located at ____ **[address],** having a Social Security or Federal Identification Number of _______________________, do hereby certify and represent to the Commonwealth of Pennsylvania ("Commonwealth") (Check **one** of the boxes below):

☐ All of the direct labor performed within the scope of services under the contract will be performed exclusively within the geographical boundaries of the United States or one of the following countries that is a party to the World Trade Organization Government Procurement Agreement: Aruba, Austria, Belgium, Bulgaria, Canada, Chinese Taipei, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hong Kong, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Latvia, Liechtenstein, Lithuania, Luxemburg, Malta, the Netherlands, Norway, Poland, Portugal, Romania, Singapore, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, and the United Kingdom

OR

☐ ________________ **percent** (_____**%**) **[Contractor must specify the percentage]** of the direct labor performed within the scope of services under the contract will be performed within the geographical boundaries of the United States or within the geographical boundaries of one of the countries listed above that is a party to the World Trade Organization Government Procurement Agreement. Please identify the direct labor performed under the contract that will be performed outside the United States and not within the geographical boundaries of a party to the World Trade Organization Government Procurement Agreement and identify the country where the direct labor will be performed: ____
____

[Use additional sheets if necessary]

The Department of General Services **[or other purchasing agency]** shall treat any misstatement as fraudulent concealment of the true facts punishable under Section 4904 of the *Pennsylvania Crimes Code*, Title 18, of Pa. Consolidated Statutes.

Attest or Witness:

____
Corporate or Legal Entity's Name

______________________________	_______________________________
Signature/Date	Signature/Date
______________________________	_______________________________
Printed Name/Title	Printed Name/Title

APPENDIX D - PROPOSAL COVER SHEET
COMMONWEALTH OF PENNSYLVANIA
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
RFP# **PSERS RFP 2015-2**

Enclosed in three separately sealed submittals is the proposal of the Offeror identified below for the above-referenced RFP:

Offeror Information:	
Offeror Name	
Offeror Mailing Address	
Offeror Website	
Offeror Contact Person	
Contact Person's Phone Number	
Contact Person's Facsimile Number	
Contact Person's E-Mail Address	
Offeror Federal ID Number	
Offeror SAP/SRM Vendor Number	

Submittals Enclosed and Separately Sealed:	
☐	Technical Submittal
☐	Small Diverse Business Participation Submittal
☐	Cost Submittal

Signature	
Signature of an official authorized to bind the Offeror to the provisions contained in the Offeror's proposal:	
Printed Name	
Title	

FAILURE TO COMPLETE, SIGN AND RETURN THIS FORM WITH THE OFFEROR'S PROPOSAL MAY RESULT IN THE REJECTION OF THE OFFEROR'S PROPOSAL

APPENDIX E

SMALL DIVERSE BUSINESS
LETTER OF INTENT

[DATE]

[SDB Contact Name
Title
SDB Company Name
Address
City, State, Zip]

Dear [SDB Contact Name]:

This letter serves as confirmation of the intent of [Offeror] to utilize [Small Diverse Business (SDB)] on RFP [RFP number and Title] issued by the [Commonwealth agency name].

If [Offeror] is the successful vendor, [SDB] shall provide [identify the specific work, goods or services the SDB will perform, and the specific timeframe during the term of the contract and any option/renewal periods when the work, goods or services will be performed or provided].

These services represent [identify fixed numerical percentage commitment] of the total cost in the [Offeror's] cost submittal for the initial term of the contract. Dependent on final negotiated contract pricing and actual contract usage or volume, it is expected that [SDB] will receive an estimated [identify associated estimated dollar value that the fixed percentage commitment represents] during the initial contract term.

[SDB] represents that it meets the small diverse business requirements set forth in the RFP and all required documentation has been provided to [Offeror] for its SDB submission.

We look forward to the opportunity to serve the [Commonwealth agency name] on this project. If you have any questions concerning our small diverse business commitment, please feel free to contact me at the number below.

Sincerely,	Acknowledged,
Offeror Name	SDB Name
Title	Title
Company	Company
Phone number	Phone number

APPENDIX F

Trade Secret Confidential Proprietary Information Notice Form

http://www.dgs.pa.gov/Documents/Procurement%20Forms/TradeSecret_ConfidentialPropertyInfoNotice.pdf

Commonwealth of Pennsylvania

Date: **April 1, 2015**
Subject: **Questions and Answers**
Solicitation Number: **PSERS RFP 2015-2**
Opening Date/Time: **April 17, 2015 1:30 PM**
Addendum Number: **1**

To All Suppliers:

The Commonwealth of Pennsylvania defines a solicitation “Addendum”” as an addition to or amendment of the original terms, conditions, specifications, or instructions of a procurement solicitation (e.g., Invitation for Bids or Request for Proposals).

List any and all changes:

1. Attached are the answers to the questions submitted in response to the RFP.

For electronic solicitation responses via the SRM portal:

- Attach this Addendum to your solicitation response. Failure to do so may result in disqualification.
- To attach the Addendum, download the Addendum and save to your computer. Move to ‘My Notes”, use the “Browse” button to find the document you just saved and press “Add” to upload the document.
- Review the Attributes section of your solicitation response to ensure you have responded, as required, to any questions relevant to solicitation addenda issued subsequent to the initial advertisement of the solicitation opportunity.

For solicitations where a “hard copy” (vs. electronic) response is requested:

- Attach this Addendum to your solicitation response. Failure to do so may result in disqualification.
- If you have already submitted a response to the original solicitation, you may either submit a new response, or return this Addendum with a statement that your original response remains firm, by the due date to the following address:

Except as clarified and amended by this Addendum, the terms, conditions, specifications, and instructions of the solicitation and any previous solicitation addenda, remain as originally written.

Very truly yours,

Name: Terrianne P. Mirarchi
Title: Purchasing and Contracting Manager
Phone: 717-720-4604
Email: tmirarchi@state.pa.us

1. Regarding II-1.A.5 under Mandatory Minimum Qualifications, we provide non-discretionary hedge fund consulting services to several tax exempt clients, including 1 public pension plan. We also advise several public pension plans on alternative assets such as private equity. Would we be excluded from consideration given the criteria?

   Response: Yes, an Offeror that provides non-discretionary hedge fund consulting services to only 1 public pension plan would be excluded from consideration. Section II-1.A.5 requires an Offeror to provide non-discretionary hedge fund consulting services to at least 2 public pension clients each having over $10 billion in total assets.

2. Please describe the decision-making process for selecting an advisor, specifically staff's involvement in the process.

   Response: A committee consisting of PSERS staff and Board members has been selected to review and evaluate proposals meeting the Mandatory Responsiveness Requirements and Mandatory Minimum Qualifications. The evaluation criteria detailed in Section II-4 is used by the committee in evaluating each proposal. Offerors deemed responsible under Section III-5 are ranked according to the overall score assigned to each. The Offeror with the highest overall score is selected for contract negotiations.

3. On page 9, Part II of the RFP states that each proposal shall consist of a Technical, Small Diverse Business Participation and a Cost Proposal. If we do not qualify as a "Small Diverse Business" may we omit from our response the Small Diverse Business Participation submittal without being disqualified?

   Response: Based on Section III-4 C, Priority rank 4, those Offerors who do not submit Small Diverse Business (SDB) participation will not be disqualified but instead will receive 0 points for the SDB criterion, however, Offerors who do not qualify as a small diverse business can still participate in the program under Priority Rank 3. Priority Rank 3 allows for those proposals submitted by non-small diverse businesses as prime contractors, with significant subcontracting commitments to SDBs. For questions concerning small diverse business participation, you may contact Gayle Nuppnau at 717-346-3819.

4. On page 9, Part II of the RFP the "Technical Submittal" is defined to consist of responses to RFP Part II, Sections II-1 through II-8 only. Should proposers also include their response to Part IV-2.A (Requirement for Emergency Preparedness) as part of the Technical Submittal? If not, please let us know how PSERS would like proposers to submit their responses to Part IV-2.A.

   Response: Yes, responses to Part IV-2.A (Requirements for Emergency Preparedness) should be included as part of the Technical Submittal.

5. On page 26, Part II, Section II-11 of the RFP indicates proposers can provide a Domestic Workforce Utilization Certification, which is contained in Appendix C of the RFP. Can you confirm submission of the Domestic Workforce Utilization Certification is optional? Should proposers include their response to Part II, Section II-11 as part of the Technical Proposal?

Response: Yes, based on Section II-11 and Section III-4D, submission of a Domestic Workforce Utilization Certification is optional. Offerors who seek consideration for Domestic Workforce Utilization must submit the Domestic Workforce Utilization Certification form in the same sealed envelope with the Technical Submittal.

Aksia Response to:

Pennsylvania Public School Employees' Retirement System (PSERS)

RFP for Hedge Fund Investment Consulting Services
PSERS RFP 2015-2

Technical Submittal

Contact Information:
Bruce Ruehl
p: 212.710.5765
f: 212.710.5711
bruce.ruehl@aksia.com

Aksia

599 Lexington Avenue, 46th Floor, New York, NY 10022

Aksia

New York • London • Tokyo

April 16, 2015

RE: RFP for Hedge Fund Investment Consulting Services
PSERS RFP 2015-2

Respondent Name: Aksia LLC
Street Address: 599 Lexington Avenue, 46th Floor
New York, NY 10022

Contact Information: Bruce Ruehl
212 710 5765
bruce.ruehl@aksia.com

Dear PSERS Staff,

On behalf of Aksia LLC, I am pleased to submit this response to the Pennsylvania Public School Employees' Retirement System (PSERS) request for proposal for Hedge Fund Investment Consulting Services.

As you know, Aksia is a specialist consultant who provides institutional investors with quality research and guidance on building and maintaining a portfolio of institutional-quality hedge funds. Our goal is to work alongside the staff and board of trustees to develop a successful, performance-driven hedge fund portfolio and to exchange fresh ideas and investment opportunities with staff.

Aksia has a keen understanding of the needs of institutional investors and extensive experience serving public pension plans. Our investment partners, on average, have over 24 years of hedge fund investment, management, and audit experience and have been working together for years managing billions of dollars of client assets invested in hedge funds. In short, we believe we have the experience and ability to continue to meet the functions described in this RFP and also provide enhanced services in many areas above and beyond the requirements of this RFP.

The firm does not operate off a one-size fits all model but rather works to develop a customized portfolio that fits within the framework of a client's overall investment program. As you are aware, we work closely with our clients to evaluate the current portfolio, monitor existing holdings, discuss new ideas, and source new managers.

Aksia believes it is important to have an advisor that has the resources to understand the needs of each client and the ability to follow through on those needs. Aksia takes pride in providing:

- Comprehensive analysis that expresses opinions on investment opportunities;
- High-touch portfolio advisory services;
- Thorough operational due diligence reviews;
- Senior investment professionals that facilitate strategic discussions;
- Tools and processes to aggregate risk and streamline decision making; and
- Technology to visualize and navigate the hedge fund universe.

We would greatly enjoy continuing to collaborate with PSERS and are enthusiastic about the prospect of continuing to serve the organization.

New York • London • Tokyo

Finally, please note that we have designated certain portions of the enclosed response to the RFP as Confidential Information. We believe such information constitutes Aksia's trade secrets and/or confidential financial information for all purposes, including for purposes of the Freedom of Information Act, the Pennsylvania Right-to-Know Law, or any comparable law or regulation of any government, municipality or regulator.

We look forward to hearing from you regarding the outcome of our submission to the RFP and hope to continue to work with PSERS in the future.

Respectfully,

Jim Vos
CEO

jim.vos@aksia.com
212 710 5757

Pennsylvania Public School Employees' Retirement System
RFP for Hedge Fund Investment Consulting Services

RFP Number: PSERS RFP 2015-2

Appendices

1. APPENDIX A

    Appendix A1 – Form ADV Part 1
    Appendix A2 – Form ADV Part 2A and 2B
    Appendix A3 – Code of Ethics
    Appendix A4 – Table of Contents of Aksia Compliance Manual
    Appendix A5 – Business Continuity and Disaster Recovery Plan

2. APPENDIX B

    Appendix B1 – Aksia's Organizational Chart
    Appendix B2 – Aksia's Employee Summary Chart
    Appendix B3 – Biographies of Key Personnel

3. APPENDIX C

****CONFIDENTIAL****

Aksia's financial information is highly confidential and subject to efforts to maintain its secrecy. Therefore, these documents are exempt from disclosure per 65 P.S. § 67.708(b)(26).

Note that these appendices have been provided as separate PDF files as part of the electronic submittal and removed entirely from the redacted electronic submittal required for public disclosure.

    Appendix C1 – 2013 Audited Financial Statements
    Appendix C2 – 2012 Audited Financial Statements
    Appendix C3 – 2011 Audited Financial Statements

4. APPENDIX D

    Appendix D1 – 2015 Q1 Strategy Outlook Report
    Appendix D2 – 2014 Q4 Strategy Outlook Report
    Appendix D3 – 2014 Q3 Strategy Outlook Report
    Appendix D4 – 2015 Q1 Model Portfolio Report

5. APPENDIX E

    Appendix E1 – Sample Investment Policy Statement
    Appendix E2 – NAV Reconciliation Procedures
    Appendix E3 – Sample Performance Estimates Report
    Appendix E4 – Sample Risk Report

6. APPENDIX F

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Aksia is a commercial entity whose investment and operational due diligence processes and reports structure and content are highly proprietary and confidential in nature and derive independent economic value from not being generally known to and not being readily ascertainable by other persons and is deemed critical to the firm which, if disclosed, would cause substantial injury to its competitive position.

Aksia has taken a number of steps to maintain the confidentiality of this information including limiting the individuals who have access to the information and subjecting third parties with access to the information to nondisclosure agreements (subject to regulation or law). Therefore, Aksia requests exemption from disclosure per 65 P.S. § 67.708(b)(11)on the grounds the information contained in this response constitutes a "trade secret" as defined in 65 P.S. § 67.102.

Note that these appendices have been removed from the redacted electronic submittal required for public disclosure.

Appendix F1 – Sample Investment Review
Appendix F2 – Sample Operational Review
Appendix F3 – Sample Market Risk Factor Analysis
Appendix F4 – Sample Style Factor Analysis
Appendix F5 – Sample Return Statistics and Peer Comparison Report
Appendix F6 – Sample Aksia DDQ

7. APPENDIX G

Appendix G1 – PSERS RFP 2015-2 Addendum 1: Questions and Answers

8. APPENDIX H

Appendix H1 – Aksia Amendments to *Appendix A, Sample Rider Including Terms and Conditions*

APPENDIX D - PROPOSAL COVER SHEET
COMMONWEALTH OF PENNSYLVANIA
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
RFP# **PSERS RFP 2015-2**

Enclosed in three separately sealed submittals is the proposal of the Offeror identified below for the above-referenced RFP:

Offeror Information	
Offeror Name:	Aksia LLC
Offeror Mailing Address:	599 Lexington Avenue, 46th Floor New York, NY 10022
Offeror Website:	www.aksia.com
Offeror Contact Person:	Bruce Ruehl, Head of Advisory, Americas
Contact Person's Phone Number:	212 710 5765
Contact Person's E-Mail Address:	bruce.ruehl@aksia.com
Offeror Federal ID Number:	20-5385739
Offeror SAP/SRM Vendor Number:	362040

Submittals Enclosed and Separately Sealed:	
☒	Technical Submittal
☐	Small Diverse Business Participation Submittal
☒	Cost Submittal

Signature	
Signature of an official authorized to bind the Offeror to the provisions contained in the Offeror's proposal:	
Printed Name	Jim Vos
Title	CEO

FAILURE TO COMPLETE, SIGN AND RETURN THIS FORM WITH THE OFFEROR'S PROPOSAL MAY RESULT IN THE REJECTION OF THE OFFEROR'S PROPOSAL

PART II

PROPOSAL REQUIREMENTS

Offerors must submit their proposals in the format, including heading descriptions, outlined below. To be considered, the proposal must respond to all requirements in this part of the RFP. Offerors should provide any other information thought to be relevant, but not applicable to the enumerated categories, as an appendix to the Proposal. All cost data relating to this proposal and all Small Diverse Business cost data should be kept separate from and not included in the Technical Submittal. Each Proposal shall consist of the following **three** separately sealed submittals:

A. Technical Submittal, which shall be a response to RFP **Part II, Sections II-1 through II-8**;

B. Small Diverse Business participation submittal, in response to RFP **Part II, Section II-9**; and

C. Cost Submittal, in response to RFP **Part II, Section II-10.**

The Issuing Office reserves the right to request additional information which, in the Issuing Office's opinion, is necessary to assure that the Offeror's competence, number of qualified employees, business organization, and financial resources are adequate to perform according to the RFP.

The Issuing Office may make investigations as deemed necessary to determine the ability of the Offeror to perform the Project, and the Offeror shall furnish to the Issuing Office all requested information and data. The Issuing Office reserves the right to reject any proposal if the evidence submitted by, or investigation of, such Offeror fails to satisfy the Issuing Office that such Offeror is properly qualified to carry out the obligations of the RFP and to complete the Project as specified.

II-1. Mandatory Minimum Qualifications.

A. The Offeror must meet all of the following minimum qualifications to be given further consideration. Failure to satisfy each of the minimum qualifications will result in the immediate rejection of the proposal.

1 The Offeror must have been in the business of providing hedge fund investment consulting services for at least three (3) years, evidenced by a certificate of incorporation or copy of Form ADV as well as documentation of investment consulting clients (including venture capital/private equity/real estate consulting clients) which date back five years.

Aksia has been providing hedge fund investment consulting services for over three years. Please see our Form ADV Parts I and II included as Appendices A1 and A2.

2 The Offeror must be a Registered Investment Advisor with the SEC under the Investment Advisors Act of 1940. Provide a copy of the latest Form ADV Parts I and II.

Please reference Appendices A1 and A2, for Aksia's Form ADV, Parts I and II.

3 The primary consultant and principal assistant that will be assigned to the PSERS account must each have at least five years' experience analyzing, monitoring, recommending for investment, or investing in hedge funds for institutional clients.

The proposed primary consultant and principal assistant assigned to the PSERS account would be Bruce Ruehl and Kathryn Klebacha. Brett Minarik would continue to be part of the primary team servicing PSERS.

Bruce Ruehl – Head of Americas Portfolio Advisory

Bruce has over 31 years of financial markets experience, the last 21 of which were focused on hedge fund research, fund of hedge funds management and the management of institutional client relationships. Bruce joined Aksia's Americas Portfolio Advisory group in January 2010 as an equity Partner. Bruce advises North American institutional clients on hedge fund investments. Bruce oversees a team of advisory professionals who are responsible for advising Aksia's clients based in the Americas and their portfolios.

Prior to Aksia, Bruce was the Chairman and Chief Investment Officer of a boutique fund of hedge funds business, Gleacher Fund Advisors, which he founded in January 2002 as a joint venture with Gleacher Partners. Bruce built the business to a peak of $800 million, with a majority of the capital coming from Fortune 100 North American corporate pension funds. Until the end of 2009, Bruce oversaw all investment activities and was primary contact for all large institutional relationships. He chaired the investment committee that combined senior staff of Gleacher Fund Advisors and Gleacher Partners, and oversaw a team of 12 individuals responsible for research, risk management, operational due diligence and compliance.

Bruce started his career in 1982 when he joined pension consultants, Rogers Casey & Barksdale as an analyst. In 1985, he moved to Brown Brothers Harriman & Co. where he was an Assistant Manager in the institutional asset management division. From 1989 to 1990, he was a Vice-President in the consulting services division of Shearson Lehman Hutton with the responsibility of representing The Boston Company. Bruce left to attend graduate school at NYU, finishing in 1991 with an M.S. in Real Estate Investment. He then joined Reliance Properties as a Principal, advising private real estate partnerships investing in bank and RTC-owned properties. In 1993, Bruce joined consultant Tremont Partners and began analyzing hedge funds. He became Research Director and in 1995, was named Chief Investment Strategist with oversight of $6 billion of client multi-manager hedgeund portfolios, one of the largest pools of hedge fund assets in the world at that time. Bruce graduated from Lafayette College in 1982 with a B.A. in Economics. Bruce was recognized as Hedge Fund Consultant of the Year in 2013 by *Institutional Investor Magazine.*

Kathryn A. Klebacha – Portfolio Advisor

Prior to joining Aksia in February 2015, Kate was Director of New Product and Strategy Development and an Investment Committee Member at 6800 Capital, LLC, a boutique RIA in Princeton, NJ. She was an integral part of both the research and business development teams and developed and maintained four multi-manager portfolios. Prior to that, Kate was a Vice President at Merrill Lynch Wealth Management, Alternative Investments Group where she managed strategic and product marketing initiatives. Previously, Kate worked in a variety of alternative investment due diligence/research capacities, where she was responsible for due diligence and portfolio development across long/short equity, credit, global macro, and managed futures strategies. Kate earned a Bachelor of Science degree from Drexel University and holds the Chartered Alternative Investment Analyst (CAIA) designation.

Brett Minarik – Portfolio Advisor

Brett joined Aksia in December 2010 as a member of the Portfolio Advisory team. Brett's primary role involves managing the firm's relationships with institutional investors, working closely with them in the day-to-day management their hedge fund programs, and often acting as an extension of their internal staff. Brett also has an integral role in the development and deployment of MAX, Aksia's proprietary client-facing research platform. Prior to joining Aksia, Brett was the Client Service Manager for Carlsbad Wealth Advisory Group, a boutique wealth advisory firm servicing high net worth client households. Brett graduated from the George Argyros School of Business at Chapman University in May 2008 with a Bachelor of Science in Business Administration with emphases in Finance and International Business, and holds the Chartered Alternative Investment Analyst (CAIA) designation.

4 The Offeror must have, or have access to, a database sufficient in size and scope to allow an analysis of the returns of hedge fund managers by a variety of factors, including capitalization size, style, etc.

Aksia maintains a proprietary, secure, web-based platform called MAX that is available to our clients. MAX contains due diligence reviews, quantitative reports and activity notes related to managers, and portfolio and risk tools for our clients' use. MAX tracks fund profiles and returns for over 1,900 hedge funds. We have due diligence on over 1,400 investment programs and monitor over 250 investment programs for our portfolio advisory clients.

5 As of December 31, 2014, the Offeror must have provided non-discretionary hedge fund consulting services to at least three (3) tax exempt clients, including at least two (2) public pension clients each having over $10 billion in total assets.

Aksia currently has sixteen tax exempt non-discretionary hedge fund consulting clients. Seven of these are US public pension clients, all of which exceed $10 billion in total plan assets.

6 The Offeror's primary source (i.e. at least 70%) of revenue must be from non-discretionary consulting services.

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B. The Offeror's consulting team **must provide written responses to each of the aforementioned mandatory qualifications** <u>**substantiating**</u> **how your firm satisfies each qualification.** The responses must contain sufficient information as prescribed to assure the Board of its accuracy. Failure to provide complete information will result in the rejection of the proposal.

II-2. Offeror's Qualifications.

A. Provide a summary description of your firm including the name, year formed, history, ownership structure, names of owners or partners, subsidiary or affiliate relationships, and the reporting and control structure. If you are an affiliate or subsidiary of another company, what percentage of the firm's total revenue does your division generate? Please describe the organizational structure and your relationship to the parent company and any other subsidiaries. List services to the investment community (trading, investment management, database) other than hedge fund investment consulting services, provided by your firm, as well as services of any parent, subsidiary, or affiliate. If hedge fund consulting is not your only line of business, please make clear in answering these questions the history and circumstances of your entrance into hedge fund consulting.

Aksia is a hedge fund portfolio advisory and research firm. Our clients are sophisticated institutional investors from around the world and our business model is tailored to meet their individual needs.

Aksia LLC was founded on October 1, 2006 by Jim Vos, Simon Fludgate, Norman Kilarjian, Patrick Adelsbach, Joseph Larucci, and Alex Panagiotidis, all of whom were former members of the Hedge Fund Investment Group of Credit Suisse. Recognizing the tectonic shift in the hedge fund industry as institutional investors were becoming dominant the founders saw the need for, and limited options of, high quality investment research and advisory services for these investors. Aksia was formed to meet this demand with the following core principles and goals:

- Working with high-quality, institutional investors
- Aligning the interest of the company with those of investors
- Publishing in-depth and opinionated research
- Providing a proactive and unbiased investment advisory service

The firm focuses on all aspects of the hedge fund universe, including traditional hedge funds, risk parity and hedge fund substitutes, private credit, and commodity-focused funds. Aksia provides clients with research, non-discretionary portfolio advisory, and discretionary portfolio advisory services. Our capabilities include operational due diligence and investment due diligence, and our research process is integrated throughout our portfolio advisory services. Our portfolio advisory team is led by senior professionals who have held positions as former CIOs and Portfolio Managers. These individuals have extensive experience advising institutions with regard to the benefits and risks of investing in hedge funds, as well as with building and managing hedge fund portfolios. Aksia's advisory clients also receive access to our proprietary online platform, "MAX", that houses our due diligence, monitoring tools, risk tools, portfolio builder analytics, and hedge fund industry research and resources. Since inception, the firm has been dedicated to serving the evolving needs of institutions investing in, or seeking to invest in, hedge funds. In its first year of operations, Aksia was hired by institutional clients for each of the three services we offer clients today: research, non-discretionary advisory and discretionary advisory. Aksia has not changed its business model since its foundation.

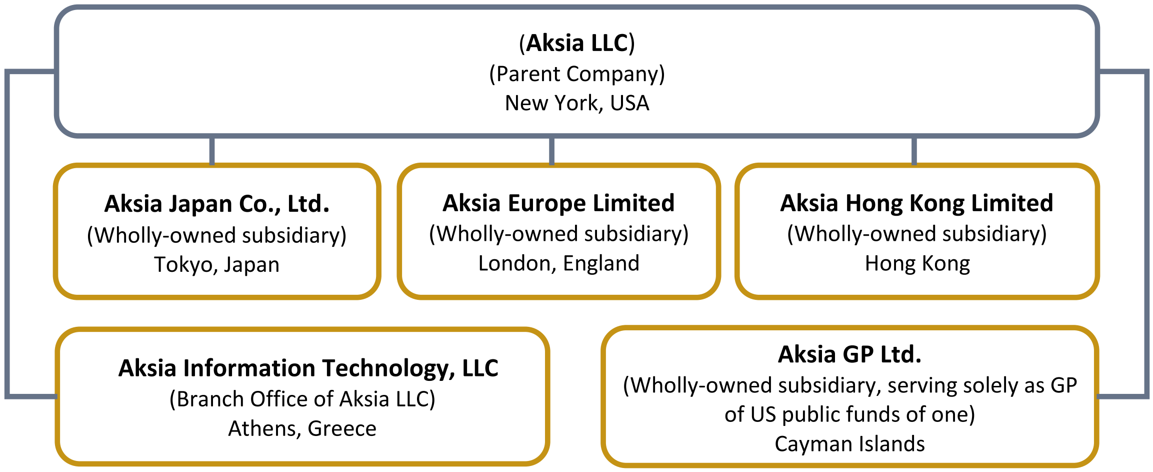
Aksia LLC is entirely owned and controlled by ten equity partners who head the firm's functional teams. Jim Vos is the managing partner of the firm and has managerial and financial decision-making responsibility. Alex Panagiotidis, Aksia's Europe Operations Manager, owns a 51% stake in Aksia as a result of providing significant initial seed capital to build out the firm. Jim Vos determines all partner compensation without respect to ownership percentage.

The ownership percentages are as follows:

- Alex Panagiotidis: <55%
- Jim Vos: <25%
- Norman Kilarjian: <10%
- Joseph Larucci: <10%
- Patrick Adelsbach: <10%

- Simon Fludgate: <5%
- Bruce Ruehl: <5%
- Manabu Washio: <5%
- Valerie Benard: <5%
- Maya Fishman: <5%

Aksia's ownership structure is outlined in the following diagram:



Aksia opened its Tokyo office in May 2007, its London office in September 2009, and its Hong Kong office in November 2011, all three as wholly owned subsidiaries of Aksia LLC. Aksia Japan Co., Ltd. (registered with the Japanese Financial Services Agency), Aksia Europe Limited (authorized by the U.K. Financial Conduct Authority), and Aksia Hong Kong Limited (registered with the Securities and Futures Commission of Hong Kong) all assist in researching local managers and providing advisory services to local clients. Aksia Information Technology LLC, formed in December 2010, is a foreign branch of Aksia LLC located in Greece, which provides IT, data management, client operations, and research support to Aksia.

In addition to the international offices outlined above, Aksia GP Ltd. serves as the general partner entity of two funds, whose sole investor is a U.S. government entity (an Aksia client). Aksia GP delegates the investment management responsibility to Aksia LLC. With the exception of two European clients, which for corporate governance reasons contracted directly with our affiliate, Aksia Europe, all other Aksia clients contract directly with Aksia LLC.

B. Do senior executives have ownership interests in the firm? State the name, title, address and telephone number of the proposal contact person. Will the primary consultant assigned to PSERS' account have ownership interest in the firm or is there a specific arrangement for sharing in the profits earned by the enterprise (e.g., salary, bonus, group/individual performance incentives, profit sharing, etc.)? Please describe.

Yes, Aksia is 100% employee-owned and controlled by the ten equity partners outlined in the preceding question.

Bruce Ruehl would continue to serve PSERS as primary consultant to the relationship. Bruce is Head of Advisory, Americas and Partner with ownership interest in Aksia.

Bruce Ruehl
Partner & Head of Advisory, Americas
bruce.ruehl@aksia.com
212 710 5765
599 Lexington Avenue, 46th Floor
New York, NY 10022

Aksia compensates all employees with a base salary competitive with industry standards. Each employee is also eligible for an annual bonus award, which is subjective and based on individual contributions to the firm and overall firm profitability. We believe that having a discretionary annual bonus incentivizes employees to actively participate in the success of the firm, thereby aligning employee interests with the livelihood of the firm, its clients. No element of compensation is deferred.

C. How long has your firm provided general consulting services to public pension plans? Hedge fund consulting services?

Aksia is a specialist consultant providing research and advisory services on hedge funds and related investments and as such, does not provide general consulting services to clients.

Aksia LLC was founded on October 1, 2006 and was hired by its first public pension client in **August 2007**. We have extensive experience serving public pensions in the U.S. and abroad.

D. Please provide the following indicators of financial stability:

1. Audited financial statements for the past three (3) years, including a breakdown of revenue by line of business, and

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2. Any special audit reports concerning internal controls for the past three (3) years.

There have been no special audit reports concerning internal controls in the past three years.

E. Within the past three (3) years, have there been any significant developments in your firm (changes in ownership, personnel reorganization, new business ventures, etc.)? If so, describe in detail and outline the circumstances. Do you anticipate any significant changes in your firm? If so, describe these changes and their impact on clients.

Two years ago, we decided to allocate our operational functions regionally. Effective April 2013, Alex Panagiotidis's role changed from Chief Operating Officer to Europe Operations Manager and Matt McDonough was promoted to U.S. Operations Manager.

In January 2014, Aksia's General Counsel, Maya Fishman, was promoted to Partner. In addition, Maya took over responsibilities as Chief Compliance Officer, as Aksia's former CCO decided to stay home with her family following maternity leave. Aksia has since hired another legal and compliance professional to the team.

Aksia has been covering investment opportunities in the private markets space for some time but throughout 2014 increasingly began dedicating resources to researching and evaluating these opportunities. In November 2014, we officially expanded our research and advisory capabilities to include private markets strategies, which was formally communicated to clients by Jim Vos, CEO.

We do not anticipate any significant firm changes in the future.

F. Explain your firm's goals for expansion and accepting new client business. How will the firm control the quality of service to clients? Include the following:

1. Total number of accounts that will be accepted.
2. Total assets that will be accepted.
3. Plans for additions to professional staff and approximate timing in relation to growth of accounts and/or assets.

Aksia is committed to matching internal infrastructure to client growth in order to maintain our two core business functions: hands-on, high touch portfolio advisory services and high quality hedge fund research. Aksia has always sought to increase staffing as needed ahead of client growth and will continue to do so going forward.

Aksia is careful to maintain a slow but steady rate of client relationship growth. Typically, the first 18 months of a new client relationship is very labor intensive, so we are especially conscious of the rate at which we add on each new client.

Over the next several years, we plan to increase the client base (still drawing from a pool of quality institutional investors), while at the same time increasing staff growth ahead of client growth. Advisory professionals work as a team on any given client relationship, so we consider coverage as total advisory staff to total advisory clients, which we feel is a conservative approach as it does not include research and other staff. As of April 2015, Aksia has 35 advisory clients and 16 portfolio advisory professionals, for a client to advisor ratio of roughly 2.2:1. Aksia is very sensitive to managing the capacity of senior advisory personnel so that they do not become over extended. While we have no limitation on the number of advisory clients or total assets we intend to accept, as previously mentioned, we are committed to bringing on additional resources as necessary. In fact, we increased total company staff by 11 professionals (15%) in 2014 to further build our capabilities.

One of Aksia's strengths is that we have resisted the temptation to engage in business expansion which is harmful to our clients. Aksia has had the same business model since inception and the same types of services which we seek to improve each year.

G. What is the location(s) of firm headquarters and branch offices? If several locations, what quality controls does the firm use to ensure consistency of services among clients, and how does the firm handle research, information processing and databases?

Aksia is headquartered in New York, where the majority of the firm's research and advisory personnel are based. Aksia also maintains offices in London, Tokyo, Hong Kong, and Athens.

Consultant recommendations are routinely reviewed and monitored by the Head of Advisory, the investment research sector heads, and compliance.

Aksia's Portfolio Strategies Group ("PSG") meets on a regular basis to discuss portfolio themes and trends from a top-down view. The PSG is made up of the employees at Aksia with extensive portfolio management experience and the purpose is to provide a forum for the formation and discussion of Aksia's top down views, a review of model portfolio positioning and the forward-looking strategy for our institutional portfolios. The members are: Jim Vos and Bruce Ruehl, both former fund of hedge funds CIOs, and Oliver Newton, a former fund of hedge fund Portfolio Manager. The PSG provides top-down views on the portfolio and looks for ways to redeem from stale positions and incorporate top-down investment opportunities to meet performance goals. The PSG review complements the monthly portfolio review process.

In addition to the PSG review, the sector heads and the portfolio advisory team review each client portfolio on a monthly basis. Discussion centers on: existing positioning, proposed changes (subscriptions, redemptions, capital flows, etc.), the macro environment, forthcoming opportunities at a thematic and fund level, cash levels and general market thoughts and positioning. These areas of focus are considered with reference to the specific objectives and restrictions of each of our clients given that each portfolio we create is tailored specifically for the client's mandate. The purpose of this process is to integrate multiple layers of review by senior investment professionals at the firm to create the best portfolio for each client's objectives. This collaborative approach creates a constructive challenge to any natural bias in any one of the portfolio teams and aims to avoid stagnation in portfolios by focusing on new and interesting ideas in a timely manner.

Aksia uses a consistent, numeric-based rating system, ranging from 1 to 5, with 1 being the best and 5 being the worst (e.g. a potential fraud) for our investment due diligence and operational due diligence. The system is the same for all funds reviewed and the ratings are consistent across all clients. Our due diligence forms the basis of our recommendations to clients, and if a fund scores either a 4 or a 5 in either our investment or operational categories, we do not recommend this fund to clients for investment. Reviews are disseminated to clients through our web-based research platform, MAX, and ratings are determined by our sector teams with review and sign off from the sector heads.

Separately, the legal and compliance team retroactively reviews portfolio trades on a quarterly basis to ensure compliance with constraints and guidelines. Any issues or exceptions are discussed with the individuals servicing the client account (including a Partner of the firm) and, if necessary, the CEO.

Additionally, we have designed an internal workflow management system which we use to assign, manage and track client deliverables through multiple teams and layers of review. All information pertaining to such deliverables is readily available through our in-house technology infrastructure called Ostrako. For example, at any time we can see exactly which professional is working on an Investment or Operational Due Diligence report, how far it is from completion and how much time is remaining before promised delivery. Before being marked final, each report undergoes several layers of critical review, ensuring that our highest quality research is presented to clients.

All of this workflow data is available to sector heads and partners to monitor the progress of client deliverables and ensure that each professional is completing their work in a timely manner and at the level of service demanded by our clients. Historical completion rates and times are considered when evaluating the work of all of our employees.

H. Present the previous experience and expertise of the firm providing the services proposed for PSERS. Include:

   1. List the name of pension funds your firm has as clients, indicating whether your firm represents these clients on a discretionary or non-discretionary basis.

[redacted]

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[redacted]	[redacted]	[redacted]

2. List your five (5) largest hedge fund consulting clients by assets and your three (3) largest public pension fund hedge fund consulting clients, including:

    a. Type of client;
    b. Total size of fund;
    c. Assets on which you provide consulting services;
    d. Length of service to them;
    e. Nature of relationship (retainer or project-based);
    f. Type of hedge fund investments (direct, fund of funds, or both); and
    g. Brief description of services provided.

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Aksia is a commercial entity whose client list and clients' contact information are highly proprietary and confidential in nature and derive independent economic value from not being generally known to and not being readily ascertainable by other persons and is deemed critical to the firm which, if disclosed, would cause substantial injury to its competitive position. Aksia has taken a number of steps to maintain the confidentiality of this information including limiting the individuals who have access to the information and subjecting third parties with access to the information to nondisclosure agreements (subject to regulation or law). Therefore, Aksia requests exemption from disclosure per 65 P.S. § 67.708(b)(11)on the grounds the information contained in this response constitutes a "trade secret" as defined in 65 P.S. § 67.102.

3. Please complete a breakdown of all your consulting clients as follows (include in each box the number of clients and their aggregate AUM in billions):

Please find below the requested information. We have included all advisory clients, both discretionary and non-discretionary.

[redacted]

4. Does your firm operate any funds or other pooled investment vehicles, including, but not limited to, funds of funds?

Aksia does not operate any commingled funds or pooled investment vehicles, with the exception of two affiliated entities investing in the same custom vehicle. However, Aksia does provide discretionary services to institutional investors on a fund of one customized basis.

5. Please list the names of pension clients that you have added in the last five (5) years.

[redacted]

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6. Please provide the names of all pension plan clients that you have lost in the last five (5) years, the asset size of each account, and the reason(s) for termination.

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[redacted]	[redacted]	[redacted]	[redacted]

I. Describe any other service not included in Part IV "Work Statement" that you believe would be beneficial to PSERS and you are proposing to provide for PSERS.

We find that the Part IV "Work Statement" is comprehensive in its description of the services Aksia has provided and would continue to provide PSERS as hedge fund consultant.

J. State what you believe sets your consulting services apart from your competitors. What do you consider to be your firm's consulting specialties, strengths, and limitations?

Aksia believes that the following list summarizes our competitive advantages.

Performance Focus & Customized Solutions
Aksia's focus is our clients' performance subject to their individual goals, restrictions and risk tolerances. We provide clients with tailored advice and tools to make informed decisions to help meet these parameters.

Experienced Hedge Fund Investors
Our investment partners, on average, have over 24 years of hedge fund investment, management, and audit experience and have been working together for years managing billions of dollars of client assets invested in hedge funds.

Value-Add & Fee Discounts
Aksia's principals have established strong lines of communication with many institutional quality hedge fund managers over the years and can therefore help our clients gain access to funds that may be highly selective. In addition, Aksia also has been able to obtain fee discounts with a number of managers for the benefit of Aksia's advisory clients, where reduced fees are triggered if Aksia portfolio advisory assets reach certain agreed-upon investment thresholds.

Research Breadth, Depth, and Opportunity Sourcing
Aksia's largest team is our research team, which has performed research on over 1,400 investment programs. The team strives to produce concise and opinionated research, stressing perspectives that are not packaged by a manager in marketing materials. Aksia's research team seeks out interesting and atypical investment opportunities, resulting in a comprehensive database of funds that fit the unique objectives of our clients.

Operational Due Diligence and Risk Analytics
Since the inception of our firm, we have helped our clients build portfolios with the goal of avoiding funds that could subject the client to a fraud or operational blow-up. Aksia has a rigorous operational due diligence process and the independent operational due diligence team has the ability to "veto" any investment based on operational concerns, irrespective of the results of the investment due diligence team. Risk mitigation is intertwined in various aspects of our process and we have designed specific risk transparency tools to understand our managers' portfolios concentration and exposures.

Online Access to Research and Risk Tools
Aksia's manager research is available to clients through our password-protected online client-facing platform MAX, including investment reviews, operational reviews, ongoing due diligence monitoring, and meeting and call notes. MAX also provides clients with access to risk analysis and portfolio construction tools, as well as hedge fund industry educational materials and customizable manager searches.

Accounting and Operational Support
Aksia offers back office and operational support services, ranging from basic performance reporting through manager-supplied data to share class-specific accounting and administration support. Our Client Operations and Accounting Support group has developed various tools to support our clients, including a tool that maps liquidity within client portfolios and we are always open to hearing suggestions from clients on how to better serve as an extension of staff. Specifically, operational support services include:

Client Performance Reporting

- Gather the performance returns for all the underlying investments within the client account
- Actively monitor manager balance delinquencies and pursue the managers/administrators for timely reporting
- Seek to ensure reporting consistency by the mangers/administrators
- Investigate any manager/administrator reporting anomalies including performance outliers
- Produce Estimated Performance Reports
- Produce Final Performance Reports that are published upon the receipt of all

the underlying manager statements

Independent Reconciliation of the NAV Calculation

- Shadow the appointed Custodian and/or Administrator's records
- Verify the NAV calculations of the client's administrator
- Reconcile the account holdings and market valuation
- Verify the reported performance calculations

Transaction Processing

- Record transactions to portfolio management system

Corporate Action Processing

- Assist with proxy voting

Audit Support

- Provide support documentation as needed

Document Management

- Electronically store investment related documentation

K. Does your firm have any record or rating system depicting value it has added over either a random hedge fund selection process or an intelligent indexing approach? If so, please provide and explain.

We can compare the performance of the hedge funds that Aksia monitors to the HFRI FoF Index. The hedge funds that Aksia monitors are a function of both the funds sourced by Aksia, which our clients decide to allocate to AND the funds sourced by our clients that pass Aksia's investment and operational due diligence and are allocated to by our clients. We work closely with our clients and consider ourselves fortunate to have what we believe to be sophisticated clients and sophisticated professionals at Aksia. Bear in mind that every client has different hedge fund goals and styles of portfolios (e.g., low beta, medium beta, or high beta) so individual results differ substantially.

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L. How does your firm evaluate the quality of its consulting services?

Aksia believes that the quality of our services should be monitored and measured on the basis of the following factors:

- Performance of the overall program relative to the codified objectives
- Understanding and communication of the industry, managers and events that impact the portfolio
- Being proactive in modifying the program when necessary
- Identifying investment opportunities at the macro and manager levels
- Presentation of unique and innovative investment ideas
- Underlying manager performance
- Client service, including timely and effective communication on pertinent matters and ability to act as a resourceful extension of staff

Ultimately, the most important benchmark of a company's service level is the satisfaction of its clients. Our Advisory team is in constant contact with clients regarding their portfolio, responding to questions, and carrying out ad-hoc requests.

M. Over the past five years, has your organization or any officer or principal been involved in any litigation or other legal proceedings relating to your consulting or investment activities? If so, provide a brief explanation and indicate the current status.

No.

N. Has your firm or any officer, director, partner, principal or employee ever been the subject of any non-routine investigation or inquiry by a governmental agency or self-regulatory body regarding fiduciary responsibilities or other investment-related matters? If so, describe each instance and summarize any directives or letters of opinion that were issued.

[redacted]

None of Aksia's officers, directors, partners, or principals have been the subject of any past or pending non-routine investigation or inquiry by a federal or state agency or self-regulatory body regarding fiduciary responsibilities or other investment-related matters.

O. Please provide a copy of the most recent review by a government agency or regulatory body of your firm that relates to the services sought by PSERS.

[redacted]

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P. Please describe the levels of coverage for errors and omissions insurance and any fiduciary or professional liability insurance your firm carries. Is the coverage on a per client basis, or is the dollar figure applied to the firm as a whole? List the insurance carriers. Has your firm ever submitted a claim to your errors and omissions, liability, fiduciary or fidelity bond carrier(s)? If so, describe each instance.

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Q. Describe your disaster recovery plan and facilities.

Aksia maintains a Business Continuity and Disaster Recovery Plan (the “Plan”) which is designed to ensure that business will resume as quickly and efficiently as possible in the event of any short-term or long-term significant business disruption.

In such an event, should Aksia’s main facilities become inoperative, employees would work remotely using a Virtual Private Network (“VPN”). This service provides full access to individual workstations and enables Aksia professionals to provide continuity of service in times when direct access to the office is unavailable. The VPN connection enables employees to connect to Aksia’s internal servers and networks remotely. This connection allows for safe, secure and encrypted communication from any location. Employees can also access Aksia’s email system from any location using any web browser.

With regard to disaster recovery, Aksia documents, emails, and databases are backed up to onsite and offsite locations daily. Data is backed up to a third party off-site location in Mount Prospect, Illinois managed by our vendor Unitrends. Data can be restored from both the on-site and off-site locations within a short period of time to alternate sources. Aksia monitors its server room environment for factors such as humidity, temperature and air flow. Aksia also monitors the success of backups, anti-virus software updates, and operating system patches.
Hardware is also monitored in real time for events such as physical failures and power events.

II-3. Personnel Qualifications.

1. How many employees work at your firm? How many in each category (using the categories that your firm uses to organize employees into departments, i.e. consulting, research, technology, marketing, etc.).

Please find a copy of Aksia's organizational chart as Appendix B1 which details how we break out our research and portfolio advisory teams. Research is the largest team at Aksia and powers the portfolio advisory process.

As of April 2014, Aksia has 89 employees globally, comprised of Research (53), Portfolio Advisory (16), Business Development (1), Client Operations (4), and Technology, Legal and Compliance, Operations, and Administration (15).

Research staff reports to the four sector-specific partners: Simon Fludgate (Operational Due Diligence), Norman Kilarjian (Relative Value and Tactical Trading), Joseph Larucci (Long/Short Equity), and Patrick Adelsbach (Event Driven and Credit Strategies). Having sector-specific investment teams allows our analysts and sector heads to hone their focus and experience and provide for more fluid knowledge transfer between team members. Within each sector team, individual members are responsible for niche strategies in order to increase overall specialization.

Portfolio Advisory staff report to the partner in charge of the region in which they work: Bruce Ruehl (Americas), Valerie Benard (Europe), and Manabu Washio (Asia). While Aksia's advisory team is dedicated to providing client and portfolio advisory services, including education of staff and board, certain employees from other teams, including partners and research analysts, also work with the advisory team to transfer knowledge to clients.

Aksia's Advisory Team has primary responsibility for client relationships. This group assists clients to develop portfolios and establish investment policies and objectives codifying the investment restrictions and guidelines of the portfolios. Members of the research team consult on the portfolio framework and provide input in the form of manager recommendations and on-going portfolio guidance, examining the characteristics of various hedge fund strategies and the current drivers of risk and return in such strategies.

Our Client Operations team provides a comprehensive middle and back office support solution and works very closely with our clients and the Portfolio Advisory group. Technology, Legal & Compliance, and Administration serve to support employees of the firm and to assist with client needs, including making changes to Aksia's proprietary online platform to address a client request or providing assistance with side letters and corporate governance questions from the legal and compliance team.

Each of the firm's partners report to the Chief Executive Officer, Jim Vos.

2. Provide an organization chart showing name, title, function, years of experience (both total and with the firm), and area of expertise of pension fund consulting professionals and support staff.

Please reference Appendix B1 for Aksia's organizational chart and Appendix B2 for employee summary chart showing title and years of experience of the research and advisory teams.

3. What is the average number of clients per consultant?

[redacted]

4. Delineate the proposed management of services to PSERS. Provide names of staff who will serve as primary consultants, principal assistant, serve as PSERS' contacts with your firm, and provide services for PSERS. Specify the role and scope of involvement for each individual. Will the primary consultant be available to attend all Board meetings and assist the Board's investment staff when needed?

PSERS would continue to work with the team of advisors with which it has established a relationship over the past five years, Bruce Ruehl as Primary Consultant and Brett Minarik as Secondary Consultant, as well as new addition Kathryn Klebacha as Secondary Consultant.

Clients work with their designated primary advisors on day-to-day hedge fund portfolio management. The primary advisors help by bringing all of Aksia's resources together for the benefit of the client, and they also facilitate interactions with Aksia's investment team, operational due diligence team, client operations team and our Head of Legal and Compliance, should the need arise.

PSERS's first point of contact would be the Advisory team, specifically Bruce, Kate, and Brett, who will, together, be responsible for addressing day-to-day management of the PSERS portfolio. Bruce, as Lead Advisor, would have primary responsibility for reviewing client guidelines, investment guidelines and constraints/restrictions. He will take a top-down view of the portfolio in connection with potential hedge investments and evaluate the key drivers of risk and return in each sector to seek to ensure that the portfolio is positioned to take advantage of current market opportunities. Bruce would be supported on a day-to-day basis by Kate and Brett. They will be responsible for the daily servicing of the relationship. Bruce, Kate, and Brett, together, will help modify the Investment Policy and Strategic Plan as necessary to seek to ensure quality control and adherence to board guidelines, as well as support the implementation of strategic planning, board education and portfolio activities. This activity includes, but is not limited to, arranging hedge fund managers meetings, drafting recommendation memos, preparing board packets, creating presentations, and attending board meetings.

The firm's three Sector Heads also have an active involvement in each portfolio during the monthly portfolio review when they, together with the Advisory team, review each portfolio and discuss existing positions, proposed changes, the macro environment, forthcoming opportunities at a thematic and fund level, cash levels, and general market thoughts. PSERS would also have direct access to the Sector Heads and their analyst teams for any questions or concerns. Lastly, as Head of Client Operations, Tom Hamel would also be actively involved in the administration and management of the PSERS portfolio.

5. For proposed primary consultant, principal assistant, and other key individuals who will be providing services to PSERS, provide a biographical profile to include education, years and areas of professional investment consulting experience, and years and areas of professional investment consulting experience with your firm.

The biographies of the proposed primary advisory contacts for PSERS are provided below:

Bruce Ruehl – Head of Americas Portfolio Advisory

Bruce has over 30 years of financial markets experience, the last 21 of which were focused on hedge fund research, fund of hedge funds management and the management of institutional client relationships. Bruce joined Aksia's Americas Portfolio Advisory group in January 2010 as an equity Partner. Bruce advises North American institutional clients on hedge fund investments. Bruce oversees a team of advisory professionals who are responsible for advising Aksia's clients based in the Americas and their portfolios.

Prior to Aksia, Bruce was the Chairman and Chief Investment Officer of a boutique fund of hedge funds business, Gleacher Fund Advisors, which he founded in January 2002 as a joint venture with Gleacher Partners. Bruce built the business to a peak of $800 million, with a majority of the capital coming from Fortune

100 North American corporate pension funds. Until the end of 2009, Bruce oversaw all investment activities and was primary contact for all large institutional relationships. He chaired the investment committee that combined senior staff of Gleacher Fund Advisors and Gleacher Partners, and oversaw a team of 12 individuals responsible for research, risk management, operational due diligence and compliance.

Bruce started his career in 1982 when he joined pension consultants, Rogers Casey & Barksdale as an analyst. In 1985, he moved to Brown Brothers Harriman & Co. where he was an Assistant Manager in the institutional asset management division. From 1989 to 1990, he was a Vice-President in the consulting services division of Shearson Lehman Hutton with the responsibility of representing The Boston Company. Bruce left to attend graduate school at NYU, finishing in 1991 with an M.S. in Real Estate Investment. He then joined Reliance Properties as a Principal, advising private real estate partnerships investing in bank and RTC-owned properties. In 1993, Bruce joined consultant Tremont Partners and began analyzing hedge funds. He became Research Director and in 1995, was named Chief Investment Strategist with oversight of $6 billion of client multi-manager hedge fund portfolios, one of the largest pools of hedge fund assets in the world at that time. Bruce graduated from Lafayette College in 1982 with a B.A. in Economics. Bruce was recognized as Hedge Fund Consultant of the Year in 2013 by Institutional Investor Magazine.

Kathryn A. Klebacha – Portfolio Advisor

Prior to joining Aksia in February 2015, Kate was Director of New Product and Strategy Development and an Investment Committee Member at 6800 Capital, LLC, a boutique RIA in Princeton, NJ. She was an integral part of both the research and business development teams and developed and maintained four multi-manager portfolios. Prior to that, Kate was a Vice President at Merrill Lynch Wealth Management, Alternative Investments Group where she managed strategic and product marketing initiatives. Previously, Kate worked in a variety of alternative investment due diligence/research capacities, where she was responsible for due diligence and portfolio development across long/short equity, credit, global macro, and managed futures strategies. Kate earned a Bachelor of Science degree from Drexel University and holds the Chartered Alternative Investment Analyst (CAIA) designation.

Brett Minarik – Portfolio Advisor

Brett joined Aksia in December 2010 as a member of the Portfolio Advisory team. Brett's primary role involves managing the firm's relationships with institutional investors, working closely with them in the day-to-day management their hedge fund programs, and often acting as an extension of their internal staff. Brett also has an integral role in the development and deployment of MAX, Aksia's proprietary client-facing research platform. Prior to joining Aksia, Brett was the Client Service Manager for Carlsbad Wealth Advisory Group, a boutique wealth advisory firm servicing high net worth client households. Brett graduated from the George Argyros School of Business at Chapman University in May 2008 with a Bachelor of Science in Business Administration with emphases in Finance and International Business, and holds the Chartered Alternative Investment Analyst (CAIA) designation.

We have also provided the biographies of the research partners and Head of Client Operations, Tom Hamel, in Appendix B3.

6. For proposed primary consultant and principal assistant, provide the names of all clients, hedge fund portfolio size, and nature of engagement for which these individuals assume a similar role. What are their other duties for the firm?

Aksia places great emphasis on providing a high level of client service and this has been engrained into our business culture. Each client is assigned a 'team' from our Advisory group so clients have multiple touch points for day-to-day needs. As addressed in the above question, Part II-3 Question D, the proposed Advisory professionals to the PSERS relationship are Bruce Ruehl, Kathryn Klebacha, and Brett Minarik. Currently, Bruce covers 8 client accounts, Kate covers 4, and Brett covers 8, although each of these clients works with multiple members of the advisory team (i.e. Bruce and Brett, together, work with the same client). In addition, Aksia maintains a flat organization structure where all of the staff and resources are available directly to clients. Clients can speak directly with the heads of our specialist teams (Operational Due Diligence, Client Operations & Accounting Support, Investment Due Diligence, London and Tokyo teams, etc.) to get the assistance they need immediately. Indeed, most of our advisory clients have direct relationships with our research sector heads. Our analysts are also available to clients and often attend manager meetings with clients on request.

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7. Provide name and position of hedge fund consulting professionals who were **added** to the firm during the past five (5) years. Provide name and position of hedge fund consulting professionals who **left** the firm during the past three years. Have any senior executives left or joined the firm in the past five (5) years? Please describe the circumstances of their departure(s) or their current roles. Please provide a description of your succession and continuity plans for management of the firm.

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In March 2010, Maya Fishman joined Aksia as General Counsel. In January 2014 she was promoted to Partner and became Head of Legal and Compliance.

No other senior executives have left or joined in the past five years.

Aksia is owned and managed by ten equity partners. In the event of an unexpected departure, the company will continue to be managed by the remaining nine partners in accordance with the Operating Agreement of Aksia LLC.

8. What is the full-time-equivalent number of hedge fund analysts employed by the firm, the average length of experience, and at which location(s) do they work?

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9. How does the firm monitor performance of consultants, analysts, and other investment professionals that it employs?

Aksia's offices have an open trading floor style layout to allow for a free flow of information and exchange of ideas between individuals. In our New York headquarters, the Head of each group and his or her team members sit together on the floor, allowing for the direct observation of workflow, pending client deliverables, and individual performance.

Additionally, Aksia has integrated systematic quality control measures within our business model, as a way of ensuring clients are receiving the best quality research and service. We have designed an internal workflow management system which we use to assign, manage and track client deliverables through multiple teams and layers of review. All information pertaining to such deliverables is readily available through our in-house technology infrastructure called Ostrako. For example, at any time we can see exactly which professional is working on an Investment or Operational Due Diligence report, how far it is from completion and how much time is remaining before promised delivery. Before being marked final, each report undergoes several layers of critical review, ensuring that our highest quality research is presented to clients.

All of this workflow data is available to sector heads and partners to monitor the progress of client deliverables and ensure that each professional is completing their work in a timely manner and at the level of service demanded by our clients. Historical completion rates and times are considered when evaluating the work of all of our employees.

10. Provide a brief general description of the firm's compensation agreements for professional staff, including bonuses, profit sharing and equity ownership. Is some component of compensation deferred? Does your firm have employment contracts and/or non-compete agreements with investment professionals?

Aksia compensates all employees with a base salary competitive with industry standards. Each employee is also eligible for an annual bonus award, which is subjective and based on individual contributions to the firm and overall firm profitability. We believe that having a discretionary annual bonus incentivizes employees to actively participate in the success of the firm, thereby aligning employee interests with the livelihood of the firm, its clients. Additionally, all ten partners of Aksia are equity owners, ensuring their interests are directly in line with the success of the company. No element of compensation is deferred.

Aksia's employment agreements all contain non-compete/non-solicitation clauses. Such clauses vary depending on the seniority level of the employee. The specific terms of the employment agreements are confidential.

11. Describe the job qualifications required by your firm when hiring investment professionals. Are there specific qualifications unique to those involved in hedge fund consulting?

Aksia has steadily grown its staff since the firm's inception, from six founding partners in 2006 to ten partners and 79 additional members as of April 2015. Aksia looks for highly qualified and motivated individuals to join the firm. For experienced hires, Aksia seeks employees who can bring unique industry skill and perspective to the firm. For example, our Operational Due Diligence team has a diverse mix of team members with legal, audit, accounting, back office, and fraud investigations backgrounds. We believe that hiring professionals with varied expertise is important for our process of conducting thorough due diligence on hedge funds.

For junior or graduate-level hires, Aksia has relationships with a number of top universities, with which Aksia has placed advertisements when looking to hire professionals into entry-level research and advisory positions. Our process seeks to identify the best and brightest candidates with an emphasis on critical thinking, communication, verbal and writing skills and financial aptitude.

12. Describe your internal training procedures for consultants and research analysts.

We heavily invest resources in training our employees as well as retaining them. We recruit from many diverse industry backgrounds, and throughout an employee's first several years, we work to develop his or her individual strengths, which eventually determine what career path s/he follows at Aksia. All new research and advisory hires are paired with a senior partner of the firm, depending upon the area in which they are hired, and intensively trained by such senior partner. Aksia also has a rotational analyst program, whereby new hires spend one year on each of the three sector research desks prior to the establishment of more permanent placement. Research analysts and advisory team members are encouraged to take the CFA or CAIA exams, which are both sponsored by the firm. All employees undergo compliance training and yearly reviews with the human resources manager and lead partner on their team.

13. Describe your continuity plan and procedures in the event that key personnel for this assignment should leave the firm.

Aksia's portfolio advisory team is dedicated to serving our clients and meeting all of their hedge fund portfolio needs. With regard to any changes of key individuals servicing PSERS, Aksia client relationships are managed on a team basis. In addition to the Lead Consultant on the account, who has overall responsibility for the client relationship, the secondary portfolio advisors have supporting responsibilities, which include attending meetings and coordinating portfolio activities alongside the partners. The portfolio advisory team also has dedicated analysts who participate in conference calls and have responsibility for the delivery of reports and documentation necessary to each client relationship. Aksia's entire New York advisory team sits together on one desk and collaborates on various client projects.

Should one member of the primary coverage team leave the firm or become incapacitated, the client would continue to have access to professionals with whom the client has already built a relationship and who are familiar with the program. This team-oriented approach ensures that in addition to the primary members, other members of the advisory team are familiar with the client. If one of the staff members assigned to PSERS is unavailable, PSERS will have the benefit of known professionals well-versed in its situation.

In the event that a member of the team assigned to PSERS needs to be replaced, Aksia will notify the board to ensure proper disclosure and a satisfactory replacement.

14. Are any of the activities related to your hedge fund consulting services outsourced to a third party? If so, please describe each arrangement including the compensation structure.

While Aksia does not subcontract any portion of the contract, Aksia uses third-party background investigation companies, including First Advantage Litigation Consultants (BackTrack,) for the provision of background checks on fund managers. BackTrack is a leading provider of background investigations on behalf of institutions in the hedge fund industry. Aksia summarizes BackTrack's findings in its Operational Due Diligence Review and documents and may do further investigation on any information that appears of concern. Background checks constitute a small portion of the overall research that is undertaken on a manager.

II-4. Soundness of Approach.

A. General

1. What differentiates your firm from other competing firms? Please identify your competitive advantages and disadvantages

Unlike our major competitors, Aksia's resources are not dissipated either servicing many financial intermediary clients or stretched across a wide range of asset classes. We consider the fact that we are a dedicated hedge fund and related investments research and advisory firm, exclusively focused on serving the needs of large and sophisticated institutional allocators, to be a great advantage over our generalist consultant and other competitors. Because we are dedicated solely to hedge funds and related investments, we feel that we are better resourced to provide deep and well documented manager research and results-oriented portfolio advice. Also, because we are focused exclusively on providing services to institutional investors, we feel we have a very good understanding of, and experience dealing with, the needs of such investors. Our clients include public pensions, corporate pensions, insurance companies, endowments and foundations. Currently, we have 57 clients with over $59 billion committed to investment in hedge funds.

Our central location in New York gives us easy access to a large number of institutional quality hedge fund managers. Our global presence, with offices located in London, Tokyo, Hong Kong, and Athens, gives us further access to world-wide hedge fund managers. Aksia has a deep team of 89 professionals committed to the research coverage of the hedge fund industry and portfolio advisory. The depth of our team also enables us to react quickly to client requests, including performing diligence on client-sourced managers or formulating opinions on new and complex situations.

Another firm strength is our ability to provide a range of services, depending on client need. Clients can choose either research, non-discretionary portfolio advisory, or discretionary portfolio advisory services. In addition, Aksia offers comprehensive services, providing both front office investment support and back office operational assistance, which allows clients to build institutional-quality hedge fund programs without being limited by their internal resources. Our portfolio advisory team is led by several senior professionals who have held positions as former CIOs and Portfolio Managers. These individuals have extensive experience advising institutions with regard to building and managing hedge fund portfolios. Aksia's advisory clients also receive access to our proprietary online platform that houses our due diligence, monitoring and risk tools, portfolio builder analytics, and hedge fund industry research and resources.

We are proud of our work product and our business model, which is based on providing clients with opinionated, unbiased advice. Our goal is to provide the highest quality service to our clients, from the front to the back office, and deliver these services in an effective and efficient manner. We remain committed to building out our resources and capacity to meet those objectives. Below we have listed a few areas where we believe we have distinguished ourselves among peers:

- **Deep resources**: 89 employees focused exclusively on the hedge fund industry, providing clients with research, portfolio advisory, and program support services.

- We maintain a **high staff to advisory client ratio** (currently 89 to 35), with a focus on providing clients with attentive, high-touch service. As an example, our advisory team and research heads meet on a monthly basis and review each advisory client's portfolio (that is tracked by Aksia), manager by manager to develop recommendations for each client.

- **MAX**, our proprietary online platform, provides clients access to robust research and portfolio management tools specifically designed for sophisticated institutional investors. Aksia has invested significant resources in developing this system and actively incorporates client suggestions as we expand its capabilities.

- **Fee Discounts**: Aksia has been successful in negotiating fee discounts based on aggregate advisory client investments for twenty-six managers, fifteen of which have surpassed the investment threshold and are in effect. We actively press managers for fee discounts and all of the benefits accrue directly to our clients.

- Our dedicated **Client Operations and Accounting Support team** assists clients with the critical, but time consuming, tasks associated with running a hedge fund program. Our team provides monthly performance reporting with detailed attribution, monthly reconciliation with custodians, share class and tranche specific liquidity tracking, and fees and terms information.

Finally, we sincerely believe Aksia's greatest strength is our people and culture. As Aksia has grown, the founders have placed an emphasis on selecting talented individuals who are curious, energetic and thrive in a team environment. We strive to hire employees with varying industry backgrounds, who can bring unique industry skill and perspective to the firm as we feel that having analysts with diverse expertise is important for conducting thorough due diligence on hedge funds. We encourage prospective clients to spend time meeting our team, as it reflects our depth, transparency and business model, which broadly encourages clients to have a relationship with our professionals.

While we view it as an advantage, some clients may view it as a disadvantage that Aksia does not offer full coverage of all alternative asset classes, such as private equity, real estate or real assets. While the trend has been for peers to expand their coverage to these spaces, Aksia has consciously chosen not to pursue this model. We continue to focus our resources on hedge funds and related strategies.

2. Discuss the challenges generally involved in designing, implementing, and monitoring a hedge fund program for a very large client with substantial capital to deploy.

Our clients' hedge fund portfolios range in size from tens of millions to $11.0 billion. There are advantages (i.e. potential for better access, lower fees) and disadvantages (i.e. harder to invest in smaller managers) to managing very large hedge fund programs. However, given it is a multi-trillion dollar industry, it is quite feasible to implement a successful hedge fund program even as a very large investor. One challenge we could foresee for a large investor would be not having access to some more niche strategies (i.e. discretionary commodities, small cap activists or mortgage derivative RV) due to the limited size of some of these fund. We do not believe this would be a major impediment for most programs as these strategies tend not to be the core of most hedge fund portfolios. As for portfolio construction, we may recommend a larger number of managers in the portfolio in order to add more unique risks (reduce idiosyncratic risk and enhance strategy diversification) and include some smaller managers. We would also recommend patience and not force capital to work. There are many strategies that are typically open to new capital (i.e. long biased credit) but it is more important to build a more diverse book of strategies.

3. In light of the current environment, please discuss the unique challenges, areas of concern and opportunities that both hedge fund managers and investors currently face, including the following:

    a. How has the hedge fund landscape changed over the past year, and what further changes do you expect?

We believe that the landscape for hedge funds has and continues to evolve, though we remain constructive on the opportunity set. There is certainly a cautionary case to be made about the steady increase in capital entering the industry, and the implications of more investors competing for what is arguably a limited opportunity set. This is a concern of ours and we are cognizant of this as we evaluate markets, strategies and managers. We have seen strategies such as pure merger arbitrage disappear and other traditional quantitative approaches become more commoditized. However, the flexible investment approach of hedge funds continues to be an advantage versus other traditional investment strategies. Additionally, the structure of the markets continues to evolve which we believe should benefit hedge funds. Global regulatory reforms are reshaping the structure of markets, especially within banking, creating temporary and permanent dislocations that we believe should advantage hedge funds.

Aksia believes that both quantitative and qualitative analysis must be leveraged to capture the complexity of factors influencing the hedge fund market. We also consider how these factors may change through time. From an ex-ante perspective, we publish a quarterly Strategy Outlook Report (Appendix D1) that evaluates the opportunity set of individual strategies on a standalone basis. In a separate Model Portfolio Report (Appendix D4), we contextualize such opinions within a portfolio allocation framework.

On an ex-post basis, we actively maintain a proprietary database of over 350+ risk factors that our analysts use to econometrically analyze hedge fund returns. Our system has the capability to infer historical fund exposures to individual factors and asset classes, as well as to compare alpha contribution across peers within the same hedge fund strategy. The factors used for the quantitative analysis range from conventional (US High Yield, European Equities) to more exotic risks (Asian equity volatility, FX carry). Additionally, we may consider technical indicators such as market momentum, convertible issuance, and Treasury curve steepness in our reports.

We overlay these findings with our knowledge of industry developments and strategies. As we sit in the center of information flow between institutional investors (including clients), hedge fund managers, and other industry professionals, we are well-situated to synthesize and provide a comprehensive and dynamic analysis of each hedge fund strategy.

b. Are there any hedge fund strategies that are fundamentally impaired, and if so, why?

We believe that Aksia has the resources and capabilities to investigate any hedge fund strategy. While we do not have a blanket "no" on any strategies, below are a few examples of strategies that we feel do not offer value either due to the nature of the strategy or the nature of the hedge fund business model:

- *Life Insurance Settlement strategies* – We have researched this strategy for nearly 10 years[1]. Our belief is that the actuarial firms used are conflicted in their motivations and the insurance brokers are conflicted in their activities, making it very hard for investors to win via a hedge fund strategy (despite the usual rosy/optimistic projections). Note that this is in contrast to re-insurance based strategies, which we cover and recommend to clients.
- *Hedge Fund Replication strategies* – We have researched a number of replication strategies. Most are very simple strategies (inputs are hedge fund database/index returns), are implemented via very simple trades (listed futures typically), and charge very high fees for the effort required to manage the strategy. We feel investors can simply create replication strategies themselves, if they so desire, at dramatically lower costs, with which Aksia would be happy to assist.

c. Are there any hedge fund strategies that are particularly attractive going forward, and if so, why?

The strategies/styles that we as a firm bias, either for or against, evolve over time. Aksia publishes a quarterly Strategy Outlook (Appendix D1), in which we discuss our top-down strategy views. Our current themes are as follows:

Theme #1: Spread Out

We feel that many hedge fund portfolios are too concentrated in three areas:

- Merger-related Event Driven equities (particularly large caps)
- North American Long/Short Equity with a consumer discretionary bias

[1] Aksia's key investment personnel worked together at Credit Suisse prior to forming Aksia in 2006.

- Global Macro strategies focused on G12 rates and FX

Because there many institutional caliber managers in these well-known strategies, it is perhaps too easy to allocate. Hedge fund crowding is never a problem until it is a problem. The challenge with spreading out is keeping risk up. Below is a non-exhaustive list of strategies that may help spread out without reducing the portfolio's risk:

- Well-resourced Quantitative Strategies
- Greater China Long/Short Equity (managers based in Shanghai/Beijing)
- Emerging markets macro
- Securities transformation strategies
- Structured credit (if you have no exposure now)
- Reinsurance (contingent capital vehicles)
- European CMBS originations
- Asian Event Driven
- Mid-cap Activism
- Commodities funds linked to physical trading houses (maybe wait a bit

Theme #2: Rise of the Machines

More and more markets are being traded electronically, banks are retreating as liquidity providers, markets are more fragmented and terabytes of information is produced every day. A new market-making hedge fund has emerged, growing with the spread of electronic trading. There are not many of these firms, we think about ten of institutional quality depending on the criteria. These hedge fund market-makers tend to:

- Have very large research staffs heavy with PHDs
- Collect terabytes of data daily from thousands of sources
- Use natural language processing to capture soft data
- Have tremendous computing power
- Trade just about any electronic market with adequate liquidity
- Attempt to optimize diverse portfolios of many different model approaches

Aksia lumps most of these firms into the "Relative Value – Quantitative Strategies" strategy bucket and specifically focuses on the most well-resourced managers who trade multiple markets and models. We are not advocating smaller, lightly resourced managers using downloadable financial data to produce valuation frameworks for longs and shorts.

Theme #3: Still Like Mixed Equity/Credit Strategies

We have liked mixed equity/credit strategies that allow a manager freedom to trade around capital structures. While these strategies can be caught up in sudden risk reversals, they tend to do an excellent job of capturing many of the longer term opportunities. To the extent that clients are reducing exposures to credit strategies, we would recommend redeeming from Long/Short Credit funds as opposed to Event Driven Value or Credit funds.

Changing credit markets have made many Credit Long/Short strategies less viable. Credit markets liquidity has worsened dramatically. This is a much discussed topic but so far no realistic solutions have surfaced. Instead, much of the debate has been around lowering the chances that a disruption in illiquid credit markets could spill over and harm the financial system.

Theme #4: Activist Equity Strategies

Activist equity strategies have been a theme since Q2 2013. Strategy returns have been good, even on a beta-adjusted basis.

The S&P500 has been fertile ground for years thanks to a post 2008 focus on corporate governance, proxy advisory firm support, symbiotic relationships with long only asset managers and changes in SEC shareholder solicitation regulations. Success rates for U.S. activist proxy fights have risen from a +/-50% historical average to north of 70% in the last year.

At this point we are concerned about opportunity-saturation with respect to large cap U.S. activism. Managers are increasingly targeting large companies with boiler-plate plans (e.g., share repurchases, spin-offs, special dividends etc.) While we acknowledge that activism benefits from scale, we would consider shifting some of clients' existing large cap activist exposure to managers who target smaller capitalization firms and also shifting to managers that focus outside of U.S. markets. There have been well publicized failures overseas (e.g., J-Power, Agrium, Toyota) but there have also been big successes (e.g., Japan Tobacco, ThyssenKrupp, Canadian Pacific). Additionally, there are opportunities in industries generally shunned by large cap conventional activists, such as healthcare and biotech.

4. Provide a sample Investment Policy Statement covering a hedge fund program for a large pension plan.

Please refer to Appendix E1 for an example Investment Policy Statement.

5. Discuss your views on utilizing funds of funds vs. direct hedge fund investments and provide your rationale.

Originally, funds of hedge funds provided value to institutions looking to gain hedge fund exposure, without committing the resources and staff required to invest in the space. However, as investor sophistication has increased, FoHFs, that do not provide value outside of simple 'hedge fund exposure', have seen their assets decline as investors go direct. This decision allows investors to increase transparency and control of their hedge fund investments, while lowering fees dramatically.

We feel we are uniquely positioned to advise clients as to which of their FoHFs are providing truly differentiated or proprietary exposures that cannot be replicated through direct hedge fund investments. Most of our clients hire us with the intention of building out direct hedge fund portfolios and exposure to FoHFs usually is dramatically reduced as the program is implemented. We feel there is a role for FoHFs when clients are looking for instant diversification, when they do not have the resources to devote to a hedge fund program and when they are not as focused on the total cost of the program. As they become more comfortable investing in the space, it is a rare institutional client that does not desire the increased control, total customization, broader universe of investment choices and significantly lower fees that come with a direct hedge fund portfolio program. It is hard to make this transition without adding dedicated staff or engaging an advisory partner to provide expertise and to take on the increased administrative and operational responsibilities.

Please see the following chart for some general pros and cons that we consider when looking at the options of investing in FoHFs vs. direct hedge fund investments. These are issues we discuss with staff members and investment committee members when determining how to transition the hedge fund portfolio:

Fund of Hedge Funds		Single Hedge Funds	
Pros	**Cons**	**Pros**	**Cons**
▪ Active management outsourced ▪ Smaller number of investments ▪ Easier to monitor liquidity ▪ Less resources needed ▪ Legal insulation	▪ Extra layer of fees ▪ Risk of over-diversification ▪ Stated liquidity can be fleeting (gating, side pockets, etc.) ▪ Legacy positions ▪ Concentrated positions in very large hedge funds ▪ Actions of other investors may have adverse effects ▪ Total fees and expenses can be opaque	▪ Closer understanding of exposures and methods ▪ Custom tailoring of exposures ▪ Deeper due diligence and transparency on ultimate investments ▪ Potential for improved terms with underlying managers ▪ Ability to concentrate positions	▪ Liquidity management can be difficult ▪ More resource-heavy ▪ Infrastructure demands ▪ Liquidity in investing in individual funds ▪ Difficulty accessing top funds ▪ Extended time frame necessary to build fully diversified portfolios ▪ Monitoring demands ▪ Reliance on CIO and staff to develop expertise

6. Discuss your views on applying additional leverage to hedge fund investments.

Aksia has a bias against applying leverage to hedge fund investments, but there are quite different circumstances and some may make sense in the right context:

Month end bridge facility for redemptions/subscriptions or FX hedging:
If a client's hedge fund investments are held in a vehicle (e.g., Delaware or Cayman SPV) Aksia does think it is a good idea to have a bridge facility to be able to borrow small amounts, secured by the portfolio, for two specific purposes:

1. To bridge redemptions/subscriptions that are happening on the same month end date, else cash from redemptions is not received till typically the 3rd week after month end and the investor loses one month of market exposure.
2. If the investor's native currency is not USD and there is a FX hedge in place in the SPV, we would strongly recommend a bridge facility to cover FX forward losses. Typically a bridge facility of 10% or less can handle any of these situations and the cost is low.

Leverage to implement portable alpha
Aksia does not recommend portable alpha but if an institution does want to use hedge funds in that context, we would work with the institution to structure the leverage to reduce costs and reduce the chances of margin calls that cannot be met. The cost of applying a large amount of leverage to a hedge fund portfolio has risen as banks capital treatments for these types of transactions have become much worse. We would recommend using swaps or futures as leverage on the beta component, and then having a low cost bridge facility on a hedge fund portfolio, for example only up to 15%. Then we would recommend keeping a significant portion of the hedge fund portfolio in very liquid strategies and vehicles to be ready to meet any margin calls that exceed the bridge facility.

Leverage to increase returns (and not for the above two reasons)
We have a negative view on using leverage on a hedge fund portfolio simply to increase returns. We think that the terms and conditions that the banks would offer for 1:1 leverage on a hedge fund portfolio would be onerous and the "fine print" in the contracts would leave the bank with considerable leeway to protect its own interests at the expense of the investor in a markets liquidity crisis scenario. Aksia has professionals with considerable experience with ISDA confirmations and annexes and we would urge any client to let us focus on that aspect before they spend too much time in this scenario.

7. Discuss your views on registration/regulatory issues with respect to hedge funds.

Aksia generally welcomes well thought out regulation of hedge funds. Typically, regulation adds more transparency to investors and disclosure obligations to hedge funds, which should permit investors to make more informed decisions. In addition, the added regulatory oversight of managers may serve as a deterrent to a manager from acting in a dishonest manner. However, the increased regulations may have a downside to investors by creating a barrier to entry for new managers. By making it difficult for new managers to bear the burden of such costly regulations, the outcome is an unintended advantage to large, established managers. In addition, investors may bear the cost of many of these new regulatory requirements in the form of increased expenses (e.g., costs of regulatory filings, increased reporting, professional advisers, etc.), which negatively affect net returns.

8. Discuss your views on hedge fund fee structures.

Broadly, we feel fees are high in the industry and have actively worked on behalf of clients to obtain fee discounts and improve terms. We believe we have been successful in obtaining more attractive terms from high conviction managers, but also recognize there is more work to be done. We also recognize that there is a supply/demand dynamic that remains supportive of fees in the industry.

We suggest clients avoid artificial constraints that remove consideration of expensive managers (i.e. refusing to pay 2/20 for anything). There are some high-quality, unique, capacity constrained strategies/managers that can be valuable additions to client portfolios. That said, we have recommended avoiding and redeeming from funds when we feel that the beta component of returns do not justify fees. We have also spent time researching cheaper 'alternative beta' offerings.

9. Discuss your views on position transparency. What level of information do you require from the managers you recommend to clients? Discuss your ability to collect individual hedge fund investment positions and provide them to PSERS' risk management system provider. What level of transparency do you typically require from a hedge fund manager before recommending them for a portfolio? What percentage of your recommended managers provides full transparency? Please answer separately for both single strategy managers and funds of funds.

Aksia defines transparency as the timely, meaningful, reliable and honest disclosure concerning what is going on inside the hedge fund as it relates to the trading and positioning of all securities. Without a level of transparency that we are comfortable with, we will not move forward with due diligence on a hedge fund and therefore will not recommend such funds to clients.

Aksia collects risk information from managers that are in client portfolios and subject to ongoing due diligence. Our proprietary template includes information regarding long and short exposures in equity, credit, and other asset classes, including exposures that may be garnered through derivatives. This information allows us to consider asset class exposures at the manager level and also roll up to the portfolio level with the use of our proprietary quantitative tools. We have an open architecture for the absorption and integration of these risk exposures, sourcing data from third-party risk aggregators or Aksia's proprietary risk template. We believe our open architecture approach is optimal, as it captures core risk data for all funds allowing for a full portfolio view of risk. Relying on any single risk data provider can leave investors without a complete picture of their portfolio or limit the selection of potential funds, as funds often choose one provider format over another. This information is available to clients through our proprietary online platform, MAX.

Aksia seeks to get as much transparency as possible from our managers but we do not require position level transparency. Investors that require position level transparency can choose to invest through a managed account set up at a prime brokerage firm or engage a third party risk aggregator, such as RiskMetrics. While these options provide the most transparency, it often comes with trade-off of having a limited selection of funds that will participate and higher costs of implementation.

10. Do you host any client events or conferences? If so, please describe them. Are hedge fund managers invited to attend?

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11. Discuss your willingness to establish a knowledge transfer relationship with PSERS and describe the activities and information that this would entail including data sharing and analytics.

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12. Describe the access and interaction PSERS would have with members of your staff, other than the assigned consultant and backup.

While a client's first point of contact is generally the portfolio advisory team, given Aksia's flat organizational structure, clients also have direct access to other teams and resources.

As previously mentioned, the research heads have an active involvement in each portfolio during the monthly portfolio review when they, together with advisory, review each portfolio and discuss existing positions, proposed changes, the macro environment, forthcoming opportunities at a thematic and fund level, cash levels, and general market thoughts. PSERS would also have direct access to the sector heads and their analyst teams for any questions or concerns.

Additionally, the Head of Client Operations and Accounting Support, Tom Hamel, would be actively involved in the administration of the PSERS portfolio. Lastly, Aksia's Head of Legal and Compliance, Maya Fishman, would be involved in the structuring of the investment vehicle (if necessary), fee and contract negotiations, and ongoing governance.

Detailed biographies for the research heads, Tom Hamel, and Maya Fishman are included as part of Appendix B3.

13. Briefly summarize your philosophy regarding the consultant's relationships with boards, staff, and investment managers.

Aksia has built the firm to provide clients with deep resources and high-touch advisory service. We pride ourselves on working closely and communicating regularly with clients. Aksia maintains a flat organizational structure that encourages internal collaboration and full client access to our professionals. We regularly attend client Board Meetings and we are available for client calls and to answer ad hoc inquiries. In addition, we often work with generalist consultants as part of our interaction with clients.

We actively promote the free-flow of information and ideas and a high level of communication between Aksia, the managers and our clients, including both client staff and Boards. In this vein, we encourage staff and board members to visit our offices in New York where they can work side by side with our research team and jointly attend manager meetings. We also make our research and notes from our interactions with managers available through MAX and welcome any suggestions regarding our processes.

As we previously mentioned, Aksia is often highly involved in creating educational programs to meet clients' individual needs. We also understand that each client's governance and decision-making structure may necessitate approvals at the investment committee, chief investment officer or board level. Aksia may prepare materials or assist staff in the development of materials to aid in the decision-making process, present to the board in support of our recommendation, and work on ad-hoc projects as necessary.

14. List all standard services provided in a typical pension plan consulting assignment. List the specialized services that you have provided to meet other needs of your clients.

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15. Discuss your views on liquidity and lock-ups.

In evaluating a fund, the fund's liquidity should match the liquidity profile of the underlying assets within the portfolio. Similarly, the appropriateness of a lock-up provision is evaluated against the time-horizon of the manager's strategy and the liquidity profile of the underlying assets in which the fund invests. We also view an investor's ability to accept longer lock-ups and/or less liquidity as a useful tool for obtaining better fees from a managers. However, we do not feel this is suitable in all cases.

16. Discuss your views on recent decisions by public pension plans to liquidate their hedge fund portfolios.

In late 2014, there were a number of media articles regarding public pensions eliminating hedge funds from their investment portfolios. Aksia had no relationship with either of the pension funds, CALPERS or PFZW (a Dutch healthcare pension), and as such, does not have special insight into their specific decisions. In general, we believe that all investors should consider the pros and cons of investing in hedge funds and determine if using these strategies is appropriate for their portfolio and organization. Institutional investors differ in governance, investment objectives, investment philosophy, and capacity, which are all important considerations when selecting any investment.

Regarding CALPERS, we suspect the decision to liquidate their hedge fund portfolio was performance related and we would direct you to reference the *Pension & Investments* article from September 16, 2014, "CalPERS is largest investor to exit hedge funds, but decision isn't a surprise to some" by Christine Williamson for some interesting insights on CALPERS's hedge fund performance.

As for reasons for CALPERS's performance, we suspect it may be related to their program being more complex than many peers. It appears that the structure of their program changed over time, but for a significant period, relied on regionally focused fund of funds (ex. multiple focused on Europe and Asia). This is an unorthodox approach and could add complexity to a program. In addition, they also appear to have shifted the program to focus on managers that would provide separate accounts, which could result in adverse selection and further complexity. Also, CALPERS appeared to have several overlapping advisors, including a large global bank (UBS) whose reported fees appear extremely high (reportedly in the neighborhood of 10 million per year!). Finally, the CIO mentioned costs as a rationale for the change, but it seemed to be secondary. He said they were effective in getting fee reductions from managers, which would make sense given the size of their allocations and the separate account approach.

Regarding PFZW, while we have no firsthand knowledge of the fund, press releases indicated they had invested in hedge funds using the Lyxor managed account platform. We suspect that using a managed account platform resulted in adverse selection bias and contributed to the poor performance of the hedge fund program. We have helped clients evaluate managed account platforms and all else being equal, usually prefer the simplicity of investing in a commingled fund.

Despite the significant press attention these pension decisions created, we have not seen a broader trend of public pensions eliminating or reducing hedge fund allocations. Anecdotally, it seems that many institutional investors, including public pensions, appear to be increasing their use of hedge fund strategiesm, especially within their fixed income allocations.

B. Portfolio Construction

1. It is the Board's desire that the hedge fund portfolio compliment, or diversify, the primary holdings of the Fund. How would you ensure the hedge fund program is structured in this manner? How would you monitor the hedge fund program in relation to PSERS' total investments on an ongoing basis to ensure the hedge fund program is truly providing diversification?

Aksia, as a hedge fund specialty advisor, has the expertise to fully implement a diversified hedge fund portfolio within the context of the overall asset allocation framework. We work with staff to ensure that the program serves its intended purpose in relation to PSERS' total investments; i.e. reducing volatility, providing diversification, managing downside risk, etc. In working toward these objectives, we believe that it is essential to "look through" the specific hedge fund vehicles and structures to the underlying exposures and risk/return profiles. In advising clients, we also work with their generalist consultants or other advisors as needed.

In addition to consistent qualitative assessment of the specific strategies and their appropriateness for the hedge fund program, Aksia's online analytic platform, MAX, provides a comprehensive quantitative framework, presenting an aggregated view of PSERS' exposure to the multiple hedge fund holdings. The analysis is based on individual hedge fund holdings and assesses the overall strategy exposures, correlations, factor exposures, diversification qualities and liquidity as a complete portfolio, or as a single line item in the larger PSERS portfolio. Aksia, along with Staff, uses these tools to observe and monitor the performance and risk profile of the hedge fund program to ensure conformity with key portfolio objectives.

2. Describe the process you will use to recommend hedge fund program investment objectives and policies for PSERS. Provide a sample of investment objectives and policies you have developed for a pension fund client.

We regularly work with clients in developing and writing investment guidelines for their hedge fund programs. Aksia views each client situation as unique and seeks to customize a hedge fund program to their specifications. Consequently, evaluation of any potential investment opportunity begins with an evaluation of each client. These specifications are often the result of several iterative conversations with staff, governing bodies, and the review of relevant documentation including investment guidelines and policy statements.

The results of the document review and meetings are codified into the Investment Policy Statement. This document details the structure, eligible strategies, diversification parameters (maximum position sizes and minimum number of positions) and risk and return objectives of the hedge fund program. In addition, it establishes a set of parameters around the portfolio (directional vs. non-directional, risk definition, liquidity, and correlation) implementation which will inform the manager research process. Implementation guidelines often include, but are not limited to, assets under management, track record, use of side pockets, maximum lock-ups, and regulatory registration.

Please find a sample investment policy statement as Appendix E1.

3. Describe the framework used for hedge fund classification, including a list of the specific categories. Describe the process and resources you will use to recommend hedge fund asset allocation for PSERS. Discuss the possible circumstances and process whereby you might recommend that an asset allocation should be changed. Provide a sample of an asset allocation plan you have developed for a pension fund client.

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4. Describe the hedge fund program construction framework and process, including how recommended allocations to hedge fund strategy types, geographic regions and individual managers are derived.

Please reference the previous question, Section II-4 Question B3, which provides a detailed description of our portfolio construction process and Appendix D for our most recent Strategy Outlook and Model Portfolio Reports, which discuss our views and recommended allocations to hedge fund strategy types and geographic regions.

   a. Do you develop forecasts for distinct strategy types that form the basis of allocation decisions?

Yes, Aksia's Portfolio Strategies Group ("PSG") meets on a quarterly basis to discuss portfolio themes and trends from a top-down view. The PSG is made up of the employees at Aksia with extensive portfolio management experience and the purpose is to provide a forum for the formation and discussion of Aksia's top down views, a review of model portfolio positioning and the forward-looking strategy for our institutional portfolios. The members are: Jim Vos and Bruce Ruehl, both former fund of hedge funds CIOs, and Oliver Newton, a former fund of hedge fund Portfolio Manager. The PSG provides top-down views on the portfolio and looks for ways to redeem from stale positions and incorporate top-down investment opportunities to meet performance goals.

Aksia publishes its top-down views on the hedge fund industry in its Strategy Outlook Report (Appendix D1) and the Model Portfolio Report (Appendix D4) on a quarterly basis. The Strategy Outlook Report examines the key drivers of risk and return in each strategy (i.e. credit spreads, volatility, sector dispersion and convertible issuance) and provides a 12-18 month view on the relative return potential and attractiveness of each strategy (i.e. overweight relative value). This information then directly feeds into the Model Portfolio Report, which is an outline of our current stance on theoretical sector asset allocations for guidance in optimal portfolio construction. The report outlines our current views by illustrating one core model with sliding allocations ranges for sector/strategies, depending on investor's beta/volatility/performance targets. As a supplement to these two reports, Aksia holds a broad quarterly call with clients to discuss views and outlook on the hedge fund space.

Biographies of the three members of PSG, Jim Vos, Bruce Ruehl, and Oliver Newton are provided as Appendix B3.

b. Do you employ an optimization routine?

We do not employ optimizers as part of our portfolio construction process. Optimizers are backward looking and will favor past 'winners'. We have developed robust quantitative tools for analyzing funds and portfolios, but are dubious of relying on pro forma data for prospective investment decisions. We take a forward looking view of funds based on our holistic view of the manager and the future opportunity set for the strategy.

5. Are there any strategy types or geographic regions that you specifically **target** or avoid? If so, why?

Please reference Section II-4 Questions A3a and A3b, for a discussion of hedge fund strategies that we as a firm target and avoid.

6. How do you identify style drift in a hedge fund? When style drift is identified how is it evaluated and what actions are taken?

Aksia's analysts and sector teams enter funds onto the platform, and classify the managers by investment style based on their understanding of each manager's sector and strategy. For funds on which we perform due diligence and monitoring, Aksia's investment analysts maintain frequent contact with managers and perform updates at least quarterly, but typically monthly. We integrate our findings, including any changes in positions, outlook, staffing or other developments, with frequent reviews of regulatory filings, such as Form 13F in the U.S., and investor communications, such as exposure reports and investor letters – all of which can indicate style shifts. Aksia's Style Factor Report then evaluates the sensitivity of a manager's strategy to various hedge fund indices. This comprehensive process evaluates whether the manager's current strategy is aligned with their original classification. Over extended periods of time, a manager's sensitivities may change, indicating possible style drift in the strategy classification and hence, a change in its underlying risk exposures.

After our analysis of qualitative and quantitative factors, if we suspect style drift is occurring, we would typically notify our clients via a desk note and consider adjusting our manager ratings. Depending on the situation, we may also recommend investors redeem from the fund, particularly if the new strategy was outside the manager's core competency.

7. Describe the variables and methodology you will consider in recommending hedge fund performance benchmark(s) for PSERS. Provide samples of benchmarks you have recommended for pension fund clients. Can the firm provide customized benchmarks?

Aksia has identified issues with all commercially available benchmarks and would rather utilize customized peer comparisons. However, when this solution is impractical, many institutions choose to rely on published, independent and representative benchmarks. Of these, we believe the HFRI FOF Composite index (for a portfolio) and the HFRX Sector indices (for individual funds and sectors) have the fewest biases (dropout, survivorship, backfill, etc.).

Aksia can, and has, provided custom benchmarks to our clients. We have approximately 125 different market risk factors in our database that we use to measure the factor sensitivities of hedge funds and hedge fund portfolios. These same factors can be used in our modeling environment to explore and settle on custom benchmarks.

Users can develop an unlimited number of custom benchmarks on MAX, including benchmarks with multiple constituents (e.g., 60% equity, 40% bonds) or benchmarks plus a margin (e.g., HFRI FOF Index + 1%). Benchmarks can be set at the fund or portfolio level and are saved in MAX and automatically updated as new performance data becomes available.

Each of our client portfolios is customized to the specific objectives and constrains of the individual client's investment program and so we generally do not think it is appropriate to benchmark performance to publically available peers. However, we have the ability to do so, at PSERS's request.

8. How are expected or potential exposures to macro-level risk factors and correlations among strategy types and individual hedge funds incorporated into the portfolio construction process?

As previously discussed, Aksia seeks to dynamically adjust our clients' portfolios based on market conditions, client goals and performance objectives. The sector heads and the portfolio advisory team review each client portfolio on a monthly basis. Discussions center on: existing positioning, proposed changes (subscriptions, redemptions, capital flows, etc.), the macro environment, forthcoming opportunities at a thematic and fund level, cash levels and general market thoughts and positioning. These areas of focus are considered with reference to the specific objectives and restrictions of each of our clients given that each portfolio we create is tailored specifically for the client's mandate. The purpose of this process is to integrate multiple layers of review by senior investment professionals at the firm to create the best portfolio for each client's objectives. This collaborative approach creates a constructive challenge to any natural bias in any one of the portfolio teams and aims to avoid stagnation in portfolios by focusing on new and interesting ideas in a timely manner.

We should also state that while correlation is certainly a valuable statistic when it comes to understanding the relationships between hedge fund strategies and broader markets, we strongly prefer to focus our effort on understanding beta, and setting portfolio objectives accordingly. While the two are similar, correlation does not provide any indication beyond the relative direction of movement. Beta is more useful, we believe, because it captures the direction as well as the magnitude of relative movements.

9. Describe your approach to managing the liquidity profile of a client's hedge fund portfolio. Include a discussion of lock-ups, redemption frequencies, side pockets, etc.

Liquidity requirements are discussed in depth with our clients in the pre-construction phase. Following the portfolio's construction, Aksia's Client Operations and Accounting Support team is able to monitor our advisory clients' portfolios in relation to individual liquidity requirements using a proprietary mapping tool to precisely track each portfolio by monitoring the exact holdings of each fund. The information is processed using share class specific liquidity information and allows for the modeling of redemption fees (including soft locks and acceleration fees), gates (investor and fund level), holdbacks, and other features. Having this detailed information aggregated on our system means we can run hypothetical scenarios based on managers' gate provisions which help to demonstrate the overall liquidity of the portfolio. The portfolio liquidity analysis can be reviewed in a tabular form, graphically, or exported to Excel for more detailed analysis.

With regard to side-pockets, Aksia's Client Operations and Accounting Support team and sector teams will review the offering documents for side pockets, and typically explain the terms to our clients and highlight any issues. In each case, Aksia will have a recommendation regarding which share class to purchase. As mentioned, Aksia can then track the share class specific holdings in the portfolio.

Because our liquidity mapping tool has been developed internally, it is customizable to meet the varying needs of our clients. In addition to the hedge fund liquidity information that can be tracked by our Client Operations and Accounting Support team, any information provided by clients regarding the liquidity terms of their remaining portfolio holdings can be entered into our systems to provide an overall liquidity profile of the portfolio as a whole.

10. Describe the methodology you would use to construct a hedge fund portfolio based on a set of parameters and constraints (i.e. LIBOR +350 basis points targeted return, 9% risk, maximum drawdown, limits on illiquid strategies, etc.)

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competitive position. Aksia has taken a number of steps to maintain the confidentiality of this information including limiting the individuals who have access to the information and subjecting third parties with access to the information to nondisclosure agreements (subject to regulation or law). Therefore, Aksia requests exemption from disclosure per 65 P.S. § 67.708(b)(11)on the grounds the information contained in this response constitutes a "trade secret" as defined in 65 P.S. § 67.102.

C. Sourcing Hedge Fund Investment Opportunities

1. List the main channels through which new managers are sourced and the appropriate percentage of current managers sourced through each. Which channel do you feel is most effective and why?

Aksia maintains an "open architecture" approach and managers are sourced both by our research teams and by our clients.

Sector teams maintain relationships with hedge fund professionals, prime brokers, sales and trading professionals, research analysts, attorneys, administrators and other industry participants with the express purpose of gathering information for sourcing new managers. Aside from any immediate client work, the sector teams are constantly meeting both established and early stage hedge fund managers for the purpose of identifying high quality managers, as well as tracking industry developments. These team members are also responsible for drafting Investment Insights Reports for new managers that they source. The location of our headquarters in midtown Manhattan allows for a steady flow of new managers to easily meet with our teams.

Clients also request that Aksia perform due diligence on new funds. Once a manager has been identified by the client, our research team will meet with the manager and perform initial due diligence. We will then discuss with the client the investment opportunity and whether we should move to perform full due diligence.

We feel that both channels are effective and we encourage clients' active sourcing of new managers. However, because of our large research staffing (53 professionals currently) and the long industry tenure of our senior research partners, we feel that we have more resources with which to source a larger volume of quality new managers than our clients. We do not track whether the investment idea was sourced by Aksia or if it was based on a client request.

2. Describe your investment and operational research and analysis capabilities related to hedge funds. Are your resources internal or external? If any external resources are used, provide a description including the name of vendors providing these resources. How is the information used to inform and advise clients?

Aksia has a deep team of 89 professionals committed to the research coverage of the hedge fund industry and portfolio advisory. The depth of our team also enables us to react quickly to client requests, including performing diligence on client-sourced managers or formulating opinions on new and complex situations. Our central location in New York gives us easy access to a large number of institutional quality hedge fund managers and our global presence, with offices located in London, Tokyo, Hong Kong, and Athens, gives us further access to world-wide hedge fund managers.

All of Aksia's resources and capabilities are housed internally, with the exception of conducting background checks for operational due diligence. As previously mentioned, Aksia uses third-party background investigation companies, including First Advantage Litigation Consultants (BackTrack,) for the provision of background checks on fund managers. BackTrack is a leading provider of background investigations on behalf of institutions in the hedge fund industry. Aksia summarizes BackTrack's findings in its Operational Due Diligence Review and documents and may do further investigation on any information that appears of concern.

3. Describe your overall approach to manager research and selection, including a list of any specific criteria that must be met in order for a manager to be considered and any characteristics that will automatically exclude a manager from consideration. Please provide an outline of your manager evaluation framework.

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4. Do you have dedicated individuals or teams separately responsible for investment, operational, and legal/compliance due diligence? If so, does each group have authority to "veto" a prospective investment before a recommendation is made to a client or at any time thereafter?

Yes, Aksia has a separate operational due diligence team, comprised of 21 individuals, that works independently of the investment due diligence process. The operational due diligence team has the ability to "veto" any investment based on operational concerns, irrespective of the result of investment due diligence. Aksia can only recommend investments to clients that have passed both investment and operational due diligence, therefore if at any point a fund fails ODD (receives a rating of 4 or 5), whether in the initial report or is later downgraded, Aksia would recommend a full redemption from the fund.

5. Do you perform background checks on the key individuals of all prospective managers? What roles/titles are typically included in this group (i.e. CIO, portfolio managers, CEO, CFO, etc.)? What specific red flags are you looking for? What service provider(s) do you utilize for background checks?

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6. Describe your approach to performing reference checks on prospective managers, including both named and informal references.

Aksia seeks to obtain references on key investment staff during the investment due diligence process. Reference checking may be performed specifically to corroborate an investment manager's statements, but more typically it is done to obtain general color on a portfolio manager from individuals at other firms who we believe may be familiar with his or her abilities. We rarely rely on manager-provided references; instead we prefer to use our own network of managers, investors, and counterparties that we have developed over the years as this is most likely to lead to more candid feedback.

7. Do you examine and contact the third-party service providers of all prospective managers? If so, describe the key diligence components and areas of focus with respect to: 1) Administrators, 2) Custodians and Prime Brokers, 3) Auditors, and 4) Legal Advisors.

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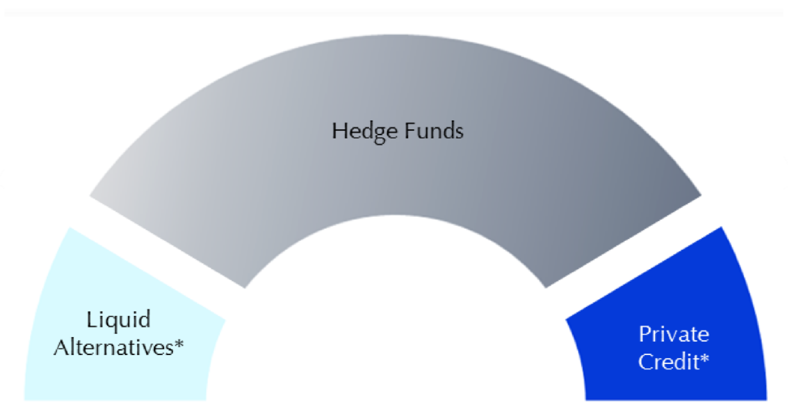
8. Please discuss the firm's database of hedge fund managers. How many single-strategy and how many fund of funds managers are in the database? What are some key factors the firm uses to rate managers in the database? Can the database be accessed by clients online?

The firm focuses on all aspects of the hedge fund universe, including traditional hedge funds, risk parity and hedge fund substitutes, private credit, and commodity-focused funds.



**Aksia offers distinct services for Liquid Alternatives & Private Credit*

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1. Figures represent total number of individual funds being tracked.
2. Figures represent investment programs on which operational due diligence has been performed. Both onshore and offshore funds of the same program count as one.
3. Figures represent investment programs on which full due diligence (investment and operational) has been performed. Both onshore and offshore funds of the same program count as one.
4. Figures shown represent total number of investment programs on which we perform ongoing monitoring. Both onshore and offshore funds of the same program count as one.
5. Access to a fund manager's confidential information may be subject to Aksia's receipt of such manager's consent to disclose confidential information to the client.

Please reference Section II-4 Question D3 for a detailed description of our investment and operational due diligence processes, which address key factors our teams use to rate managers.

Yes, MAX, houses our due diligence reports and can be accessed by clients online through their unique account credentials.

9. How willing is the firm to perform due diligence on managers that are not in the database but that the Board would like reviewed? Is there an extra charge for that type of research?

In regards to client sourcing, Aksia maintains an "open architecture" approach and managers are sourced both by our research teams and by our clients. We encourage clients' active sourcing of new managers and will work with Boards to review and determine suitability. After discussing the opportunity, we will set up an initial meeting with the manager. We will then draft an "Investment Insights Report." Investment Insights Reports are shorter than full investment due diligence reviews, and are intended to give an overview of a manager. Upon drafting the Investment Insights Report, Aksia will work with the Board to decide whether full investment and operational due diligence is appropriate. Commissioned due diligence reports are included in the proposed fee of our response to the RFP at no additional charge.

10. Each year, on average, how many managers do you: 1) Meet with, 2) Subject to full due diligence, 3) Update prior full due diligence, and 4) Approve for investment?

[redacted]

11. Describe your abilities as to the extent of possible involvement in negotiating legal documents, including side agreements, where appropriate.

Aksia's client operations team along with the portfolio advisory team are available to assist clients with contractual matters related to hedge fund investments, including assistance with subscription and redemption documents and managing liquidity terms and constraints. Aksia's operational due diligence team also does a thorough review of a fund's Private Placement Memorandum (PPM) to highlight key terms and provisions that are not market standard.

Aksia can also assist clients in examining and implementing managed accounts through fund-of-one structures; our assistance covers both legal and operational set-ups as well as operational due diligence. Aksia has extensive legal structuring experience dealing with Cayman and Delaware entities and their service providers. This includes working with external lawyers in the US and other jurisdictions, selecting administrators for the accounts, selecting auditors for the account, and helping to select other appropriate service providers (such as trustees, board of directors, etc.).

Clients seeking assistance with fee negotiations and side letter advice is a trend we have seen with our existing client base. Aksia has a structured program for actively negotiating fee discounts for the benefit of our advisory clients. We typically target managers in the 1bn to 5bn AUM range that have an institutional client base and are well regarded by our research teams. Fee discounts are documented in side letters between Aksia and the manager, which are then made available to eligible clients to view via our online platform, MAX. We negotiate the ability to aggregate our advisory client investments in cases where we can verify the AUM of client commitments (clients using our client operations support). Clients receive the discounts through the regular issuance of new shares (their share count rises over time), which is handled by the administrators of the various hedge funds.

As of March 2015, Aksia has been successful in negotiating fee discounts based on aggregate client investments for twenty-six managers, fifteen of which have surpassed the investment threshold and are in effect.

12. Briefly describe your requirements or preferences regarding level of management fees, level of profit sharing/carried interest, hurdle rates of return, acceptable levels of leverage and transparency, key person provisions, and other criteria you view as of high importance.

All hedge funds must receive a passing rating of 3 or better following our rigorous, independent investment and operational due diligence processes in order to be considered recommendable to our clients. Please reference Section II-4 Question C3 for a detailed description of our investment and operational due diligence processes.

Some investors and advisors will apply hard line minimum qualification standards for potential hedge fund investments based on tangible metrics such as management/incentive fees, hurdle rates, or levels of leverage and transparency. While these factors are important, they should be thought of in the context of a number of larger considerations. Through our due diligence process, we seek to objectively identify and evaluate the fund's risks and in all cases have a preference for terms that are most aligned with the best interest of investors.

Please reference Section II-4 Questions A8 and A9 for a discussion of our views on hedge fund fee structures and levels of transparency of our investment and operational due diligence processes.

13. Describe your pre-investment due diligence process including the groups or individuals, deliverables, decision points and timeframe associated with each component.

Please reference Section II-4 Question C3 for a detailed description of our investment and operational due diligence processes.

14. Please provide a sample investment and operational due diligence summary report/memo.

Please refer to Appendix F1 for an example Aksia Investment Due Diligence report and Appendix F2 for an example Aksia Operational Due Diligence report.

15. If you use a questionnaire as part of your hedge fund manager due diligence process, please attach as an appendix to your response.

Aksia uses a standard due diligence questionnaire to gather pertinent information from managers, which is supplemental to Aksia's qualitative evaluation of the manager.

Please reference Appendix F6 for a copy of Aksia's standard DDQ.

16. Describe how you verify the use of soft dollar arrangements and if they are used in capital raising activities.

As with most compliance related issues, there is no way to absolutely verify if the manager is using soft dollar arrangements. Aksia reviews documents, such as the offering memorandum, Form ADV (for SEC registered funds) and the financial statements, which sometimes discloses soft dollar relationships. As part of our onsite operational due diligence review, Aksia queries the manager into the use of soft dollars, the dollar amount they represent and what soft dollars are used for. We focus on soft dollar usage that is outside of 28(e) guidelines, which is the SEC safe harbor guidelines for usage of soft dollars (the safe harbor covers soft dollars which are used to provide research or brokerage services). If a manager uses soft dollars outside of 28(e) guidelines then we query them to what exactly this is used for (rent, computers, etc.), which is then highlighted in our reports for our clients. If soft dollars are used for capital raising activity, this would fall outside of 28(e) guidelines and should be disclosed by the manager. Any issues with soft dollars can be addressed in side letter negotiations.

17. Describe how your firm verifies SEC investigations and other regulatory proceedings of the fund and its personnel.

As part of Aksia's operational due diligence process, the Operational Due Diligence Team performs a review of the manager's online Form ADV if the firm is registered with the SEC. The operational review notes regulatory statuses and any changes to the Form ADV. The regulatory review extends to other jurisdictions, such as noting FSA registrations in the United Kingdom.

18. Describe how your firm interacts with placement agents.

We seek to identify managers from multiple sources including industry referrals, service providers (such as prime brokers) and inbound marketing (from a manager's marketing department or through a placement agent). We are broadly indifferent to the source of an idea, but on average, we have found that the best quality funds have been sourced through referrals and the lowest quality have been sourced through placement agents. This may occur because managers that are unwilling to invest in their own marketing departments are also unwilling to invest in the rest of their business. However, our bias against placement agents is based on very imprecise science - we have seen just the opposite on many occasions; our goal is to evaluate each fund independently from multiple perspectives without overdue attention paid to the source of the idea.

When evaluating a fund that utilizes a placement agent, one unique consideration is how much revenue the manager is forgoing to pay for distribution. The typical model calls for the placement agent to receive 20% of revenue, which significantly diminishes the funds available for other critical resources, particularly at smaller firms where fixed costs (real estate, legal advice, compliance) also represent a large percentage of revenue.

There have been several high profile cases of investment managers using placement agents to immorally and/or illegally influence investors to allocate capital in exchange for personal gain. This unethical behavior could theoretically take many forms, but the placement agent structure has been the most convenient way to commit these crimes. Aksia will aggressively avoid any placement agents or managers that we suspect of untoward behavior and if we were to uncover evidence of such crimes, we would report them to appropriate authorities.

19. Describe how you develop an opinion of the internal control environment of a manager.

Aksia's Operational Due Diligence Team independently reviews hedge funds with the goal of identifying the various aspects of operational risk associated with hedge fund investing. The operational risks we identify specifically focus on four main areas:

- Identifying the potential fraudulent activity given each fund's internal procedures and controls.
- Identifying potential for business risk or fraudulent activity given the funds' relationships with external parties.
- Identifying and assessing business risks (e.g. trading authority and pricing policies) associated with the hedge fund manager. This may also include procedures regarding segregation of duties, properly negotiated counterparty agreements or adequate compliance procedures etc.
- Identifying conflicts of interest that may impact client's investments in a particular fund.

Operational Risk is the risk arising from the execution of a firm's investment strategy and involves an assessment of the policies and procedures guiding a firm's daily activities as well as the level and appropriateness of the human, technological and legal resources applied to those activities.

We believe that proper Operational Risk assessment should be conducted independently of investment due diligence and by professionals from a multi-disciplinary team with experience in hedge fund accounting, audit and operations. Aksia's Operational Due Diligence Team is comprised of professionals with such backgrounds. Our team conducts on-site visits and interviews key non-investment staff including operations and compliance/legal to develop an in-depth understanding of the level and quality of human resources staffing these functions. We believe that this adds value to the undertaking of a back office audit. Our team performs reviews of the trading and accounting systems employed by the managers, discussing disaster recovery and examining the policies and procedures governing employee conduct, trading and securities pricing. Third-party relationships including auditors, administrators, legal counsel, IT, prime brokerage and research should be examined for quality and risks related to over reliance on such third-parties. Background checks should be performed on the key individual employees as well as the management company. This typically includes criminal court records, civil litigation, bankruptcy filings, education and employment verification, outside directorships, regulatory filings and media reports.

20. Describe the systems and procedures used to store and access manager-related information (performance, portfolio exposures, research notes, due diligence reports, etc.), including any third-party and internally developed databases or document storage utilities.

    a. How is the information collected? (i.e. surveys, due diligence questionnaires, meetings, etc.)?

Aksia uses a multifaceted approach to gather manager data that includes manager meetings, surveys, update calls, and sometimes even third party verification of data.

We have an open infrastructure for collecting risk exposure data from managers, which is either done directly, utilizing our proprietary risk template, or via MSCI RiskMetrics, a popular third-party risk aggregator. All risk information collected at the fund level can be rolled up to the portfolio level, including:

- Returns-based quantitative analysis (volatility, beta, skew, etc.)
- Monthly exposure-based risk data (long/short, gross and net, by instrument, industry and geography)
- Liquidity analysis (inclusive of gates, locks, holdbacks, etc.)
- Forward-looking volatility estimates
- Scenario stress testing (historical & hypothetical)
- Alpha analysis
- Factor replication analysis

- Public holdings analysis

Information by our operational due diligence team is gathered using a variety of sources, including but not limited to:

- Manager: fund documentation, DDQs, descriptions of business during on-site meeting, etc.
- Administrator: audited financial statements as well as information conveyed through the call and received in follow-ups.
- Third party background check providers: news articles, court records, civil records, directorship records, regulatory records, education/employment confirmations, etc.
- SEC website: Form ADV, where applicable.
- Regulatory websites: for independent confirmation of registrations.
- News sources: publicly available search engines, Hedge World RSS, Street Insider RSS, Hedge Fund Intelligence

Although the above sources are used for every review, in the past, Aksia has used additional sources of information. These have included reference checks on individuals and firms, calls with auditors and also the hiring of a private investigator (for example, during Aksia's review of a Madoff feeder fund).

b. How many unique funds are covered by your database?

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c. Do you have dedicated support staff and/or technology professionals that focus on data management?

Yes, a team of eight analysts on the investment due diligence team are focused on the collection, review, and processing of fund performance and exposure data.

d. If you maintain an internal manager database, do you sell it to third parties? How is the compensation for access structured?

Aksia maintains an internal manager database which we do not sell to third parties. It is only available to Aksia clients, including research-only clients.

e. What fees or other consideration, if any, do you receive from managers who wish to be maintained in your database?

Aksia does not receive any fees from managers who wish to be maintained in our database.

D. Risk Management and Monitoring

1. Describe your process for monitoring risk exposures, both for individual hedge funds and clients' aggregate hedge fund portfolios. What specific risk exposures are monitored and with what frequency? Include a description of key risks inherent in various sub-strategies based on a manager's strategy and style. Are individual fund risk exposures aggregated across sectors/strategy styles as well as the entire hedge fund portfolio? How? Do you use holdings-based measures, return-based measures, or some combination? Please provide a sample exposure report.

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2. Do you have dedicated individuals or a team separately responsible for risk management?

Aksia's risk management processes and systems are embedded into the research and portfolio advisory processes that we follow, rather than separated as a standalone team. As mentioned in the preceding question, Aksia's risk management monitoring and oversight is led by the Head of Risk Analytics, Antonis Antypas, and supported by a team of seven investment research analysts on the investment due diligence team who are focused on the collection, review, and processing of fund performance and exposure data.

Aksia's Risk Committee, which meets on a monthly basis to discuss prevalent market, fund, and portfolio-level risks and possible new projects relating to the build-out and enhancement of new and existing risk infrastructure, comprises 3 senior members of Aksia staff who do not perform investment-related roles at the firm. The goal of this committee is to apply a fresh perspective on Aksia's approach to risk management, processes and tools by utilizing the experience of some of Aksia's most senior professionals who are not involved in either investment research or portfolio advisory services. Discussions center on a selection of reports which cover:

- Factor-based stress testing of funds held in our clients' portfolios, analyzed across funds' underlying asset classes, based on risk exposures and factor-sensitivity
- Aksia investor concentration at management company and program level (i.e. the percentage of AUM that Aksia clients have invested in the funds and management companies that they invest in)
- Performance outliers for monitored funds

Upon discussion and consideration of the relevant risks, the most important items are then integrated into the considerations of Aksia's research, advisory, data, and technology teams to develop and implement these ideas.

The members of the Risk Committee are Simon Fludgate (Partner and Head of Operational Due Diligence), Antonis Antypas (Head of Risk Analytics), and Alex Panagiotidis (Partner and Europe Operations Manager).

3. Do you employ stress testing and/or scenario analysis? If so, please describe.

Aksia has a number of proprietary scenario and stress-testing tools that are used as part of the portfolio management process. These tools use a number of different risk-focused models in order to give an overall risk profile of a portfolio which influences portfolio decisions. As part of Aksia's transparent process, each of these tools are also made available to our clients via our online portal, MAX:

Scenario stress testing - Aksia utilizes a returns based stress testing analysis where, based on a factor's current beta, we estimate how the portfolio would have performed under specific market changes or during specific historical periods of interest.

Liquidity - Aksia has developed a portfolio liquidity map which shows the share-class specific liquidity for the underlying funds within a portfolio and can then run theoretical liquidity scenarios to show how long it would take to liquidate the portfolio as a whole under different stresses.

Risk Contribution analysis - attempts to decompose the risk of a holding into components that are relevant within the context of an overall portfolio. This risk-based measure considers the size of the holding, the volatility (historical or custom) of each fund, and the historical correlation of each fund against each of the other holdings in the portfolio. A position's risk is then deconstructed into two components: a volatility component and a correlation component, and the sum of these two components is presented as a percentage contribution to overall portfolio risk. The risk contribution may be negative if it provides sufficient diversification benefit through negative correlations to other portfolio holdings.

Aksia performs the same series of scenario analyses for portfolios (historical and hypothetical) as for underlying funds. We are happy to give you a tour of our risk system.

While there are several factors which degrade the real-world significance of stress testing hedge fund portfolios, such as the lag in risk exposure reporting, lack of position level transparency, and frequency of performance reporting, the results of such tests can be informative as long as the investor understands and accounts for their flaws.

4. List any quantitative risk metrics you utilize along with a description of how they are used and why you believe they are useful.

Please reference Section II-4 Question D1 for a detailed description of our risk management process and quantitative risk metrics/analyses.

5. Provide an overview of any third-party or internally developed risk systems or tools, how they are used and the standard output/reports they generate. Please include a standard risk report as an appendix to your response.

A description of our risk tools, all of which have been developed internally, is included in Section II-4 Question D1 as part of the detailed description of our risk management process. We have included a sample of the following reports as part of the appendices.

Fund Level

- Market Risk Factor Analysis – Appendix F3
- Style Factor Analysis – Appendix F4
- Return Statistics and Peer Comparison Report – Appendix F5

Portfolio Level

- Sample Risk Report – Appendix E4

6. Describe your process of reviewing investment manager performance and consistency of investment approach.

As part of the quantitative analysis carried out at a fund level, a peer group of funds following a similar strategy that are also potentially investable (i.e. institutional quality funds) is identified. Additionally, the most relevant indices for the fund are also identified (either hedge fund indices or other asset class indices as required).

A number of the key areas of the Fund Quantitative Analysis are then carried out on the fund with the peer group to assess the fund against similar funds and indices. Unlike traditional fund returns analysis, Aksia uses peer comparisons to look for suspiciously attractive return profiles relative to similar funds and assets. For example, if a hedge fund has a much higher autocorrelation or bias ratio than similar funds/assets, then that is a red flag for our further analysis and is not necessarily seen as a positive attribute.

In addition to peer comparisons for specific fund reports, our online platform contains a peer analysis tool for jointly comparing funds of interest against sector-based peers. By selecting a figure – annualized return, annualized volatility and Sharpe ratio – this tool displays the distribution of all estimated statistics within each peer group and highlights the relative position of the preferred funds within these distributions. The period for the calculation of the statistic is also flexible, being able to use the latest 12, 24 or 36 months or select months from calendar years.

As part of our on-going monitoring of funds in which our advisory clients invest, we have a tool that automatically flags unexpected returns (positive or negative) as returns are received. This tool is based on proprietary quantitative factors that look at the return pattern of the fund compared to the appropriate market indices for the fund and look for deviations from the norm.

Once an outlier report has been generated, the research team must review the report and contact the fund to fully understand the drivers for the outlier. This process and the response are documented and made available to clients

7. How do you ensure the accuracy of manager-reported position/exposure data and fund NAV? How is this information collected and processed?

Aksia's operational due diligence team covers the valuation of the securities as part of the NAV calculation process. Our focus is to understand how the manager values the securities, how third parties are used in the valuation process, and what values are used in the final NAV calculation. Aksia determines whether or not the manager works with an independent third party administrator, and inquires of the percentage of the manager's securities that are priced independently and through what sources. We carefully review financial statements and the schedule of investments and look for inconsistencies. We also review the levels 1, 2 and 3 assets. The sector teams are tasked to look at factor exposures along with our collected information to determine whether the stated strategy matches exposures of the fund.

The account data is reconciled on a monthly basis to the independent records of the accounts' service providers, such as the custodian or administrator. Aksia's Client Operations Team maintains share class specific parallel books and records to our clients' custodians/administrators (Aksia is copied on all statements coming from the funds). Aksia then produces monthly performance and attribution reports and reconciles with our clients' custodians/administrators on the final month-end values to minimize risk of errors; any discrepancies are noted and communicated to the client.

Please see Appendix E2 for a copy of Aksia's NAV reconciliation procedures.

8. Describe your process for providing ongoing monitoring and oversight related to investment objectives, contract and guideline compliance, account restrictions, conflicts of interest and reporting requirements.

Aksia utilizes a system of checks and balances to seek to ensure that client portfolios meet their established criteria and guidelines. The Portfolio Advisory Team is the first line of defense. During monthly portfolio review meetings, they review client portfolios and, where applicable, consult client constraints and guidelines.

Separately, the Client Operations and Accounting Support team has sole trade execution authority, provided that each subscription and/or redemption has two Partner signatures for approval and has passed both Aksia's investment and operational due diligence.

Upon entering into an advisory services agreement (discretionary or non-discretionary), the Head of Legal & Compliance reviews the agreement and drafts a summary of the agreement in a document titled the "Client Guidelines." The Client Guidelines document is for internal use only and serves as an at-a-glance guide for client portfolios and agreements. Where there are multiple portfolios or agreements for a single client, Compliance will draft a Client Guidelines sheet for each portfolio or agreement. In addition to key contract terms, the Client Guidelines document includes a summary of any investment constraints and guidelines and other pertinent information, including benchmarks, allowable expenses, and general client preferences. After the Compliance has drafted the Client Guidelines, the individuals responsible for servicing the client account review the document before it goes through final approval. Using the Client Guidelines as an aid, the compliance team retroactively reviews trades on a quarterly basis to ensure compliance with constraints and guidelines. Any issues or exceptions are discussed with the individuals servicing the client account (including a Partner of the firm) and, if necessary, the CEO.

9. Describe your approach to post-investment due diligence including the groups or individuals, deliverables, decision points and timeframe associated with each component. How often do follow-up due diligence meetings, onsite visits, etc. occur? Which areas are reviewed? How often are follow-up due diligence reports/memos issued?

Aksia performs ongoing due diligence on monitored funds, which are funds in which we have advisory clients invested. Ongoing due diligence includes onsite investment due diligence meetings annually for purposes of re-performing our entire due diligence process, with investment manager updates usually monthly, but at least quarterly. Monthly activities, which include manager meetings at Aksia's offices, update calls, and review of manager materials, are provided to our clients through our platform, MAX. Our data team also collects performance and risk exposure data, as available, on a monthly basis, as well as reviews manager letters and risk reports as they are issued.

Aksia's frequent contact with the managers that we cover, along with our quantitative analyses, gives us a good monitoring framework from which to continually assess each manager. Should any significant change at the fund or management company level affect Aksia's opinion, we would seek to promptly notify our clients. Rating changes are communicated to clients in real-time in the form of Desk Notes or in our due diligence reviews. Further to this, our annual operational review seeks to re-perform our entire due diligence process, identify any changes to the PPM, and point out any other operational permutations that we deem to be of concern to our clients. Such updates may include restrictions that may be imposed on accounts, the compliance procedures in place, and any conflicts of interest present.

10. Discuss generally the issue of on-going risk management analysis of the hedge funds PSERS will be invested in, the tools you employ and the risk management reports you provide. Are the tools and reports available online?

Please reference Section II-4 Question D1 for a detailed explanation of our risk management process.

11. How do you monitor leverage within hedge fund managers? How do you track style drift?

Many hedge fund managers have the discretion to employ leverage. Aksia considers the amount of leverage, terms of leverage, strategy, liquidity of assets and policies regarding unencumbered cash when determining the appropriate level of leverage for a fund. Certain strategies are not conducive to substantial leverage (e.g. distressed debt) while others rely on gearing (e.g. fixed income arbitrage).

Aksia also considers the term/duration of the financing vis-à-vis the duration of the assets when evaluating the appropriateness of leverage levels. We are particularly sensitive about financing terms that allow dealers flexibility to price unlisted assets, since dealers have been known to force unreasonable valuations during stressed markets that can force managers to sell at depressed levels.

Each definition of leverage provides a different insight into the risk of a fund, so we prefer to consider multiple definitions to gain a complete picture of a fund‘s risks. If we had to rely on a single measure, we would prefer derivative-adjusted long exposure: cash instruments at market value, swaps at notional, short puts at full notional and other options at delta-adjusted notional. This measure does not capture all of a fund‘s risks, but it does prevent a manager from hiding leverage through the use of derivatives. After looking at risk through this lens, we identify areas of potential concern and evaluate the terms of the leverage versus the nature of the assets.

Aksia‘s research teams review the amount of leverage applied at the manager level and determine whether the leverage employed is suitable for both the strategy and the client‘s portfolio. We can also aggregate the leverage up to a portfolio level. In general, Aksia does not recommend hedge funds which either use, or are exposed to, high degrees of leverage on illiquid strategies.

Aksia’s analysts and sector teams enter funds onto the platform, and classify the managers by investment style based on their understanding of each manager’s sector and strategy. For funds on which we perform due diligence and monitoring, Aksia’s investment analysts maintain frequent contact with managers and perform updates at least quarterly, but typically monthly. We integrate our findings, including any changes in positions, outlook, staffing or other developments, with frequent reviews of regulatory filings, such as Form 13F in the U.S., and investor communications, such as exposure reports and investor letters – all of which can indicate style shifts. Aksia‘s Style Factor Report then evaluates the sensitivity of a manager‘s strategy to various hedge fund indices. This comprehensive process evaluates whether the manager’s current strategy is aligned with their original classification. Over extended periods of time, a manager‘s sensitivities may change, indicating possible style drift in the strategy classification and hence, a change in its underlying risk exposures.

After our analysis of qualitative and quantitative factors, if we suspect style drift is occurring, we would typically notify our clients via a desk note and consider adjusting our manager ratings. Depending on the situation, we may also recommend investors redeem from the fund, particularly if the new strategy was outside the manager‘s core competency.

12. Under what circumstances do you typically recommend full redemptions? What process would you follow to evaluate the situation, formulate a recommendation and ultimately communicate this to the client?

There are a number of events that could trigger a review of a manager, which may, in turn, lead to a termination. None of these situations lead to automatic termination, but termination is an immediate option, especially if we determine that the manager has breached our trust or if the change results in substantial business risk. Such events include, but are not limited to:

Staff Changes
In addition to key man provisions, which may exist at a manager and can trigger conditions in the PPM and/or side letters, Aksia monitors the staffing levels at each monitored fund in order to analyze whether the team is suitable to execute the relevant strategy and to run the business from an operational and infrastructural perspective. Significant changes to a manager's non-key man staff may lead to a "desk note", which may include a rating change and subsequent recommendation for a full redemption. Aksia is particularly sensitive to changes that the manager tries to hide or gloss over.

Regulatory Filings
Managers are, from time to time, subjected to regulatory filings in regard to their investment activities. For both the funds that we monitor, and across the industry as part of our wider surveillance, Aksia analyzes filings that are released. Any findings that we deem to be significant at a monitored fund may trigger a review of the manager.

Style Drift
If Aksia's research analysts discover, as part of our on-going monitoring work, that a manager has altered their investment strategy into an area that we feel they are not suitably qualified to execute, this may trigger a full review of the manager. Style drift is closely related to AUM changes, since increasing AUM can lead to expansion into areas outside of a manager's expertise, and staffing, since expansion into related strategies usually requires incremental expertise.

Performance
Any unexpected performance (positive or negative) leads to a review of a fund. This review may be triggered qualitatively as the result of an analyst's expectations or quantitatively through a process that analyzes a fund's returns versus its peers. Analysts are required to explain quantitative deviations in an Outlier Report.

Significant Change in AUM
Significant declines and increases in AUM may trigger a review of the manager.

In addition to analysis of various media outlets and frequent communication with other industry professionals, Aksia's research analysts are in regular contact with managers to directly gather information in relation to significant changes that may have taken place.

Aksia is proactive with respect to making recommendations to client policies, portfolios and managers. The Advisory and Research staff review all aspects of client programs on an on-going basis. Recommendations are documented and formally transmitted to clients via reports posted to MAX and direct communication by our Advisory Team. Aksia may also prepare materials or assist staff in the development of materials to support the decision-making process and aid in the client's process of seeking the necessary investment committee, chief investment officer and/or board-level approvals. We often prepare recommendation memos, customized board packets, presentations to the board and/or investment committee, and schedule calls with the appropriate analyst covering the manager.

13. Has a hedge fund that your firm has recommended to a client ever been liquidated or otherwise gone out of business? How long after the initial recommendation did the liquidation occur? If so, describe each instance, the lessons that were learned and any subsequent changes that were made in response to these events.

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Aksia is a commercial entity whose clients' past investments are highly confidential in nature and derive independent economic value from not being generally known to and not being readily ascertainable by other persons and is deemed critical to the firm which, if disclosed, would cause substantial injury to its competitive

position. Aksia has taken a number of steps to maintain the confidentiality of this information including limiting the individuals who have access to the information and subjecting third parties with access to the information to nondisclosure agreements (subject to regulation or law). Therefore, Aksia requests exemption from disclosure per 65 P.S. § 67.708(b)(11)on the grounds the information contained in this response constitutes a "trade secret" as defined in 65 P.S. § 67.102.

E. Reporting

1. List investment research reports or studies that you have provided clients in the past 12 months. Describe your capability to carry out special projects requested by PSERS. Provide a sample report that best represents your research capabilities.

Please reference Section II-4 Question A14, which provides a summary chart of the different reports Aksia produces and the frequency with which they are made available to clients as part of a non-discretionary advisory relationship. We have also provided several examples of ad-hoc projects we have completed for clients as part of the response.

As mentioned in Section II-4 Question C10, in 2014, we conducted full due diligence on 254 reports.

Please reference Appendix F for a sample manager due diligence report.

2. What types of general research reports or white papers do you produce and distribute to clients? Please attach the three most recent reports**.** Outline the sources used to obtain data for publication of newsletters or periodicals. Include samples of your publications.

Our research efforts tend to focus heavily on actionable investment advice for clients. On a quarterly basis, we publish our Strategy Outlook, which focuses on forward-looking investment themes as well as a deeper dive into specific hedge fund strategies and underlying markets. We have also written memos to clients as issues/opportunities of interest come to light. For example, we published a memo in 2013 reviewing the considerations for investors interested in GP stakes in hedge funds, as clients seemed to show interest in the space. These memos are done on an ad-hoc basis, not on any regular schedule. Aksia also publishes an annual Hedge Fund Manager Survey to gauge managers' thoughts on markets and trends within the industry. Finally, certain of Aksia's employees have published papers in industry trade journals.

Please reference Appendix D to this response for a copy of our three most recent Strategy Outlook Reports.

3. How do you communicate important developments and relevant information to clients outside of standard reporting packages and board meetings?

A key part of Aksia's high-touch advisory model is the exchange of information between Aksia and our clients. Aksia's designated consultants on each client account manage day-to-day communications as well as the exchange of important and time-sensitive portfolio material. Clients will also have access to our online research platform, MAX, which houses our due diligence, portfolio information, risk analysis and portfolio construction tools, and various other resources.

Aksia publishes Desk Notes to notify clients of any significant developments pertaining to the funds within the client's portfolio. MAX allows users to customize account alerts, so clients receive an email whenever an activity or desk note is published on a fund of interest.

We seek to communicate key information in as timely a manner as possible and hence calls can be scheduled at short notice to discuss important developments at either the manager or market level.

F. Conflicts of Interest

1. Describe in detail any potential conflicts of interest your firm may have in providing consulting services to PSERS. Include any activities of affiliated or parent organizations, brokerage activities, investment banking activities, or other relevant functions. Include any other pertinent activities, actions, or relationships not specifically outlined in this question.

It is important to identify and effectively manage conflicts of interest which arise or may arise in the course of providing client services. Treating clients fairly is fundamental to the core values of Aksia. As such, identification, management, and mitigation of conflicts of interest are central to the firm's culture. While Aksia does not foresee any conflicts of interest specific to providing services to PSERS, there are certain potential conflicts of interest of which all clients should be aware:

(a) While Aksia does not invest for its own account and as such does not invest in any funds (or securities) that Aksia recommends to clients, and while Aksia does not have as clients any hedge fund managers, hedge fund management companies or prime brokers, there are certain circumstances where Aksia may recommend for its clients, funds managed by portfolio managers that are affiliated with clients of Aksia. Aksia addresses this potential conflict of interest via policies and procedures reasonably designed to ensure that its activities are carried out in compliance with applicable regulatory requirements and with the best interest of clients in mind. Such policies and procedures include full disclosure to our clients in the event that, to our knowledge, a portfolio manager is affiliated with a client, and a screening of such potential investment through Aksia's extensive due diligence process comprised of multiple layers of review by multiple individuals.

(b) Aksia hosts periodic educational and networking events for clients and prospective clients that feature hedge fund managers, Aksia's sector heads and/or various industry professionals to speak about relevant industry themes and trends. These events are meant to be a learning opportunity and a forum for discussion of relevant industry topics, events, and strategies. Generally, the event consists of manager panels, moderated by an Aksia Partner, during which managers share their market views and trade ideas, but are prohibited from speaking about returns or products. While, Aksia receives no compensation from these events, and costs for hosting the event are almost always paid for by Aksia, Aksia has in the past split the cost of such event with a co-host, which may be a hedge fund manager.

(c) Aksia provides discretionary and non-discretionary portfolio advisory services to clients. We think most hedge funds are open and actively seeking capital from institutional investors, but on occasion there are funds that are hard closed or soft closed and can only offer limited capacity to our clients. In these instances, Aksia follows a strict allocation policy treating our discretionary and non-discretionary advisory clients equally. Our preferred method is to present the manager with the names of all the clients who are interested in the capacity, and then have the manager, not Aksia, decide who receives the allocation of scarce capacity. Our experience is that managers prefer this method of allocating capacity and we believe it is the fairest method. In the event that a manager is unwilling to decide between eligible clients, Aksia would consider multiple factors, including but not limited to, a client's objectives and guidelines, risk tolerances, and market conditions. If, after this evaluation, there are multiple eligible clients, Aksia would seek to split the capacity pro rata among clients.

(d) While most clients choose to pay fixed or asset-based fees, some pay performance-based fees. As such, there is a potential conflict of interest by virtue of the different payment structures. As a fiduciary acting in accordance with the Investment Advisers Act, Aksia must act in the best interests of its advisory clients. As such, Aksia has adopted and implemented policies and procedures to address the potential conflicts of interest that may arise relating to the management of multiple accounts, including accounts with various fee arrangements. Aksia reviews portfolio advisory decisions for the purpose of determining that the accounts are treated equitably.

2. Has your firm adopted the CFA Institute's code of Ethics and Standards of Professional Conduct?

Aksia has adopted a written Compliance Manual, including a Code of Ethics that follows standards of practice similar to the CFA Institute's Code of Ethics and Standards of Professional Conduct and to which all staff are required to adhere.

3. Does your firm maintain a comparable written ethics or compliance manual or policy? If so, please provide a copy and a description of any similar management control tools.

Aksia's compliance program is implemented and monitored by the Head of Legal and Compliance, who serves as the Chief Compliance Officer. The compliance department is tasked with ensuring that all Aksia personnel adhere to the policies and procedures outlined in Aksia's compliance manual. We do this with the understanding that Aksia is a fiduciary to its advisory clients and as such shall act in their best interest. The compliance team's duties include, but are not limited to, monitoring personal trading activities, gifts and business entertainment, confidentiality, and compliance with client guidelines.

The Head of Legal and Compliance has delegated certain duties to other individuals within Aksia and its affiliates.

Aksia has also implemented policies and procedures in order to address potential conflicts of interest. Aksia maintains a conflicts of interest policy designed to protect the interests of clients. Compliance is responsible for enforcing the policy and conducting a review at least annually to ensure that the policy is properly implemented. Compliance includes all relevant disclosures concerning potential conflicts of interest in Aksia's Form ADV, reviews existing policies and procedures designed to address conflicts of interest, and develops and implements additional policies and procedures as needed.

To help Compliance monitor and enforce compliance with the Code and specifically with restrictions on personal trading activities and gifts and business entertainment, Aksia has implemented Schwab Compliance Technologies, Inc., a cloud-based compliance automation software, which aggregates, analyses, and flags employee compliance-related activities and stores employee affirmations.

Please reference Appendices A3 and A4 for a copy of Aksia's Code of Ethics and Table of Contents of our Compliance Manual.

4. Does the firm or any employees of the firm invest their own capital in investment opportunities that they also recommend for clients? If yes, please explain how potential conflicts that arise from these activities are mitigated.

No, neither the firm nor its employees invest their own capital in investment opportunities that they also recommend for clients.

5. Are there any circumstances under which your organization or any of its employee's receives compensation, finder's fees, or any other benefit from investment managers or third parties? If yes, please describe these arrangements in detail.

Neither Aksia nor any individual at Aksia receives any payments or finder's fees from hedge funds or non-client third parties. In addition, neither Aksia nor any individual at Aksia receives any payments from money managers that it would ever recommend to its clients or on which it would provide services to its clients. However, Aksia does have several financial institutional clients who may be categorized as money managers, including a Brazilian family office that manages a fund of funds, a US financial institution that serves as an outsourced CIO for corporate pensions, and four European wealth managers. In addition, in the regular course of business, Aksia personnel receive and provide business entertainment. Such business entertainment is strictly monitored by Aksia's compliance team and governed by Aksia's compliance policies and Code of Ethics. The compliance policies mandate disclosure of all business entertainment and preclearance of any entertainment above a de minimis value. Aksia prides itself on its strong culture of compliance and adherence to policies.

6. Describe how your firm is compensated on discretionary accounts you manage for clients.

Each discretionary portfolio managed by Aksia is a separate tailored portfolio for one institutional client. Aksia does not operate any fund of hedge funds products with commingled investors (other than one fund with two affiliated entities), or offer any of its own investment products.

Aksia's discretionary mandates are typically priced as a management fee based on assets under management or a management fee and performance fee.

7. Does the firm, its affiliates, or the ultimate parent of the firm receive revenues from investment managers for consulting services provided, software sold, attendance at conferences, access to manager databases, or for any other reason? If so, for 2014, please list the names of all investment managers from which revenues were received as well as the dollar amounts received from each entity and the service provided. Disclose all services provided and compensation received (including the sources of such compensation, whether direct or indirect) between your firm and investment managers, plan officials, beneficiaries, sponsors, and/or others as required by Standard 2b of the Investment Management Consultants Association Standards of Practice.

As previously mentioned, Aksia does not receive any payments from money managers that it would ever recommend to its clients or on which it would provide services to its clients. However, Aksia does have several financial institution clients who may be categorized as money managers, including a Brazilian family office that manages a fund of funds, a US financial institution that serves as an outsourced CIO for corporate pensions, and four European wealth managers. Due to confidentiality restrictions, we are unable to disclose the fees paid by these clients.

8. State whether you, any of your principals, or any other affiliates have any business involvements that could be viewed as potential conflicts of interest.

Apart from the potential conflicts of interests described in Section II-4 Question F1, above, of which all clients should be aware, Aksia does not foresee any additional conflicts of interests in providing services to PSERS.

9. Provide a copy of your current Code of Ethics adopted pursuant to 204A-1 of the Advisers Act.

Please refer to Appendix A3 for a copy of Aksia's Code of Ethics Policy.

G. Performance Measurement

1. Describe the process and sources of data for analyzing, monitoring and reporting the performance of clients' hedge fund portfolios.

Aksia has a dedicated client operations team, which provides portfolio valuation and performance measurement at the share class specific level. Having Aksia's client operations team run parallel accounting books for a client's hedge fund portfolio and reconcile directly with our clients' custodian allows the client's custodian and/or back office to solve many open items without burdening front office investment staff. Investment manager returns are based on the client's actual investment transactions as supplied by the underlying funds' administrators or directly from the funds' managers. Aksia does not source manager return information from any commercially available databases.

Total returns are calculated on a time-weighted basis adjusted for external cash flows. Both periodic and sub-period returns are geometrically linked and calculated on a monthly basis. Performance data is presented net of management fees, incentive fees and other expenses charged by the underlying investment vehicles and Aksia, and reflect the reinvestment of all interest, dividends and other earnings.

Aksia will provide the following operational support services, shown on the chart on the following page, to assist PSERS in tracking the portfolio's assets:

Service	Description
Client Performance Reporting	- Gather the performance returns for all the underlying investments within the client account - Actively monitor manager balance delinquencies and pursue the managers/administrators for timely reporting - Seek to ensure reporting consistency by the managers/administrators - Investigate any manager/administrator reporting anomalies including performance outliers - Prepare estimated Performance Reports - Prepare final Performance Reports upon receipt of all the underlying manager statements
Independent Reconciliation of the NAV Calculation	- Shadow the appointed Custodian and/or Administrator's records - Reconcile the account holdings and market valuation - Verify the reported performance calculations
Transaction Processing	- Record transactions to portfolio management system
Corporate Action Processing	- Assist with proxy voting as needed
Audit Support	- Provide support documentation as needed
Document Management	- Electronic storage of investment related documentation

2. Describe the content and format of the monthly and quarterly performance reports you will prepare for PSERS. Include:

   a) Data and method used to calculate total return before and after fees;

The calculation of the net asset value of the funds underlying the accounts managed by Aksia is performed by third parties. Aksia will rely upon the valuations of these third parties as provided to Aksia by the clients, managers or administrators of the underlying funds held in a client's portfolio as specified in each client's Agreement. As part of Aksia's usual due diligence process, Aksia generally examines the pricing policies of the underlying fund's manager and administrator. In the event that unusual circumstances are discovered through due diligence, Aksia may seek an independent valuation at the cost of the client. If the client is unable or unwilling to seek such valuation, Aksia may choose to perform its own valuation.

Client account data is reconciled on a monthly basis against the independent records of the accounts' service providers, such as the custodian or administrator. Aksia's Client Operations and Accounting Support Team maintains share class specific parallel books and records to our clients' custodians/administrators (Aksia is copied on all statements coming from the funds). Aksia then produces monthly performance and attribution reports and reconciles with our clients' custodians/administrators on the final month-end values to minimize risk of errors; any discrepancies are noted and communicated to the client.

   b) Time periods for which total returns will be calculated;

Total returns are calculated on a time-weighted basis adjusted for external cash flows. Both periodic and sub-period returns are geometrically linked and calculated on a monthly basis. Performance data is presented net of management fees, incentive fees and other expenses charged by the underlying investment vehicles and Aksia, and reflect the reinvestment of all interest, dividends and other earnings.

c) Standard indices, custom indices, and benchmarks you will use for comparison;

Aksia has identified issues with all commercially available benchmarks and would rather utilize customized peer comparisons. However, when this solution is impractical, many institutions choose to rely on published, independent and representative benchmarks. Of these, we believe the HFRI FOF Composite index (for a portfolio) and the HFRX Sector indices (for individual funds and sectors) have the fewest biases (dropout, survivorship, backfill, etc.).

Aksia can, and has, provided custom benchmarks to our clients. We have approximately 125 different market risk factors in our database that we use to measure the factor sensitivities of hedge funds and hedge fund portfolios. These same factors can be used in our modeling environment to explore and settle on custom benchmarks.

Each of our client portfolios is customized to the specific objectives and constraints of the individual client's investment program and so we generally do not think it is appropriate to benchmark performance to publically available peers. However, we have the ability to do so, at PSERS's request.

d) Characteristics you will compare; and

Aksia's performance reports include:

- Performance and income by sector
- Monthly and annual performance by holding
- Performance attribution – shown monthly and annually
- Industry standard risk measures

Please refer to Appendix E3 for a sample performance estimates report.

e) Market conditions.

In addition to monthly performance, we produce our Strategy Outlook Report (Appendix D1), which examines the key drivers of risk and returns in each strategy (e.g., credit spreads, volatility, sector dispersion and convertible issuance) and provides a 12-18 month view on the relative return potential of each strategy (e.g., overweight relative value) within the context of current market conditions.

Please comment on your ability to provide draft performance reports within 40 days after quarter-end given final market values from our hedge funds 25 days after quarter-end. Will you be able to issue final reports within 3 business days after receiving comments from PSERS on the draft? What quality control systems and procedures do you use to ensure that reports are prepared accurately and delivered on time?

Aksia is able to provide draft performance reports within 40 days after quarter-end and final market values 25 days after quarter-end, pending the receipt of relevant data from the underlying hedge funds. Aksia will be able to incorporate comments from PSERS within 3 business days.

A performance estimate report is generally issued early in the month (typically by the 10^{th} business day) following the valuation date – the date is determined based on the client's specific needs and data availability. A final report is issued upon receipt of all manager monthly statements. All reports are posted to the client's MAX account and directly accessible through the site.

Please refer to Section II-4 Question G1, above, for a detailed description of our portfolio valuation and performance measurement process.

Describe in detail the performance measurement attribution and analysis service you propose to provide for PSERS. Note its usefulness for PSERS.

Aksia's proprietary web-based research platform allows users (and Aksia's portfolio advisory team) to perform attribution analysis on a client's hedge fund portfolio or on a hypothetical portfolio. Aksia's performance attribution analysis separates portfolio performance into performance generated through (i) passive hedge fund exposure, (ii) active strategy selection and (iii) active manager selection. The analysis can be performed for different periods of cumulative performance.

The monthly performance estimates reports produced by the Client Operations and Accounting Support Team include a section on each fund's realized performance and contribution to portfolio attribution. This attribution is also aggregated to the sector and strategy levels. Please see Appendix E3 for Aksia's sample performance estimates report.

3. Describe your performance evaluation and reporting process including the types of analysis typically included.

Please reference Section II-4 Questions G1 and G2, above, for a detailed description of Aksia's performance evaluation and reporting process.

4. Please attach samples of all standard reports described above.

Please reference Appendix E3 for Aksia's sample performance estimates report.

5. Can investors receive custom reports? If so, discuss the range of customization available.

Yes, our reporting is customizable to meet specialized client needs; commercially reasonable customization efforts are included in the fee quoted in this RFP. In addition to providing customized reports, Aksia maintains ongoing dialogue with our clients to receive feedback and suggestions. Timing for implementation and cost for changes would vary depending upon the complexity of the request and can be discussed in detail with PSERS.

6. Describe in detail the Internet-based fund management and consulting tools that your firm will provide.

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Aksia is a commercial entity whose online client platform and its capabilities are highly proprietary and confidential in nature and derive independent economic value from not being generally known to and not being readily ascertainable by other persons and is deemed critical to the firm which, if disclosed, would cause substantial injury to its competitive position. Aksia has taken a number of steps to maintain the confidentiality of this information including limiting the individuals who have access to the information and subjecting third parties with access to the information to nondisclosure agreements (subject to regulation or law). Therefore, Aksia requests exemption from disclosure per 65 P.S. § 67.708(b)(11)on the grounds the information contained in this response constitutes a "trade secret" as defined in 65 P.S. § 67.102.

II-5. Miscellaneous.

A. Does your firm offer both discretionary and non-discretionary hedge fund consulting services? If so, what percentage of clients are discretionary and what percentage of revenues are derived from discretionary client relationships?

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Aksia's financial information is highly confidential and subject to efforts to maintain its secrecy. Therefore, the information provided as part of this question is exempt from disclosure per 65 P.S. § 67.708(b)(26).

B. What are your views of the role of hedge funds in a pension fund, particularly of the size of PSERS?

The appropriate role of the hedge fund portfolio is often determined by the investor with a top down perspective of the entire fund. While this is often pre-determined before Aksia is engaged, we have worked with clients in determining what we believe to be the best approaches for accessing hedge funds in relation to their overall program.

We have extensive experience working with public pensions and we believe that hedge funds play an important role in achieving a plan's goals. Many portfolios today are challenged with significant equity market beta and very low returns on their traditional fixed income investments. We think a diversified, well-constructed hedge fund portfolio can help reduce the volatility of the overall plan, lessen the beta to the equity market, access non-traditional sources of return, and help preserve capital during difficult market periods. As hedge funds are not a true "asset class," but instead a broad array of flexible strategies that can be deployed across multiple asset classes, they can be used effectively in a multitude of ways to achieve specific goals. For instance, for a plan with its largest allocation (risk) to equity markets, hedge fund allocations are often used to access return streams that are less correlated, with low beta to equities. Additionally, these portfolios can be designed to have limited beta to traditional credit exposures, serving to further diversify the entire portfolio. Properly constructed hedge fund portfolios also exhibit low-to-moderate volatility profiles that can reduce risk in the overall portfolio and assist in producing a more attractive risk/return profile for the entire portfolio.

Alternatively, hedge funds can be used as return enhancers. For example, plans that are concerned about low returns for their traditional fixed income allocations can build a portfolio of long/short credit managers that can mimic the risk profile (volatility) of their fixed income while attempting to outperform their long-only opportunity set. If a portfolio is less constrained by this volatility profile, there are an attractive number of more unique/niche credit strategies that can be accessed through hedge funds which may offer higher return profiles. This same approach holds true for equities, where plans will build equity hedge fund portfolios with the goal of outperformance of equity indices over the long term with a better risk return profile.

Aksia has worked with clients to develop and implement these and other custom approaches specifically tailored to their portfolio needs. We believe the breadth and flexibility of hedge fund strategies provides investors with a number of options (which are not mutually exclusive) for optimizing their overall portfolio goals. We work closely with our clients to make sure that the underlying exposures of the hedge fund managers are in sync with the overall goals of the plan and also to make sure that the plan uses the most optimal platform to access each investment opportunity. Fees, liquidity and fund structure are all important considerations for investors considering hedge funds and we are comfortable working within each client's guidelines in this regard.

C. What do you see as being the most significant changes that will be occurring in asset allocation for pension funds over the next 10 years? In hedge funds specifically? Please comment.

We believe that the landscape for hedge funds has evolved and continues to do so, though we remain constructive on the opportunity set. There is certainly a cautionary case to be made about the steady increase in capital entering the industry, and the implications of more investors competing for what is arguably a limited opportunity set. This is a concern of ours and we are cognizant of this as we evaluate markets, strategies and managers. We have seen strategies such as pure merger arbitrage disappear and some traditional quantitative approaches become more commoditized. However, the flexible investment approach of hedge funds continues to be an advantage versus other traditional investment strategies. Additionally, the structure of the markets continues to evolve which we believe should benefit hedge funds. Global regulatory reforms are reshaping the structure of markets, especially within banking, creating temporary and permanent dislocations that we believe should advantage hedge funds.

Aksia believes that both quantitative and qualitative analysis must be leveraged to capture the complexity of factors influencing the hedge fund market. We also consider how these factors may change through time. From an ex-ante perspective, we publish a quarterly Strategy Outlook Report (Appendix D1) that evaluates the opportunity set of individual strategies on a standalone basis. In a separate Model Portfolio Report (Appendix D4), we contextualize such opinions within a portfolio allocation framework.

On an ex-post basis, we actively maintain a proprietary database of over 350+ risk factors that our analysts use to econometrically analyze hedge fund returns. Our system has the capability to infer historical fund exposures to individual factors and asset classes, as well as to compare alpha contribution across peers within the same hedge fund strategy. The factors used for the quantitative analysis range from conventional (US High Yield, European Equities) to more exotic risks (Asian equity volatility, FX carry). Additionally, we may consider technical indicators such as market momentum, convertible issuance, and Treasury curve steepness in our reports.

We overlay these findings with our knowledge of industry developments and strategies. As we sit in the center of information flow between institutional investors (including clients), hedge fund managers, and other industry professionals, we believe we are well-situated to synthesize and provide a comprehensive and dynamic analysis of each hedge fund strategy.

D. Do you believe that investing in small and/or emerging hedge funds offers adequate potential excess returns or other benefits that outweigh the increased operational and business risks?

Aksia has focused on reducing the reliance on large/established managers for quite some time. We maintain an "open door" policy and have meetings with many start-ups and smaller managers. After an initial meeting, Aksia will draft an "Investment Insights Report." Many meetings result in not-so-positive initial profiles, but many are interesting and prompt us to conduct full investment and operational due diligence. Generally, long/short equity, event driven and long/short credit are yielding more interesting smaller and newer managers. Strategies which require larger back offices and research budgets (e.g., fixed income relative value strategies and multi-model CTA approaches) have not yielded as many interesting managers. It is important to remember that small/new does not magically improve returns. Many historical studies of emerging managers' outperformance should more accurately be labeled as studies of backfill data outperformance.

Ultimately, each hedge fund is different and investors must evaluate every fund and its manager by their own merits. Size was an advantage during the immediate post-2008 period, resulting in better financing terms and deal flow. But now, with industry inflows and many of the big trades disappearing, Aksia believes that size is beginning to negatively affect many managers' performance.

We believe that spinouts from banks or large hedge funds tend to do better than incubated funds or managers from outside the core of the financial markets. We tend to think this is because much of a hedge fund's "alpha" actually comes from information flows, and not from brainpower. As a spin-out from a large institution, a team carries contacts, relationships and deal flow to their new smaller venture, which can help generate "alpha." Investors are getting some of the benefits of a large manager without the attendant AUM. Incubated hedge funds and managers who do not come from trading/investment desks are typically managing a tiny amount of capital until their promoter is able to successfully market the fund. If the promoter is successful, the greater amount of capital may suffer the legacy of the information flows that go with running a tiny amount of capital.

E. Describe any business relationships that you or any of your affiliates have had within the past two years with the Commonwealth of Pennsylvania or within the past five years with PSERS' staff or Board members.

Aksia has served as non-discretionary hedge fund adviser to the Pennsylvania Public School Employees Retirement System (PSERS) since June 2010.

In addition, Aksia acts as the investment manager of two custom funds whose sole investor is Pennsylvania Treasury. For such funds, while Aksia is appointed as the investment manager, Aksia does not have authority or discretion to make investments without the client's consent.

II-6. References. List five (5) current non-discretionary hedge fund consulting clients as references, including at least two (2) public pension fund clients. For each reference, include client name, name of contact person with title, address (both building and email), telephone number, asset value of client, amount invested in hedge funds, number of hedge funds, services the client uses, and number of years the client retained the firm. PSERS intends to contact the references.

CONFIDENTIAL

Aksia is a commercial entity whose client list and clients' contact information are highly proprietary and confidential in nature and derive independent economic value from not being generally known to and not being readily ascertainable by other persons and is deemed critical to the firm which, if disclosed, would cause substantial injury to its competitive position. Aksia has taken a number of steps to maintain the confidentiality of this information including limiting the individuals who have access to the information and subjecting third parties with access to the information to nondisclosure agreements (subject to regulation or law). Therefore, Aksia requests exemption from disclosure per 65 P.S. § 67.708(b)(11)on the grounds the information contained in this response constitutes a "trade secret" as defined in 65 P.S. § 67.102.

In addition, identify the five (5) largest clients lost within the last 5 years and indicate the reason(s) for termination. Include client name, name of contact person with title, address (both building and email), telephone number, services the client used, and number of years the client retained the firm.

CONFIDENTIAL

Aksia is a commercial entity whose client list and clients' contact information are highly proprietary and confidential in nature and derive independent economic value from not being generally known to and not being readily ascertainable by other persons and is deemed critical to the firm which, if disclosed, would cause substantial injury to its competitive position. Aksia has taken a number of steps to maintain the confidentiality of this information including limiting the individuals who have access to the information and subjecting third parties with access to the information to nondisclosure agreements (subject to regulation or law). Therefore, Aksia requests exemption from disclosure per 65 P.S. § 67.708(b)(11)on the grounds the information contained in this response constitutes a "trade secret" as defined in 65 P.S. § 67.102.

II.7. Work Plan. Describe in narrative form your technical plan for accomplishing the work. Use the task descriptions in Part IV of this RFP as your reference point. Modifications of the task descriptions are permitted; however, reasons for changes should be fully explained. Indicate the number of person hours allocated to each task. Include a Program Evaluation and Review Technique (PERT) or similar type display, time related, showing each event. If more than one approach is apparent, comment on why you chose this approach.

CONFIDENTIAL

Aksia is a commercial entity whose investment and operational due diligence, risk management, and portfolio construction processes are highly proprietary and confidential in nature and derive independent economic value from not being generally known to and not being readily ascertainable by other persons and is deemed critical to the firm which, if disclosed, would cause substantial injury to its competitive position. Aksia has taken a number of steps to maintain the confidentiality of this information including limiting the individuals who have access to the information and subjecting third parties with access to the information to nondisclosure agreements (subject to regulation or law). Therefore, Aksia requests exemption from disclosure per 65 P.S. § 67.708(b)(11)on the grounds the information contained in this response constitutes a "trade secret" as defined in 65 P.S. § 67.102.

II-8. Objections and Additions to Standard Contract Terms and Conditions. The Offeror will identify which, if any, of the terms and conditions (contained in **Appendices A and B**) it would like to negotiate and what additional terms and conditions the Offeror would like to add to the rider or the standard contract terms and conditions. The Offeror's failure to make a submission under this paragraph will result in its waiving its right to do so later, but the Issuing Office may consider late objections and requests for additions if to do so, in the Issuing Office's sole discretion, would be in the best interest of the Commonwealth. The Issuing Office may, in its sole discretion, accept or reject any requested changes to either the rider or the standard contract terms and conditions. The Offeror shall not request changes to the other provisions of the RFP, nor shall the Offeror request to completely substitute its own terms and conditions for **Appendices A and B**. All terms and conditions must appear in one integrated contract. The Issuing Office will not accept references to the Offeror's, or any other, online guides or online terms and conditions contained in any proposal.

Regardless of any objections set out in its proposal, the Offeror must submit its proposal, including the cost proposal, on the basis of the terms and conditions set out in **Appendices A and B**. The Issuing Office will reject any proposal that is conditioned on the negotiation of the terms and conditions set out in **Appendices A and B or to other provisions of the RFP as specifically identified above**. The Board will not consider proposals that contain any limitations of Offeror liability for services provided. Any proposal containing such a limitation shall be rejected.

Please reference Appendix H1 for Aksia's Amendments to *Appendix A – Sample Rider Including Terms and Conditions*.

II-11. Domestic Workforce Utilization Certification. Complete and sign the Domestic Workforce Utilization Certification contained in **Appendix C** of this RFP. Offerors who seek consideration for this criterion must submit in hardcopy the signed Domestic Workforce Utilization Certification Form in the same sealed envelope with the Technical Submittal.

APPENDIX C **DOMESTIC WORKFORCE UTILIZATION CERTIFICATION**

To the extent permitted by the laws and treaties of the United States, each proposal will be scored for its commitment to use the domestic workforce in the fulfillment of the contract. Maximum consideration will be given to those offerors who will perform the contracted direct labor exclusively within the geographical boundaries of the United States or within the geographical boundaries of a country that is a party to the World Trade Organization Government Procurement Agreement. Those who propose to perform a portion of the direct labor outside of the United States and not within the geographical boundaries of a party to the World Trade Organization Government Procurement Agreement will receive a correspondingly smaller score for this criterion. In order to be eligible for any consideration for this criterion, offerors must complete and sign the following certification. This certification will be included as a contractual obligation when the contract is executed. Failure to complete and sign this certification will result in no consideration being given to the offeror for this criterion.

I, Jim Vos, CEO of Aksia LLC, a Delaware limited liability company or other legal entity, ("Contractor") located at 599 Lexington Avenue, Floor 46, New York, NY 10022, having a Social Security or Federal Identification Number of 20-5385739, do hereby certify and represent to the Commonwealth of Pennsylvania ("Commonwealth") (Check **one** of the boxes below):

> **X** All of the direct labor performed within the scope of services under the contract will be performed exclusively within the geographical boundaries of the United States or one of the following countries that is a party to the World Trade Organization Government Procurement Agreement: Aruba, Austria, Belgium, Bulgaria, Canada, Chinese Taipei, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hong Kong, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Latvia, Liechtenstein, Lithuania, Luxemburg, Malta, the Netherlands, Norway, Poland, Portugal, Romania, Singapore, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, and the United Kingdom
>
> OR
>
> _______________ **percent** (_____%) **[Contractor must specify the percentage]** of the direct labor performed within the scope of services under the contract will be performed within the geographical boundaries of the United States or within the geographical boundaries of one of the countries listed above that is a party to the World Trade Organization Government Procurement Agreement. Please identify the direct labor performed under the contract that will be performed outside the United States and not within the geographical boundaries of a party to the World Trade Organization Government Procurement Agreement and identify the country where the direct labor will be performed:
>
> ____
>
> ____
>
> [Use additional sheets if necessary]

The Department of General Services **[or other purchasing agency]** shall treat any misstatement as fraudulent concealment of the true facts punishable under Section 4904 of the *Pennsylvania Crimes Code*, Title 18, of Pa. Consolidated Statutes.

Attest or Witness:

____
Signature/Date

____
Printed Name/Title

Aksia LLC _______________________________
Corporate or Legal Entity's Name

4/16/2015
Signature/Date

Jim Vos, CEO _______________________________
Printed Name/Title

PART IV WORK STATEMENT

IV-2.Requirements.

A. **Emergency Preparedness.**

To support continuity of operations during an emergency, including a pandemic, the Commonwealth needs a strategy for maintaining operations for an extended period of time. One part of this strategy is to ensure that essential contracts that provide critical business services to the Commonwealth have planned for such an emergency and put contingencies in place to provide needed goods and services.

1. Describe how you anticipate such a crisis will impact your operations.

Aksia maintains a Business Continuity and Disaster Recovery Plan (the "Plan") which is designed to ensure that business will resume as quickly and efficiently as possible in the event of any short-term or long-term significant business disruption, as described below.

2. Describe your emergency response continuity of operations plan. Please attach a copy of your plan, or at a minimum, summarize how your plan addresses the following aspects of **pandemic preparedness**:

    a) Employee training (describe your organization's training plan, and how frequently your plan will be shared with employees)
    b) Identified essential business functions and key employees (within your organization) necessary to carry them out
    c) Contingency plans for:
        i.) How your organization will handle staffing issues when a portion of key employees are incapacitated due to illness.
        ii.) How employees in your organization will carry out the essential functions if contagion control measures prevent them from coming to the primary workplace.
    d) How your organization will communicate with staff and suppliers when primary communications systems are overloaded or otherwise fail, including key contacts, chain of communications (including suppliers), etc.
    e) How and when your emergency plan will be tested, and if the plan will be tested by a third-party.

Please reference Appendix A5 for the excerpt from Aksia's Compliance Manual detailing our business continuity and disaster recovery plan.

In the event of an emergency, should Aksia's main facilities become inoperative, employees would work remotely using a Virtual Private Network ("VPN"). This service provides full access to individual workstations and enables Aksia professionals to provide continuity of service in times when direct access to the office is unavailable. The VPN connection enables employees to connect to Aksia's internal servers and networks remotely. This connection allows for safe, secure and encrypted communication from any location. Employees can also access Aksia's email system from any location using any web browser.

With regard to disaster recovery, Aksia documents, emails, and databases are backed up to onsite and offsite locations daily. Data is backed up to a third party off-site location in Mount Prospect, Illinois managed by our vendor Unitrends. Data can be restored from both the on-site and off-site locations within a short period of time to alternate sources. Aksia monitors its server room environment for factors such as humidity, temperature and air flow. Aksia also monitors the success of backups, anti-virus software updates, and operating system patches. Hardware is also monitored in real time for events such as physical failures and power events.

Appendices

Appendix A

FORM ADV

UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION AND REPORT BY EXEMPT REPORTING ADVISERS

Primary Business Name: AKSIA LLC **CRD Number: 14342**
Annual Amendment - All Sections **Rev. 10/201**
3/31/2015 7:14:16 PM

WARNING: Complete this form truthfully. False statements or omissions may result in denial of your application, revocation of your registration, or criminal prosecution. You must keep this form updated by filing periodic amendments. See Form ADV General Instruction 4.

Item 1 Identifying Information

Responses to this Item tell us who you are, where you are doing business, and how we can contact you.

A. Your full legal name (if you are a sole proprietor, your last, first, and middle names):
AKSIA LLC

B. Name under which you primarily conduct your advisory business, if different from Item 1.A.:
AKSIA LLC

List on Section 1.B. of Schedule D any additional names under which you conduct your advisory business.

C. If this filing is reporting a change in your legal name (Item 1.A.) or primary business name (Item 1.B.), enter the new name and specify whether the name change is of
your legal name or your primary business name:

D. (1) If you are registered with the SEC as an investment adviser, your SEC file number: **801-67661**
(2) If you report to the SEC as an *exempt reporting adviser*, your SEC file number:

E. If you have a number ("*CRD* Number") assigned by the *FINRA's CRD* system or by the IARD system, your *CRD* number: **143422**

If your firm does not have a CRD number, skip this Item 1.E. Do not provide the CRD number of one of your officers, employees, or affiliates.

F. *Principal Office and Place of Business*

(1) Address (do not use a P.O. Box):

Number and Street 1:		Number and Street 2:	
599 LEXINGTON AVENUE		FLOOR 46	
City:	State:	Country:	ZIP+4/Postal Code:
NEW YORK	New York	UNITED STATES	10022

If this address is a private residence, check this box:

List on Section 1.F. of Schedule D any office, other than your principal office and place of business, at which you conduct investment advisory business. If you are applying for registration, or are registered, with one or more state securities authorities, you must list all of your offices in the state or states to which you are applying for registration or with whom you are registered. If you are applying for SEC registration, if you are registered only with the SEC, or if you are reporting to the SEC as an exempt reporting adviser, list the largest five offices in terms of numbers of employees.

(2) Days of week that you normally conduct business at your *principal office and place of business:*
Monday - Friday Other:

Normal business hours at this location:
9:00-6:00

(3) Telephone number at this location:
212-710-5710

(4) Facsimile number at this location:
212-710-5711

G. Mailing address, if different from your *principal office and place of business* address:

Number and Street 1:		Number and Street 2:	
City:	State:	Country:	ZIP+4/Postal Code:

If this address is a private residence, check this box:

H. If you are a sole proprietor, state your full residence address, if different from your *principal office and place of business* address in Item 1.F.:

Number and Street 1:		Number and Street 2:	
City:	State:	Country:	ZIP+4/Postal Code:

Yes No

I. Do you have one or more websites?

If "yes," list all website addresses on Section 1.I. of Schedule D. If a website address serves as a portal through which to access other information you have published on the web, you may list the portal without listing addresses for all of the other information. Some advisers may need to list more than one portal address. Do not provide individual electronic mail (e-mail) addresses in response to this Item.

J. Provide the name and contact information of your Chief Compliance Officer: If you are an *exempt reporting adviser*, you must provide the contact information for your Chief Compliance Officer, if you have one. If not, you must complete Item 1.K. below.

Name:
MAYA FISHMAN

Other titles, if any:
MEMBER, GENERAL COUNSEL

Telephone number:
212-710-5771

Facsimile number:
212-710-5711

Number and Street 1:
599 LEXINGTON AVENUE

Number and Street 2:
FLOOR 46

City:	State:	Country:	ZIP+4/Postal Code:
NEW YORK	New York	UNITED STATES	10022

Electronic mail (e-mail) address, if Chief Compliance Officer has one:
MAYA.FISHMAN@AKSIA.COM

K. Additional Regulatory Contact Person: If a person other than the Chief Compliance Officer is authorized to receive information and respond to questions about this Form ADV, you may provide that information here.

Name:
HINA JOSHI

Titles:

Telephone number:
212-710-5732

Facsimile number:
212-710-5711

Number and Street 1:
599 LEXINGTON AVENUE

Number and Street 2:
FLOOR 46

City:	State:	Country:	ZIP+4/Postal Code:
NEW YORK	New York	UNITED STATES	10022

Electronic mail (e-mail) address, if contact person has one:
HINA.JOSHI@AKSIA.COM

Yes No

L. Do you maintain some or all of the books and records you are required to keep under Section 204 of the Advisers Act, or similar state law, somewhere other than your *principal office and place of business*?

If "yes," complete Section 1.L. of Schedule D.

Yes No

M. Are you registered with a *foreign financial regulatory authority*?

Answer "no" if you are not registered with a foreign financial regulatory authority, even if you have an affiliate that is registered with a foreign financial regulatory authority. If "yes," complete Section 1.M. of Schedule D.

Yes No

N. Are you a public reporting company under Sections 12 or 15(d) of the Securities Exchange Act of 1934?

If "yes," provide your CIK number (Central Index Key number that the SEC assigns to each public reporting company):

Yes No

O. Did you have $1 billion or more in assets on the last day of your most recent fiscal year?

P. Provide your *Legal Entity Identifier* if you have one:

A *legal entity identifier* is a unique number that companies use to identify each other in the financial marketplace. In the first half of 2011, the *legal entity identifier* standard was still in development. You may not have a *legal entity identifier*.

SECTION 1.B. Other Business Names

No Information Filed

SECTION 1.F. Other Offices

Complete the following information for each office, other than your *principal office and place of business*, at which you conduct investment advisory business. You must complete a separate Schedule D Section 1.F. for each location. If you are applying for SEC registration, if you are registered only with the SEC, or if you are an *exempt reporting adviser*, list only the largest five offices (in terms of numbers of *employees*).

Number and Street 1:

Number and Street 2:

80 ORVILLE DRIVE | SUITE 100

City:	State:	Country:	ZIP+4/Postal Code:
BOHEMIA	New York	UNITED STATES	11716

If this address is a private residence, check this box:

Telephone Number: 631-244-1485
Facsimile Number:

Complete the following information for each office, other than your *principal office and place of business*, at which you conduct investment advisory business. You must complete a separate Schedule D Section 1.F. for each location. If you are applying for SEC registration, if you are registered only with the SEC, or if you are an *exempt reporting adviser*, list only the largest five offices (in terms of numbers of *employees*).

Number and Street 1: 17TH KM. NATIONAL ROAD
Number and Street 2: ATHENS-LAMIA & FINIKOS STR. NEA KIFISIA

City:	State:	Country:	ZIP+4/Postal Code:
ATHENS		GREECE	14564

If this address is a private residence, check this box:

Telephone Number: 30-210-6257122
Facsimile Number:

SECTION 1.I. Website Addresses

List your website addresses. You must complete a separate Schedule D Section 1.I. for each website address.

Website Address: HTTPS://MAX.AKSIA.COM

Website Address: HTTP://WWW.AKSIA.COM

SECTION 1.L. Location of Books and Records

Complete the following information for each location at which you keep your books and records, other than your *principal office and place of business*. You must complete a separate Schedule D Section 1.L. for each location.

Name of entity where books and records are kept:
AKSIA JAPAN CO., LTD.

Number and Street 1: 313 MINAMI AOYAMA BLDG. 8F
Number and Street 2: 3-13-18 MINAMI AOYAMA, MINATO-KU

City:	State:	Country:	ZIP+4/Postal Code:
TOKYO		JAPAN	107-0062

If this address is a private residence, check this box:

Telephone Number: 81-3-5771-6900
Facsimile number: 81-3-5771-6906

This is (check one):
- one of your branch offices or affiliates.
- a third-party unaffiliated recordkeeper.
- other.

Briefly describe the books and records kept at this location:
ASIA-RELATED RESEARCH, ADVISORY, AND ADMINISTRATIVE FILES

Name of entity where books and records are kept:
AKSIA EUROPE LIMITED

Number and Street 1: 17C CURZON STREET
Number and Street 2: 4TH FLOOR

City: LONDON
State:
Country: UNITED KINGDOM
ZIP+4/Postal Code: W1J5HU

If this address is a private residence, check this box:

Telephone Number: 44-203-170-7695
Facsimile number: 44-207-898-9101

This is (check one):
- one of your branch offices or affiliates.
- a third-party unaffiliated recordkeeper.
- other.

Briefly describe the books and records kept at this location:
EUROPE-RELATED RESEARCH, ADVISORY, AND ADMINISTRATIVE FILES

Name of entity where books and records are kept:
AKSIA HONG KONG LIMITED

Number and Street 1: 738 7/F TWO EXCHANGE SQUARE
Number and Street 2: 8 CONNAUGHT PLACE
City: CENTRAL
State:
Country: HONG KONG
ZIP+4/Postal Code:

If this address is a private residence, check this box:

Telephone Number: 85-231-257-621
Facsimile number:

This is (check one):
- one of your branch offices or affiliates.
- a third-party unaffiliated recordkeeper.
- other.

Briefly describe the books and records kept at this location:
ASIA-RELATED RESEARCH, ADVISORY, AND ADMINISTRATIVE FILES

Name of entity where books and records are kept:
GLOBAL RELAY COMMUNICATIONS INC.

Number and Street 1: 220 CAMBIE STREET
Number and Street 2: FLOOR 2
City: VANCOUVER
State:
Country: CANADA
ZIP+4/Postal Code: V6B 2M9

If this address is a private residence, check this box:

Telephone Number: 604-484-6630
Facsimile number:

This is (check one):
- one of your branch offices or affiliates.
- a third-party unaffiliated recordkeeper.
- other.

Briefly describe the books and records kept at this location:
ELECTRONIC MAIL AND OTHER ELECTRONIC MESSAGES

Name of entity where books and records are kept:
THE BANK OF NEW YORK MELLON CORPORATION

Number and Street 1: 101 BARCLAY STREET		Number and Street 2:	
City: NEW YORK	State: New York	Country: UNITED STATES	ZIP+4/Postal Code: 10286

If this address is a private residence, check this box:

Telephone Number:
212-763-4900

Facsimile number:

This is (check one):

one of your branch offices or affiliates.

a third-party unaffiliated recordkeeper.

other.

Briefly describe the books and records kept at this location:
ADMINISTRATIVE BOOKS AND RECORDS FOR PRIVATE FUNDS

Name of entity where books and records are kept:
UNITRENDS

Number and Street 1: 199 AVE B NORTHWEST		Number and Street 2:	
City: WINTER HAVEN	State: Florida	Country: UNITED STATES	ZIP+4/Postal Code: 33881

If this address is a private residence, check this box:

Telephone Number:
(888) 374-6124

Facsimile number:
(803) 454-0308

This is (check one):

one of your branch offices or affiliates.

a third-party unaffiliated recordkeeper.

other.

Briefly describe the books and records kept at this location:
ELECTRONIC BOOKS AND RECORDS

SECTION 1.M. Registration with Foreign Financial Regulatory Authorities

No Information Filed

Item 2 SEC Registration/Reporting

Responses to this Item help us (and you) determine whether you are eligible to register with the SEC. Complete this Item 2.A. only if you are applying for SEC registration or submitting an *annual updating amendment* to your SEC registration.

A. To register (or remain registered) with the SEC, you must check **at least one** of the Items 2.A.(1) through 2.A.(12), below. If you are submitting an *annual updating amendment* to your SEC registration and you are no longer eligible to register with the SEC, check Item 2.A.(13). Part 1A Instruction 2 provides information to help you determine whether you may affirmatively respond to each of these items.

You (the adviser):

(1) are a **large advisory firm** that either:

(a) has regulatory assets under management of $100 million (in U.S. dollars) or more, or

(b) has regulatory assets under management of $90 million (in U.S. dollars) or more at the time of filing its most recent *annual updating amendment* and is registered with the SEC;

(2) are a **mid-sized advisory firm** that has regulatory assets under management of $25 million (in U.S. dollars) or more but less than $100 million (in U.S. dollars) and you are either:

(a) not required to be registered as an adviser with the *state securities authority* of the state where you maintain your *principal office and place of business*, or

(b) not subject to examination by the *state securities authority* of the state where you maintain your *principal office and place of business*;

*Click **HERE** for a list of states in which an investment adviser, if registered, would not be subject to examination by the state securities authority.*

(3) have your *principal office and place of business* **in Wyoming** (which does not regulate advisers);

(4) have your *principal office and place of business* **outside the United States**;

(5) are **an investment adviser (or sub-adviser) to an investment company** registered under the Investment Company Act of 1940;

(6) are **an investment adviser to a company which has elected to be a business development company** pursuant to section 54 of the Investment Company Act of 1940 and has not withdrawn the election, and you have at least $25 million of regulatory assets under management;

(7) are a **pension consultant** with respect to assets of plans having an aggregate value of at least $200,000,000 that qualifies for the exemption in rule 203A-2(a);

(8) are a **related adviser** under rule 203A-2(b) that *controls*, is *controlled* by, or is under common *control* with, an investment adviser that is registered with the SEC, and your *principal office and place of business* is the same as the registered adviser;

If you check this box, complete Section 2.A.(8) of Schedule D.

(9) are a **newly formed adviser** relying on rule 203A-2(c) because you expect to be eligible for SEC registration within 120 days;

If you check this box, complete Section 2.A.(9) of Schedule D.

(10) are a **multi-state adviser** that is required to register in 15 or more states and is relying on rule 203A-2(d);

If you check this box, complete Section 2.A.(10) of Schedule D.

(11) are an **Internet adviser** relying on rule 203A-2(e);

(12) have **received an SEC order** exempting you from the prohibition against registration with the SEC;

If you check this box, complete Section 2.A.(12) of Schedule D.

(13) are **no longer eligible** to remain registered with the SEC.

State Securities Authority Notice Filings* and State Reporting by *Exempt Reporting Advisers

C. Under state laws, SEC-registered advisers may be required to provide to *state securities authorities* a copy of the Form ADV and any amendments they file with the SEC. These are called *notice filings*. In addition, *exempt reporting advisers* may be required to provide *state securities authorities* with a copy of reports and any amendments they file with the SEC. If this is an initial application or report, check the box(es) next to the state(s) that you would like to receive notice of this and all subsequent filings or reports you submit to the SEC. If this is an amendment to direct your *notice filings* or reports to additional state(s), check the box(es) next to the state(s) that you would like to receive notice of this and all subsequent filings or reports you submit to the SEC. If this is an amendment to your registration to stop your *notice filings* or reports from going to state(s) that currently receive them, uncheck the box(es) next to those state(s).

Jurisdictions

AL	ID	MO	PA
AK	IL	MT	PR
AZ	IN	NE	RI
AR	IA	NV	SC
CA	KS	NH	SD
CO	KY	NJ	TN
CT	LA	NM	TX
DE	ME	NY	UT
DC	MD	NC	VT
FL	MA	ND	VI
GA	MI	OH	VA
GU	MN	OK	WA
HI	MS	OR	WV
			WI

If you are amending your registration to stop your notice filings or reports from going to a state that currently receives them and you do not want to pay that state's notice filing or report filing fee for the coming year, your amendment must be filed before the end of the year (December 31).

SECTION 2.A.(8) Related Adviser

If you are relying on the exemption in rule 203A-2(b) from the prohibition on registration because you *control*, are *controlled* by, or are under common *control* with an investment adviser that is registered with the SEC and your *principal office and place of business* is the same as that of the registered adviser, provide the following information:

Name of Registered Investment Adviser

CRD Number of Registered Investment Adviser

SEC Number of Registered Investment Adviser
801 -

SECTION 2.A.(9) Newly Formed Adviser

If you are relying on rule 203A-2(c), the newly formed adviser exemption from the prohibition on registration, you are required to make certain representations about your eligibility for SEC registration. By checking the appropriate boxes, you will be deemed to have made the required representations. You must make both of these representations:

I am not registered or required to be registered with the SEC or a *state securities authority* and I have a reasonable expectation that I will be eligible to register with the SEC within 120 days after the date my registration with the SEC becomes effective.

I undertake to withdraw from SEC registration if, on the 120th day after my registration with the SEC becomes effective, I would be prohibited by Section 203A(a) of the Advisers Act from registering with the SEC.

SECTION 2.A.(10) Multi-State Adviser

If you are relying on rule 203A-2(d), the multi-state adviser exemption from the prohibition on registration, you are required to make certain representations about your eligibility for SEC registration. By checking the appropriate boxes, you will be deemed to have made the required representations.

If you are applying for registration as an investment adviser with the SEC, you must make both of these representations:

I have reviewed the applicable state and federal laws and have concluded that I am required by the laws of 15 or more states to register as an investment adviser with the *state securities authorities* in those states.

I undertake to withdraw from SEC registration if I file an amendment to this registration indicating that I would be required by the laws of fewer than 15 states to register as an investment adviser with the *state securities authorities* of those states.

If you are submitting your *annual updating amendment*, you must make this representation:

Within 90 days prior to the date of filing this amendment, I have reviewed the applicable state and federal laws and have concluded that I am required by the laws of at least 15 states to register as an investment adviser with the *state securities authorities* in those states.

SECTION 2.A.(12) SEC Exemptive *Order*

If you are relying upon an SEC *order* exempting you from the prohibition on registration, provide the following information:

Application Number:
803-

Date of *order*:

Item 3 Form of Organization

A. How are you organized?

Corporation

Sole Proprietorship

Limited Liability Partnership (LLP)

Partnership

Limited Liability Company (LLC)

Limited Partnership (LP)

Other (specify):

If you are changing your response to this Item, see Part 1A Instruction 4.

B. In what month does your fiscal year end each year?
DECEMBER

C. Under the laws of what state or country are you organized?

State	Country
Delaware	UNITED STATES

If you are a partnership, provide the name of the state or country under whose laws your partnership was formed. If you are a sole proprietor, provide the name of the state or country where you reside.

If you are changing your response to this Item, see Part 1A Instruction 4.

Item 4 Successions

	Yes	No
A. Are you, at the time of this filing, succeeding to the business of a registered investment adviser?		

If "yes", complete Item 4.B. and Section 4 of Schedule D.

B. Date of Succession: (MM/DD/YYYY)

If you have already reported this succession on a previous Form ADV filing, do not report the succession again. Instead, check "No." See Part 1A Instruction 4.

SECTION 4 Successions

No Information Filed

Item 5 Information About Your Advisory Business - Employees, Clients, and Compensation

Responses to this Item help us understand your business, assist us in preparing for on-site examinations, and provide us with data we use when making regulatory policy. Part 1A Instruction 5.a. provides additional guidance to newly formed advisers for completing this Item 5.

Employees

If you are organized as a sole proprietorship, include yourself as an employee in your responses to Item 5.A. and Items 5.B.(1), (2), (3), (4), and (5). If an employee performs more than one function, you should count that employee in each of your responses to Items 5.B.(1), (2), (3), (4), and (5).

A. Approximately how many *employees* do you have? Include full- and part-time *employees* but do not include any clerical workers.

51

B. (1) Approximately how many of the *employees* reported in 5.A. perform investment advisory functions (including research)?

27

(2) Approximately how many of the *employees* reported in 5.A. are registered representatives of a broker-dealer?

0

(3) Approximately how many of the *employees* reported in 5.A. are registered with one or more *state securities authorities* as *investment adviser representatives*?

0

(4) Approximately how many of the *employees* reported in 5.A. are registered with one or more *state securities authorities* as *investment adviser representatives* for an investment adviser other than you?

0

(5) Approximately how many of the *employees* reported in 5.A. are licensed agents of an insurance company or agency?

0

(6) Approximately how many firms or other *persons* solicit advisory *clients* on your behalf?

1

In your response to Item 5.B.(6), do not count any of your employees and count a firm only once – do not count each of the firm's employees that solicit on your behalf.

Clients

In your responses to Items 5.C. and 5.D. do not include as "clients" the investors in a private fund you advise, unless you have a separate advisory relationship with those investors.

C. (1) To approximately how many *clients* did you provide investment advisory services during your most recently completed fiscal year?

0   1-10   11-25

26-100   More than 100

If more than 100, how many?
(round to the nearest 100)

(2) Approximately what percentage of your *clients* are non-*United States persons*?

50%

D. *For purposes of this Item 5.D., the category "individuals" includes trusts, estates, and 401(k) plans and IRAs of individuals and their family members, but does not include businesses organized as sole proprietorships. The category "business development companies" consists of companies that have made an election pursuant to section 54 of the Investment Company Act of 1940. Unless you provide advisory services pursuant to an investment advisory contract to an investment company registered under the Investme Company Act of 1940, check "None" in response to Item 5.D.(1)(d) and do not check any of the boxes in response to Item 5.D.(2)(d).*

(1) What types of *clients* do you have? Indicate the approximate percentage that each type of *client* comprises of your total number of *clients*. If a *client* fits into more than or category, check all that apply.

	None	Up to 10%	11-25%	26-50%	51-75%	76-99%	100%
(a) Individuals (other than *high net worth individuals*)			○				
(b) *High net worth individuals*			○				
(c) Banking or thrift institutions			○				
(d) Investment companies			○				
(e) Business development companies			○				
(f) Pooled investment vehicles (other than investment companies)			○				
(g) Pension and profit sharing plans (but not the plan participants)			○				
(h) Charitable organizations			○				
(i) Corporations or other businesses not listed above			○				
(j) State or municipal *government entities*			◉				
(k) Other investment advisers			○				
(l) Insurance companies			○				
(m) Other: FAMILY OFFICE			○				

(2) Indicate the approximate amount of your regulatory assets under management (reported in Item 5.F. below) attributable to each of the following type of *client*. If a *client* fits into more than one category, check all that apply.

	None	Up to 25%	Up to 50%	Up to 75%	>75%
(a) Individuals (other than *high net worth individuals*)					

(b) *High net worth individuals*

(c) Banking or thrift institutions

(d) Investment companies

(e) Business development companies

(f) Pooled investment vehicles (other than investment companies)

(g) Pension and profit sharing plans (but not the plan participants)

(h) Charitable organizations

(i) Corporations or other businesses not listed above

(j) State or municipal *government entities*

(k) Other investment advisers

(l) Insurance companies

(m) Other:

Compensation Arrangements

E. You are compensated for your investment advisory services by (check all that apply):

(1) A percentage of assets under your management
(2) Hourly charges
(3) Subscription fees (for a newsletter or periodical)
(4) Fixed fees (other than subscription fees)
(5) Commissions
(6) *Performance-based fees*
(7) Other (specify):

Item 5 Information About Your Advisory Business - Regulatory Assets Under Management

Regulatory Assets Under Management

Yes N

F. (1) Do you provide continuous and regular supervisory or management services to securities portfolios?

(2) If yes, what is the amount of your regulatory assets under management and total number of accounts?

		U.S. Dollar Amount		Total Number of Accounts
Discretionary:	(a)	$ 2,250,226,274	(d)	15
Non-Discretionary:	(b)	$ 36,879,547,816	(e)	27
Total:	(c)	$ 39,129,774,090	(f)	42

Part 1A Instruction 5.b. explains how to calculate your regulatory assets under management. You must follow these instructions carefully when completing this Item.

Item 5 Information About Your Advisory Business - Advisory Activities

Advisory Activities

G. What type(s) of advisory services do you provide? Check all that apply.

(1) Financial planning services
(2) Portfolio management for individuals and/or small businesses
(3) Portfolio management for investment companies (as well as "business development companies" that have made an election pursuant to section 54 of the Investmer Company Act of 1940)
(4) Portfolio management for pooled investment vehicles (other than investment companies)
(5) Portfolio management for businesses (other than small businesses) or institutional *clients* (other than registered investment companies and other pooled investment vehicles)
(6) Pension consulting services
(7) Selection of other advisers (including *private fund* managers)
(8) Publication of periodicals or newsletters
(9) Security ratings or pricing services
(10) Market timing services
(11) Educational seminars/workshops
(12) Other(specify): RESEARCH ON HEDGE FUNDS, RISK PARITY FUNDS, HEDGE FUND SUBSTITUTES, HYBRID PE-STYLE FUNDS, AND COMMODITY FOCUSED-FUNDS

Do not check Item 5.G.(3) unless you provide advisory services pursuant to an investment advisory contract to an investment company registered under the Investment Company Act of 1940, including as a subadviser. If you check Item 5.G.(3), report the 811 or 814 number of the investment company or investment companies to which you provide advice in Section 5.G.(3) of Schedule D.

H. If you provide financial planning services, to how many *clients* did you provide these services during your last fiscal year?

0

1 - 10
11 - 25
26 - 50
51 - 100
101 - 250
251 - 500
More than 500

If more than 500, how many?
(round to the nearest 500)

In your responses to this Item 5.H., do not include as "clients" the investors in a private fund you advise, unless you have a separate advisory relationship with those investors.

I. If you participate in a *wrap fee program*, do you (check all that apply):

(1) *sponsor* the *wrap fee program*?
(2) act as a portfolio manager for the *wrap fee program*?

If you are a portfolio manager for a wrap fee program, list the names of the programs and their sponsors in Section 5.I.(2) of Schedule D.

If your involvement in a wrap fee program is limited to recommending wrap fee programs to your clients, or you advise a mutual fund that is offered through a wrap fee progra do not check either Item 5.I.(1) or 5.I.(2).

Yes N

J. In response to Item 4.B. of Part 2A of Form ADV, do you indicate that you provide investment advice only with respect to limited types of investments?

SECTION 5.G.(3) Advisers to Registered Investment Companies and Business Development Companies

No Information Filed

SECTION 5.I.(2) ***Wrap Fee Programs***

No Information Filed

Item 6 Other Business Activities

In this Item, we request information about your firm's other business activities.

A. You are actively engaged in business as a (check all that apply):

(1) broker-dealer (registered or unregistered)
(2) registered representative of a broker-dealer
(3) commodity pool operator or commodity trading advisor (whether registered or exempt from registration)
(4) futures commission merchant
(5) real estate broker, dealer, or agent
(6) insurance broker or agent
(7) bank (including a separately identifiable department or division of a bank)
(8) trust company
(9) registered municipal advisor
(10) registered security-based swap dealer
(11) major security-based swap participant
(12) accountant or accounting firm
(13) lawyer or law firm
(14) other financial product salesperson (specify):

If you engage in other business using a name that is different from the names reported in Items 1.A. or 1.B, complete Section 6.A. of Schedule D.

Yes No

B. (1) Are you actively engaged in any other business not listed in Item 6.A. (other than giving investment advice)?

(2) If yes, is this other business your primary business?

If "yes," describe this other business on Section 6.B.(2) of Schedule D, and if you engage in this business under a different name, provide that name.

Yes No

(3) Do you sell products or provide services other than investment advice to your advisory *clients*?

If "yes," describe this other business on Section 6.B.(3) of Schedule D, and if you engage in this business under a different name, provide that name.

SECTION 6.A. Names of Your Other Businesses

No Information Filed

SECTION 6.B.(2) Description of Primary Business

Describe your primary business (not your investment advisory business):

If you engage in that business under a different name, provide that name:

SECTION 6.B.(3) Description of Other Products and Services

Describe other products or services you sell to your *client*, You may omit products and services that you listed in Section 6.B.(2) above.

If you engage in that business under a different name, provide that name.

Item 7 Financial Industry Affiliations

In this Item, we request information about your financial industry affiliations and activities. This information identifies areas in which conflicts of interest may occur between you and your *clients*.

A. This part of Item 7 requires you to provide information about you and your *related persons*, including foreign affiliates. Your *related persons* are all of your *advisory affiliates* and any *person* that is under common *control* with you.

You have a *related person* that is a (check all that apply):

(1) broker-dealer, municipal securities dealer, or government securities broker or dealer (registered or unregistered)
(2) other investment adviser (including financial planners)
(3) registered municipal advisor
(4) registered security-based swap dealer
(5) major security-based swap participant
(6) commodity pool operator or commodity trading advisor (whether registered or exempt from registration)
(7) futures commission merchant
(8) banking or thrift institution
(9) trust company
(10) accountant or accounting firm
(11) lawyer or law firm
(12) insurance company or agency
(13) pension consultant
(14) real estate broker or dealer
(15) sponsor or syndicator of limited partnerships (or equivalent), excluding pooled investment vehicles
(16) sponsor, general partner, managing member (or equivalent) of pooled investment vehicles

For each related person, including foreign affiliates that may not be registered or required to be registered in the United States, complete Section 7.A. of Schedule D.

You do not need to complete Section 7.A. of Schedule D for any related person if: (1) you have no business dealings with the related person in connection with advisory services you provide to your clients; (2) you do not conduct shared operations with the related person; (3) you do not refer clients or business to the related person, and the related person does not refer prospective clients or business to you; (4) you do not share supervised persons or premises with the related person; and (5) you have no reason to believe that your relationship with the related person otherwise creates a conflict of interest with your clients.

You must complete Section 7.A. of Schedule D for each related person acting as qualified custodian in connection with advisory services you provide to your clients (other than any mutual fund transfer agent pursuant to rule 206(4)-2(b)(1)), regardless of whether you have determined the related person to be operationally independent under rule 206(4)-2 of the Advisers Act.

SECTION 7.A. Financial Industry Affiliations

Complete a separate Schedule D Section 7.A. for each *related person* listed in Item 7.A.

1. Legal Name of *Related Person*:
AKSIA JAPAN CO., LTD.

2. Primary Business Name of *Related Person*:
AKSIA ASIA

3. *Related Person's* SEC File Number (if any) (e.g., 801-, 8-, 866-, 802-)
-
or
Other

4. *Related Person's CRD* Number (if any):

5. *Related Person* is: (check all that apply)
(a) broker-dealer, municipal securities dealer, or government securities broker or dealer
(b) other investment adviser (including financial planners)
(c) registered municipal advisor
(d) registered security-based swap dealer
(e) major security-based swap participant
(f) commodity pool operator or commodity trading advisor (whether registered or exempt from registration)
(g) futures commission merchant
(h) banking or thrift institution
(i) trust company
(j) accountant or accounting firm
(k) lawyer or law firm
(l) insurance company or agency
(m) pension consultant
(n) real estate broker or dealer
(o) sponsor or syndicator of limited partnerships (or equivalent), excluding pooled investment vehicles
(p) sponsor, general partner, managing member (or equivalent) of pooled investment vehicles

Yes No

6. Do you *control* or are you *controlled* by the *related person*?

7. Are you and the *related person* under common *control*?

8. (a) Does the *related person* act as a qualified custodian for your *clients* in connection with advisory services you provide to *clients*?

(b) If you are registering or registered with the SEC and you have answered "yes," to question 8(a) above, have you overcome the presumption that you are not operationally independent (pursuant to rule 206(4)-(2)(d)(5)) from the *related person* and thus are not required to obtain a surprise examination for your *clients'* funds or securities that are maintained at the *related person*?

(c) If you have answered "yes" to question 8.(a) above, provide the location of the *related person's* office responsible for *custody* of your *clients'* assets:

Number and Street 1: Number and Street 2:
City: State: Country: ZIP+4/Postal Code:
If this address is a private residence, check this box:

Yes No

9. (a) If the *related person* is an investment adviser, is it exempt from registration?

(b) If the answer is yes, under what exemption?
203(B)(3)

10. (a) Is the *related person* registered with a *foreign financial regulatory authority* ?

(b) If the answer is yes, list the name and country, in English, of each *foreign financial regulatory authority* with which the *related person* is registered.

Name of Country/Foreign Financial Regulatory Authority
Japan - Financial Services Agency

11. Do you and the *related person* share any *supervised persons*?

12. Do you and the *related person* share the same physical location?

---

1. Legal Name of *Related Person*:
AKSIA EUROPE LIMITED

2. Primary Business Name of *Related Person*:
AKSIA EUROPE

3. *Related Person's* SEC File Number (if any) (e.g., 801-, 8-, 866-, 802-)
-
or
Other

4. *Related Person's CRD* Number (if any):

5. *Related Person* is: (check all that apply)

(a) broker-dealer, municipal securities dealer, or government securities broker or dealer
(b) other investment adviser (including financial planners)
(c) registered municipal advisor
(d) registered security-based swap dealer
(e) major security-based swap participant
(f) commodity pool operator or commodity trading advisor (whether registered or exempt from registration)
(g) futures commission merchant
(h) banking or thrift institution
(i) trust company
(j) accountant or accounting firm
(k) lawyer or law firm
(l) insurance company or agency
(m) pension consultant
(n) real estate broker or dealer
(o) sponsor or syndicator of limited partnerships (or equivalent), excluding pooled investment vehicles
(p) sponsor, general partner, managing member (or equivalent) of pooled investment vehicles

Yes No

6. Do you *control* or are you *controlled* by the *related person*?

7. Are you and the *related person* under common *control*?

8. (a) Does the *related person* act as a qualified custodian for your *clients* in connection with advisory services you provide to *clients*?

(b) If you are registering or registered with the SEC and you have answered "yes," to question 8(a) above, have you overcome the presumption that you are not operationally independent (pursuant to rule 206(4)-(2)(d)(5)) from the *related person* and thus are not required to obtain a surprise examination for your *clients'* funds or securities that are maintained at the *related person*?

(c) If you have answered "yes" to question 8.(a) above, provide the location of the *related person's* office responsible for *custody* of your *clients'* assets:

Number and Street 1: Number and Street 2:
City: State: Country: ZIP+4/Postal Code:
If this address is a private residence, check this box:

Yes No

9. (a) If the *related person* is an investment adviser, is it exempt from registration?

(b) If the answer is yes, under what exemption?
203(B)(3)

10. (a) Is the *related person* registered with a *foreign financial regulatory authority* ?

(b) If the answer is yes, list the name and country, in English, of each *foreign financial regulatory authority* with which the *related person* is registered.

Name of Country/Foreign Financial Regulatory Authority
United Kingdom - Financial Conduct Authority

11. Do you and the *related person* share any *supervised persons*?

12. Do you and the *related person* share the same physical location?

---

1. Legal Name of *Related Person*:
AKSIA HONG KONG LIMITED

2. Primary Business Name of *Related Person*:
AKSIA HONG KONG

3. *Related Person's* SEC File Number (if any) (e.g., 801-, 8-, 866-, 802-)
-
or
Other

4. *Related Person's CRD* Number (if any):

5. *Related Person* is: (check all that apply)
(a) broker-dealer, municipal securities dealer, or government securities broker or dealer
(b) other investment adviser (including financial planners)
(c) registered municipal advisor
(d) registered security-based swap dealer
(e) major security-based swap participant
(f) commodity pool operator or commodity trading advisor (whether registered or exempt from registration)
(g) futures commission merchant
(h) banking or thrift institution
(i) trust company
(j) accountant or accounting firm
(k) lawyer or law firm
(l) insurance company or agency
(m) pension consultant
(n) real estate broker or dealer

(o) sponsor or syndicator of limited partnerships (or equivalent), excluding pooled investment vehicles
(p) sponsor, general partner, managing member (or equivalent) of pooled investment vehicles

Yes No

6. Do you *control* or are you *controlled* by the *related person*?

7. Are you and the *related person* under common *control*?

8. (a) Does the *related person* act as a qualified custodian for your *clients* in connection with advisory services you provide to *clients*?
(b) If you are registering or registered with the SEC and you have answered "yes," to question 8(a) above, have you overcome the presumption that you are not operationally independent (pursuant to rule 206(4)-(2)(d)(5)) from the *related person* and thus are not required to obtain a surprise examination for your *clients'* funds or securities that are maintained at the *related person*?
(c) If you have answered "yes" to question 8.(a) above, provide the location of the *related person's* office responsible for *custody* of your *clients'* assets:
Number and Street 1: Number and Street 2:
City: State: Country: ZIP+4/Postal Code:
If this address is a private residence, check this box:

Yes No

9. (a) If the *related person* is an investment adviser, is it exempt from registration?
(b) If the answer is yes, under what exemption?
203(B)(3)

10. (a) Is the *related person* registered with a *foreign financial regulatory authority* ?
(b) If the answer is yes, list the name and country, in English, of each *foreign financial regulatory authority* with which the *related person* is registered.

Name of Country/Foreign Financial Regulatory Authority
Hong Kong - Securities and Futures Commission

11. Do you and the *related person* share any *supervised persons*?

12. Do you and the *related person* share the same physical location?

---

1. Legal Name of *Related Person*:
AKSIA GP LTD.

2. Primary Business Name of *Related Person*:
AKSIA GP

3. *Related Person's* SEC File Number (if any) (e.g., 801-, 8-, 866-, 802-)
-
or
Other

4. *Related Person's CRD* Number (if any):

5. *Related Person* is: (check all that apply)

(a) broker-dealer, municipal securities dealer, or government securities broker or dealer
(b) other investment adviser (including financial planners)
(c) registered municipal advisor
(d) registered security-based swap dealer
(e) major security-based swap participant
(f) commodity pool operator or commodity trading advisor (whether registered or exempt from registration)
(g) futures commission merchant
(h) banking or thrift institution
(i) trust company
(j) accountant or accounting firm
(k) lawyer or law firm
(l) insurance company or agency
(m) pension consultant
(n) real estate broker or dealer
(o) sponsor or syndicator of limited partnerships (or equivalent), excluding pooled investment vehicles
(p) sponsor, general partner, managing member (or equivalent) of pooled investment vehicles

Yes No

6. Do you *control* or are you *controlled* by the *related person*?

7. Are you and the *related person* under common *control*?

8. (a) Does the *related person* act as a qualified custodian for your *clients* in connection with advisory services you provide to *clients*?
(b) If you are registering or registered with the SEC and you have answered "yes," to question 8(a) above, have you overcome the presumption that you are not operationally independent (pursuant to rule 206(4)-(2)(d)(5)) from the *related person* and thus are not required to obtain a surprise examination for your *clients'* funds or securities that are maintained at the *related person*?
(c) If you have answered "yes" to question 8.(a) above, provide the location of the *related person's* office responsible for *custody* of your *clients'* assets:
Number and Street 1: Number and Street 2:
City: State: Country: ZIP+4/Postal Code:
If this address is a private residence, check this box:

Yes No

9. (a) If the *related person* is an investment adviser, is it exempt from registration?
(b) If the answer is yes, under what exemption?

10. (a) Is the *related person* registered with a *foreign financial regulatory authority* ?
(b) If the answer is yes, list the name and country, in English, of each *foreign financial regulatory authority* with which the *related person* is registered.
No Information Filed

11. Do you and the *related person* share any *supervised persons*?

12. Do you and the *related person* share the same physical location?

Item 7 *Private Fund* Reporting

Yes No

B. Are you an adviser to any *private fund*?

If "yes," then for each private fund that you advise, you must complete a Section 7.B.(1) of Schedule D, except in certain circumstances described in the next sentence and in Instruction 6 of the Instructions to Part 1A. If another adviser reports this information with respect to any such private fund in Section 7.B.(1) of Schedule D of its Form ADV (e.g., if you are a subadviser), do not complete Section 7.B.(1) of Schedule D with respect to that private fund. You must, instead, complete Section 7.B.(2) of Schedule D.

In either case, if you seek to preserve the anonymity of a private fund client by maintaining its identity in your books and records in numerical or alphabetical code, or similar designation, pursuant to rule 204-2(d), you may identify the private fund in Section 7.B.(1) or 7.B.(2) of Schedule D using the same code or designation in place of the fund's name.

SECTION 7.B.(1) *Private Fund* Reporting

A. PRIVATE FUND

Information About the *Private Fund*

1. (a) Name of the *private fund*:
   1788 PAUMANOK FUND A LLC
   (b) *Private fund* identification number:
   (include the "805-" prefix also)
   805-7976719398

2. Under the laws of what state or country is the *private fund* organized:

State:	Country:
Delaware	UNITED STATES

3. Name(s) of General Partner, Manager, Trustee, or Directors (or persons serving in a similar capacity):

Name of General Partner, Manager, Trustee, or Director
AKSIA LLC

4. The *private fund* (check all that apply; you must check at least one):
   (1) qualifies for the exclusion from the definition of investment company under section 3(c)(1) of the Investment Company Act of 1940
   (2) qualifies for the exclusion from the definition of investment company under section 3(c)(7) of the Investment Company Act of 1940

5. List the name and country, in English, of each *foreign financial regulatory authority* with which the *private fund* is registered.

No Information Filed

Yes No

6. (a) Is this a "master fund" in a master-feeder arrangement? ○ ◉
   (b) If yes, what is the name and *private fund* identification number (if any) of the feeder funds investing in this *private fund*?

No Information Filed

Yes No

   (c) Is this a "feeder fund" in a master-feeder arrangement?
   (d) If yes, what is the name and *private fund* identification number (if any) of the master fund in which this *private fund* invests?
   Name of the *Private Fund*:

   Private Fund Identification Number:
   (include the "805-" prefix also)

NOTE: You must complete question 6 for each master-feeder arrangement regardless of whether you are filing a single Schedule D, Section 7.B.(1). for the master-feeder arrangement or reporting on the funds separately.

7. If you are filing a single Schedule D, Section 7.B.(1) for a master-feeder arrangement according to the instructions to this Section 7.B.(1), for each of the feeder funds answer the following questions:

No Information Filed

NOTE: For purposes of questions 6 and 7, in a master-feeder arrangement, one or more funds ("feeder funds") invest all or substantially all of their assets in a single fund ("master fund"). A fund would also be a "feeder fund" investing in a "master fund" for purposes of this question if it issued multiple classes (or series) of shares or interests, and each class (or series) invests substantially all of its assets in a single master fund.

Yes No

8. (a) Is this *private fund* a "fund of funds"?
   (b) If yes, does the *private fund* invest in funds managed by you or by a *related person*?

NOTE: For purposes of this question only, answer "yes" if the fund invests 10 percent or more of its total assets in other pooled investment vehicles, whether or not they are also *private funds*, or registered investment companies.

Yes No

9. During your last fiscal year, did the *private fund* invest in securities issued by investment companies registered under the Investment Company Act of 1940 (other than "money market funds," to the extent provided in Instruction 6.e.)?

10. What type of fund is the *private fund*?

hedge fund liquidity fund private equity fund real estate fund securitized asset fund venture capital fund Other *private fund*

NOTE: For funds of funds, refer to the funds in which the *private fund* invests. For definitions of these fund types, please see Instruction 6 of the Instructions to Part 1A.

11. Current gross asset value of the *private fund*:

$ 544,774,050

Ownership

12. Minimum investment commitment required of an investor in the *private fund*:

$ 5,000,000

NOTE: Report the amount routinely required of investors who are not your *related persons* (even if different from the amount set forth in the organizational documents of the fund).

13. Approximate number of the *private fund*'s beneficial owners:

2

14. What is the approximate percentage of the *private fund* beneficially owned by you and your *related persons*:

0%

15. What is the approximate percentage of the *private fund* beneficially owned (in the aggregate) by funds of funds:

0%

16. What is the approximate percentage of the *private fund* beneficially owned by non-*United States persons*:

0%

Your Advisory Services

Yes No

17. (a) Are you a subadviser to this *private fund*?

(b) If the answer to question 17(a) is "yes," provide the name and SEC file number, if any, of the adviser of the *private fund*. If the answer to question 17(a) is "no," leave this question blank.

No Information Filed

Yes No

18. (a) Do any other investment advisers advise the *private fund*?

(b) If the answer to question 18(a) is "yes," provide the name and SEC file number, if any, of the other advisers to the *private fund*. If the answer to question 18(a) is "no," leave this question blank.

No Information Filed

Yes No

19. Are your *clients* solicited to invest in the *private fund*?

20. Approximately what percentage of your *clients* has invested in the *private fund*?

2%

Private Offering

Yes No

21. Does the *private fund* rely on an exemption from registration of its securities under Regulation D of the Securities Act of 1933?

22. If yes, provide the *private fund*'s Form D file number (if any):

No Information Filed

B. SERVICE PROVIDERS

Auditors

Yes No

23. (a) (1) Are the *private fund*'s financial statements subject to an annual audit?

(2) Are the financial statements prepared in accordance with U.S. GAAP?

If the answer to 23(a)(1) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one auditing firm, you must complete questions (b) through (f) separately for each auditing firm.

Additional Auditor Information : 1 Record(s) Filed.

If the answer to 23(a)(1) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one auditing firm, you must complete questions (b) through (f) separately for each auditing firm.

(b) Name of the auditing firm:
EISNERAMPER LLP

(c) The location of the auditing firm's office responsible for the *private fund*'s audit (city, state and country):

City:	State:	Country:
NEW YORK	New York	UNITED STATES

Yes No

(d) Is the auditing firm an *independent public accountant*?

(e) Is the auditing firm registered with the Public Company Accounting Oversight Board?

(f) If "yes" to (e) above, is the auditing firm subject to regular inspection by the Public Company Accounting Oversight Board in accordance with its rules?

Yes No

(g) Are the *private fund*'s audited financial statements distributed to the *private fund*'s investors?

(h) Does the report prepared by the auditing firm contain an unqualified opinion?

Yes No Report Not Yet Received

If you check "Report Not Yet Received," you must promptly file an amendment to your Form ADV to update your response when the report is available.

Prime Broker

Yes No

24. (a) Does the *private fund* use one or more prime brokers?

If the answer to 24(a) is "yes," respond to questions (b) through (e) below for each prime broker the *private fund* uses. If the *private fund* uses more than one prime broker, you must complete questions (b) through (e) separately for each prime broker.

No Information Filed

Custodian

Yes No

25. (a) Does the *private fund* use any custodians (including the prime brokers listed above) to hold some or all of its assets?

If the answer to 25(a) is "yes," respond to questions (b) through (f) below for each custodian the *private fund* uses. If the *private fund* uses more than one custodian, you must complete questions (b) through (f) separately for each custodian.

Additional Custodian Information : 1 Record(s) Filed.

If the answer to 25(a) is "yes," respond to questions (b) through (f) below for each custodian the *private fund* uses. If the *private fund* uses more than one custodian, you must complete questions (b) through (f) separately for each custodian.

(b) Legal name of custodian:
THE BANK OF NEW YORK MELLON CORPORATION

(c) Primary business name of custodian:
THE BANK OF NEW YORK MELLON CORPORATION

(d) The location of the custodian's office responsible for *custody* of the *private fund*'s assets (city, state and country):

City:	State:	Country:
NEW YORK	New York	UNITED STATES

Yes No

(e) Is the custodian a *related person* of your firm?

(f) If the custodian is a broker-dealer, provide its SEC registration number (if any)
-

CRD Number (if any):

Administrator

Yes No

26. (a) Does the *private fund* use an administrator other than your firm?

If the answer to 26(a) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one administrator, you must complete questions (b) through (f) separately for each administrator.

Additional Administrator Information : 1 Record(s) Filed.

If the answer to 26(a) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one administrator, you must complete questions (b) through (f) separately for each administrator.

(b) Name of the administrator:
THE BANK OF NEW YORK MELLON CORPORATION

(c) Location of administrator (city, state and country):

City:	State:	Country:
NEW YORK	New York	UNITED STATES

Yes No

(d) Is the administrator a *related person* of your firm?

(e) Does the administrator prepare and send investor account statements to the *private fund*'s investors?
Yes (provided to all investors) Some (provided to some but not all investors) No (provided to no investors)

(f) If the answer to 26(e) is "no" or "some," who sends the investor account statements to the (rest of the) *private fund*'s investors? If investor account statements are not sent to the (rest of the) *private fund*'s investors, respond "not applicable."

27. During your last fiscal year, what percentage of the *private fund*'s assets (by value) was valued by a *person*, such as an administrator, that is not your *related person*?
100%
Include only those assets where (i) such person carried out the valuation procedure established for that asset, if any, including obtaining any relevant quotes, and (ii) the valuation used for purposes of investor subscriptions, redemptions or distributions, and fee calculations (including allocations) was the valuation determined by such person.

Marketers

Yes No

28. (a) Does the *private fund* use the services of someone other than you or your *employees* for marketing purposes?

You must answer "yes" whether the person acts as a placement agent, consultant, finder, introducer, municipal advisor or other solicitor, or similar person. If the answer to 28(a) is "yes", respond to questions (b) through (g) below for each such marketer the *private fund* uses. If the *private fund* uses more than one marketer you must complete questions (b) through (g) separately for each marketer.

No Information Filed

A. PRIVATE FUND

Information About the *Private Fund*

1. (a) Name of the *private fund*:
1788 PAUMANOK FUND B LLC
(b) *Private fund* identification number:
(include the "805-" prefix also)
805-6129170497

2. Under the laws of what state or country is the *private fund* organized:

State:	Country:
Delaware	UNITED STATES

3. Name(s) of General Partner, Manager, Trustee, or Directors (or persons serving in a similar capacity):

Name of General Partner, Manager, Trustee, or Director

AKSIA LLC

4. The *private fund* (check all that apply; you must check at least one):
   (1) qualifies for the exclusion from the definition of investment company under section 3(c)(1) of the Investment Company Act of 1940
   (2) qualifies for the exclusion from the definition of investment company under section 3(c)(7) of the Investment Company Act of 1940

5. List the name and country, in English, of each *foreign financial regulatory authority* with which the *private fund* is registered.

No Information Filed

Yes No

6. (a) Is this a "master fund" in a master-feeder arrangement?
   (b) If yes, what is the name and *private fund* identification number (if any) of the feeder funds investing in this *private fund*?

No Information Filed

Yes No

   (c) Is this a "feeder fund" in a master-feeder arrangement?
   (d) If yes, what is the name and *private fund* identification number (if any) of the master fund in which this *private fund* invests?
   Name of the *Private Fund*:

   Private Fund Identification Number:
   (include the "805-" prefix also)

NOTE: You must complete question 6 for each master-feeder arrangement regardless of whether you are filing a single Schedule D, Section 7.B.(1). for the master-feeder arrangement or reporting on the funds separately.

7. If you are filing a single Schedule D, Section 7.B.(1) for a master-feeder arrangement according to the instructions to this Section 7.B.(1), for each of the feeder funds answer the following questions:

No Information Filed

NOTE: For purposes of questions 6 and 7, in a master-feeder arrangement, one or more funds ("feeder funds") invest all or substantially all of their assets in a single fund ("master fund"). A fund would also be a "feeder fund" investing in a "master fund" for purposes of this question if it issued multiple classes (or series) of shares or interests, and each class (or series) invests substantially all of its assets in a single master fund.

Yes No

8. (a) Is this *private fund* a "fund of funds"?
   (b) If yes, does the *private fund* invest in funds managed by you or by a *related person*?

   NOTE: For purposes of this question only, answer "yes" if the fund invests 10 percent or more of its total assets in other pooled investment vehicles, whether or not they are also *private funds*, or registered investment companies.

Yes No

9. During your last fiscal year, did the *private fund* invest in securities issued by investment companies registered under the Investment Company Act of 1940 (other than "money market funds," to the extent provided in Instruction 6.e.)?

10. What type of fund is the *private fund*?

    hedge fund   liquidity fund   private equity fund   real estate fund   securitized asset fund   venture capital fund   Other *private fund*

    NOTE: For funds of funds, refer to the funds in which the *private fund* invests. For definitions of these fund types, please see Instruction 6 of the Instructions to Part 1A.

11. Current gross asset value of the *private fund*:
    $ 97,501,089

Ownership

12. Minimum investment commitment required of an investor in the *private fund*:

    $ 5,000,000

    NOTE: Report the amount routinely required of investors who are not your *related persons* (even if different from the amount set forth in the organizational documents of the fund).

13. Approximate number of the *private fund*'s beneficial owners:
    1

14. What is the approximate percentage of the *private fund* beneficially owned by you and your *related persons*:
    0%

15. What is the approximate percentage of the *private fund* beneficially owned (in the aggregate) by funds of funds:
    0%

16. What is the approximate percentage of the *private fund* beneficially owned by non-*United States persons*:
    0%

Your Advisory Services

Yes No

17. (a) Are you a subadviser to this *private fund*?
    (b) If the answer to question 17(a) is "yes," provide the name and SEC file number, if any, of the adviser of the *private fund*. If the answer to question 17(a) is "no," leave this question blank.

No Information Filed

Yes No

18. (a) Do any other investment advisers advise the *private fund*?
    (b) If the answer to question 18(a) is "yes," provide the name and SEC file number, if any, of the other advisers to the *private fund*. If the answer to question 18(a) is "no," leave this question blank.

No Information Filed

Yes No

19. Are your *clients* solicited to invest in the *private fund*?

20. Approximately what percentage of your *clients* has invested in the *private fund*?
    2%

Private Offering

Yes No

21. Does the *private fund* rely on an exemption from registration of its securities under Regulation D of the Securities Act of 1933?

22. If yes, provide the *private fund*'s Form D file number (if any):

No Information Filed

B. SERVICE PROVIDERS

Auditors

Yes No

23. (a) (1) Are the *private fund*'s financial statements subject to an annual audit?
    (2) Are the financial statements prepared in accordance with U.S. GAAP?

    If the answer to 23(a)(1) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one auditing firm, you must complete questions (b) through (f) separately for each auditing firm.

Additional Auditor Information : 1 Record(s) Filed.

If the answer to 23(a)(1) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one auditing firm, you must complete questions (b) through (f) separately for each auditing firm.

(b) Name of the auditing firm:
EISNERAMPER LLP

(c) The location of the auditing firm's office responsible for the *private fund*'s audit (city, state and country):

City:	State:	Country:
NEW YORK	New York	UNITED STATES

Yes No

(d) Is the auditing firm an *independent public accountant*?

(e) Is the auditing firm registered with the Public Company Accounting Oversight Board?

(f) If "yes" to (e) above, is the auditing firm subject to regular inspection by the Public Company Accounting Oversight Board in accordance with its rules?

Yes No

(g) Are the *private fund*'s audited financial statements distributed to the *private fund*'s investors?

(h) Does the report prepared by the auditing firm contain an unqualified opinion?

Yes No Report Not Yet Received

If you check "Report Not Yet Received," you must promptly file an amendment to your Form ADV to update your response when the report is available.

Prime Broker

Yes No

24. (a) Does the *private fund* use one or more prime brokers?

If the answer to 24(a) is "yes," respond to questions (b) through (e) below for each prime broker the *private fund* uses. If the *private fund* uses more than one prime broker, you must complete questions (b) through (e) separately for each prime broker.

No Information Filed

Custodian

Yes No

25. (a) Does the *private fund* use any custodians (including the prime brokers listed above) to hold some or all of its assets?

If the answer to 25(a) is "yes," respond to questions (b) through (f) below for each custodian the *private fund* uses. If the *private fund* uses more than one custodian, you must complete questions (b) through (f) separately for each custodian.

Additional Custodian Information : 1 Record(s) Filed.

If the answer to 25(a) is "yes," respond to questions (b) through (f) below for each custodian the *private fund* uses. If the *private fund* uses more than one custodian, you must complete questions (b) through (f) separately for each custodian.

(b) Legal name of custodian:
THE BANK OF NEW YORK MELLON CORPORATION

(c) Primary business name of custodian:
THE BANK OF NEW YORK MELLON CORPORATION

(d) The location of the custodian's office responsible for *custody* of the *private fund*'s assets (city, state and country):

City:	State:	Country:
NEW YORK	New York	UNITED STATES

Yes No

(e) Is the custodian a *related person* of your firm?

(f) If the custodian is a broker-dealer, provide its SEC registration number (if any)
-
CRD Number (if any):

Administrator

Yes No

26. (a) Does the *private fund* use an administrator other than your firm?

If the answer to 26(a) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one administrator, you must complete questions (b) through (f) separately for each administrator.

Additional Administrator Information : 1 Record(s) Filed.

If the answer to 26(a) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one administrator, you must complete questions (b) through (f) separately for each administrator.

(b) Name of the administrator:
THE BANK OF NEW YORK MELLON

(c) Location of administrator (city, state and country):

City:	State:	Country:
NEW YORK	New York	UNITED STATES

Yes No

(d) Is the administrator a *related person* of your firm?

(e) Does the administrator prepare and send investor account statements to the *private fund*'s investors?

Yes (provided to all investors) Some (provided to some but not all investors) No (provided to no investors)

(f) If the answer to 26(e) is "no" or "some," who sends the investor account statements to the (rest of the) *private fund*'s investors? If investor account statements are not sent to the (rest of the) *private fund*'s investors, respond "not applicable."

27. During your last fiscal year, what percentage of the *private fund*'s assets (by value) was valued by a *person*, such as an administrator, that is not your *related person*?

100%

Include only those assets where (i) such person carried out the valuation procedure established for that asset, if any, including obtaining any relevant quotes, and (ii) the valuation used for purposes of investor subscriptions, redemptions or distributions, and fee calculations (including allocations) was the valuation determined by such person.

Marketers

Yes No

28. (a) Does the *private fund* use the services of someone other than you or your *employees* for marketing purposes?

You must answer "yes" whether the person acts as a placement agent, consultant, finder, introducer, municipal advisor or other solicitor, or similar person. If the answer to 28(a) is "yes", respond to questions (b) through (g) below for each such marketer the *private fund* uses. If the *private fund* uses more than one marketer you must complete questions (b) through (g) separately for each marketer.

No Information Filed

A. PRIVATE FUND

Information About the *Private Fund*

1. (a) Name of the *private fund*:

COPA 529 LP

(b) *Private fund* identification number:
(include the "805-" prefix also)

805-5995183977

2. Under the laws of what state or country is the *private fund* organized:

State:	Country:
	CAYMAN ISLANDS

3. Name(s) of General Partner, Manager, Trustee, or Directors (or persons serving in a similar capacity):

Name of General Partner, Manager, Trustee, or Director
AKSIA GP LTD.
AKSIA LLC

4. The *private fund* (check all that apply; you must check at least one):

(1) qualifies for the exclusion from the definition of investment company under section 3(c)(1) of the Investment Company Act of 1940

(2) qualifies for the exclusion from the definition of investment company under section 3(c)(7) of the Investment Company Act of 1940

5. List the name and country, in English, of each *foreign financial regulatory authority* with which the *private fund* is registered.

No Information Filed

Yes No

6. (a) Is this a "master fund" in a master-feeder arrangement?

(b) If yes, what is the name and *private fund* identification number (if any) of the feeder funds investing in this *private fund*?

No Information Filed

Yes No

(c) Is this a "feeder fund" in a master-feeder arrangement?

(d) If yes, what is the name and *private fund* identification number (if any) of the master fund in which this *private fund* invests?

Name of the *Private Fund*:

Private Fund Identification Number:
(include the "805-" prefix also)

NOTE: You must complete question 6 for each master-feeder arrangement regardless of whether you are filing a single Schedule D, Section 7.B.(1). for the master-feeder arrangement or reporting on the funds separately.

7. If you are filing a single Schedule D, Section 7.B.(1) for a master-feeder arrangement according to the instructions to this Section 7.B.(1), for each of the feeder funds answer the following questions:

No Information Filed

NOTE: For purposes of questions 6 and 7, in a master-feeder arrangement, one or more funds ("feeder funds") invest all or substantially all of their assets in a single fund ("master fund"). A fund would also be a "feeder fund" investing in a "master fund" for purposes of this question if it issued multiple classes (or series) of shares or interests, and each class (or series) invests substantially all of its assets in a single master fund.

Yes No

8. (a) Is this *private fund* a "fund of funds"?

(b) If yes, does the *private fund* invest in funds managed by you or by a *related person*?

NOTE: For purposes of this question only, answer "yes" if the fund invests 10 percent or more of its total assets in other pooled investment vehicles, whether or not they are also *private funds*, or registered investment companies.

Yes No

9. During your last fiscal year, did the *private fund* invest in securities issued by investment companies registered under the Investment Company Act of 1940 (other than "money market funds," to the extent provided in Instruction 6.e.)?

10. What type of fund is the *private fund*?

hedge fund liquidity fund private equity fund real estate fund securitized asset fund venture capital fund Other *private fund*

NOTE: For funds of funds, refer to the funds in which the *private fund* invests. For definitions of these fund types, please see Instruction 6 of the Instructions to Part 1A.

11. Current gross asset value of the *private fund*:
$ 120,747,410

Ownership

12. Minimum investment commitment required of an investor in the *private fund*:
$ 100,000,000

NOTE: Report the amount routinely required of investors who are not your *related persons* (even if different from the amount set forth in the organizational documents of the fund).

13. Approximate number of the *private fund*'s beneficial owners:

1

14. What is the approximate percentage of the *private fund* beneficially owned by you and your *related persons*:
0%

15. What is the approximate percentage of the *private fund* beneficially owned (in the aggregate) by funds of funds:
0%

16. What is the approximate percentage of the *private fund* beneficially owned by non-*United States persons*:
0%

Your Advisory Services

Yes No

17. (a) Are you a subadviser to this *private fund*?

(b) If the answer to question 17(a) is "yes," provide the name and SEC file number, if any, of the adviser of the *private fund*. If the answer to question 17(a) is "no," leave this question blank.

No Information Filed

Yes No

18. (a) Do any other investment advisers advise the *private fund*?

(b) If the answer to question 18(a) is "yes," provide the name and SEC file number, if any, of the other advisers to the *private fund*. If the answer to question 18(a) is "no," leave this question blank.

No Information Filed

Yes No

19. Are your *clients* solicited to invest in the *private fund*?

20. Approximately what percentage of your *clients* has invested in the *private fund*?

2%

Private Offering

Yes No

21. Does the *private fund* rely on an exemption from registration of its securities under Regulation D of the Securities Act of 1933?

22. If yes, provide the *private fund*'s Form D file number (if any):

No Information Filed

B. SERVICE PROVIDERS

Auditors

Yes No

23. (a) (1) Are the *private fund*'s financial statements subject to an annual audit?

(2) Are the financial statements prepared in accordance with U.S. GAAP?

If the answer to 23(a)(1) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one auditing firm, you must complete questions (b) through (f) separately for each auditing firm.

Additional Auditor Information : 1 Record(s) Filed.

If the answer to 23(a)(1) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one auditing firm, you must complete questions (b) through (f) separately for each auditing firm.

(b) Name of the auditing firm:

EISNERAMPER LLP

(c) The location of the auditing firm's office responsible for the *private fund*'s audit (city, state and country):

City:	State:	Country:
NEW YORK	New York	UNITED STATES

Yes No

(d) Is the auditing firm an *independent public accountant*?

(e) Is the auditing firm registered with the Public Company Accounting Oversight Board?

(f) If "yes" to (e) above, is the auditing firm subject to regular inspection by the Public Company Accounting Oversight Board in accordance with its rules?

Yes No

(g) Are the *private fund*'s audited financial statements distributed to the *private fund*'s investors?

(h) Does the report prepared by the auditing firm contain an unqualified opinion?

Yes No Report Not Yet Received

If you check "Report Not Yet Received," you must promptly file an amendment to your Form ADV to update your response when the report is available.

Prime Broker

Yes No

24. (a) Does the *private fund* use one or more prime brokers?

If the answer to 24(a) is "yes," respond to questions (b) through (e) below for each prime broker the *private fund* uses. If the *private fund* uses more than one prime broker, you must complete questions (b) through (e) separately for each prime broker.

No Information Filed

Custodian

Yes No

25. (a) Does the *private fund* use any custodians (including the prime brokers listed above) to hold some or all of its assets?

If the answer to 25(a) is "yes," respond to questions (b) through (f) below for each custodian the *private fund* uses. If the *private fund* uses more than one custodian, you must complete questions (b) through (f) separately for each custodian.

Additional Custodian Information : 1 Record(s) Filed.

If the answer to 25(a) is "yes," respond to questions (b) through (f) below for each custodian the *private fund* uses. If the *private fund* uses more than one custodian, you must complete questions (b) through (f) separately for each custodian.

(b) Legal name of custodian:
THE BANK OF NEW YORK MELLON CORPORATION

(c) Primary business name of custodian:
THE BANK OF NEW YORK MELLON

(d) The location of the custodian's office responsible for *custody* of the *private fund*'s assets (city, state and country):

City:	State:	Country:
NEW YORK	New York	UNITED STATES

Yes No

(e) Is the custodian a *related person* of your firm?

(f) If the custodian is a broker-dealer, provide its SEC registration number (if any)
-
CRD Number (if any):

Administrator

Yes No

26. (a) Does the *private fund* use an administrator other than your firm?

If the answer to 26(a) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one administrator, you must complete questions (b) through (f) separately for each administrator.

Additional Administrator Information : 1 Record(s) Filed.

If the answer to 26(a) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one administrator, you must complete questions (b) through (f) separately for each administrator.

(b) Name of the administrator:
THE BANK OF NEW YORK MELLON CORPORATION

(c) Location of administrator (city, state and country):

City:	State:	Country:
NEW YORK	New York	UNITED STATES

Yes No

(d) Is the administrator a *related person* of your firm?

(e) Does the administrator prepare and send investor account statements to the *private fund*'s investors?
Yes (provided to all investors) Some (provided to some but not all investors) No (provided to no investors)

(f) If the answer to 26(e) is "no" or "some," who sends the investor account statements to the (rest of the) *private fund*'s investors? If investor account statements are not sent to the (rest of the) *private fund*'s investors, respond "not applicable."

27. During your last fiscal year, what percentage of the *private fund*'s assets (by value) was valued by a *person*, such as an administrator, that is not your *related person*?
100%
Include only those assets where (i) such person carried out the valuation procedure established for that asset, if any, including obtaining any relevant quotes, and (ii) the valuation used for purposes of investor subscriptions, redemptions or distributions, and fee calculations (including allocations) was the valuation determined by such person.

Marketers

Yes No

28. (a) Does the *private fund* use the services of someone other than you or your *employees* for marketing purposes?

You must answer "yes" whether the person acts as a placement agent, consultant, finder, introducer, municipal advisor or other solicitor, or similar person. If the answer to 28(a) is "yes", respond to questions (b) through (g) below for each such marketer the *private fund* uses. If the *private fund* uses more than one marketer you must complete questions (b) through (g) separately for each marketer.

No Information Filed

A. PRIVATE FUND

Information About the *Private Fund*

1. (a) Name of the *private fund*:
COPA KEYSTONE LP
(b) *Private fund* identification number:
(include the "805-" prefix also)
805-4240043755

2. Under the laws of what state or country is the *private fund* organized:
State:
Country:
CAYMAN ISLANDS

3. Name(s) of General Partner, Manager, Trustee, or Directors (or persons serving in a similar capacity):

Name of General Partner, Manager, Trustee, or Director
AKSIA GP LTD.
AKSIA LLC

4. The *private fund* (check all that apply; you must check at least one):
(1) qualifies for the exclusion from the definition of investment company under section 3(c)(1) of the Investment Company Act of 1940
(2) qualifies for the exclusion from the definition of investment company under section 3(c)(7) of the Investment Company Act of 1940

5. List the name and country, in English, of each *foreign financial regulatory authority* with which the *private fund* is registered.

No Information Filed

Yes No

6. (a) Is this a "master fund" in a master-feeder arrangement?
(b) If yes, what is the name and *private fund* identification number (if any) of the feeder funds investing in this *private fund*?

No Information Filed

Yes No

(c) Is this a "feeder fund" in a master-feeder arrangement?
(d) If yes, what is the name and *private fund* identification number (if any) of the master fund in which this *private fund* invests?
Name of the *Private Fund*:

Private Fund Identification Number:
(include the "805-" prefix also)

NOTE: You must complete question 6 for each master-feeder arrangement regardless of whether you are filing a single Schedule D, Section 7.B.(1). for the master-feeder arrangement or reporting on the funds separately.

7. If you are filing a single Schedule D, Section 7.B.(1) for a master-feeder arrangement according to the instructions to this Section 7.B.(1), for each of the feeder funds answer the following questions:

No Information Filed

NOTE: For purposes of questions 6 and 7, in a master-feeder arrangement, one or more funds ("feeder funds") invest all or substantially all of their assets in a single fund ("master fund"). A fund would also be a "feeder fund" investing in a "master fund" for purposes of this question if it issued multiple classes (or series) of shares or interests, and each class (or series) invests substantially all of its assets in a single master fund.

Yes No

8. (a) Is this *private fund* a "fund of funds"?

   (b) If yes, does the *private fund* invest in funds managed by you or by a *related person*?

   NOTE: For purposes of this question only, answer "yes" if the fund invests 10 percent or more of its total assets in other pooled investment vehicles, whether or not they are also *private funds*, or registered investment companies.

Yes No

9. During your last fiscal year, did the *private fund* invest in securities issued by investment companies registered under the Investment Company Act of 1940 (other than "money market funds," to the extent provided in Instruction 6.e.)?

10. What type of fund is the *private fund*?

    hedge fund   liquidity fund   private equity fund   real estate fund   securitized asset fund   venture capital fund   Other *private fund*

    NOTE: For funds of funds, refer to the funds in which the *private fund* invests. For definitions of these fund types, please see Instruction 6 of the Instructions to Part 1A.

11. Current gross asset value of the *private fund*:
    $ 294,596,100

Ownership

12. Minimum investment commitment required of an investor in the *private fund*:
    $ 100,000,000
    NOTE: Report the amount routinely required of investors who are not your *related persons* (even if different from the amount set forth in the organizational documents of the fund).

13. Approximate number of the *private fund*'s beneficial owners:
    1

14. What is the approximate percentage of the *private fund* beneficially owned by you and your *related persons*:
    0%

15. What is the approximate percentage of the *private fund* beneficially owned (in the aggregate) by funds of funds:

    0%

16. What is the approximate percentage of the *private fund* beneficially owned by non-*United States persons*:
    0%

Your Advisory Services

Yes No

17. (a) Are you a subadviser to this *private fund*?

    (b) If the answer to question 17(a) is "yes," provide the name and SEC file number, if any, of the adviser of the *private fund*. If the answer to question 17(a) is "no," leave this question blank.

    No Information Filed

Yes No

18. (a) Do any other investment advisers advise the *private fund*?

    (b) If the answer to question 18(a) is "yes," provide the name and SEC file number, if any, of the other advisers to the *private fund*. If the answer to question 18(a) is "no," leave this question blank.

    No Information Filed

Yes No

19. Are your *clients* solicited to invest in the *private fund*?

20. Approximately what percentage of your *clients* has invested in the *private fund*?
    2%

Private Offering

Yes No

21. Does the *private fund* rely on an exemption from registration of its securities under Regulation D of the Securities Act of 1933?

22. If yes, provide the *private fund*'s Form D file number (if any):

No Information Filed

B. SERVICE PROVIDERS

Auditors

Yes No

23. (a) (1) Are the *private fund*'s financial statements subject to an annual audit?

(2) Are the financial statements prepared in accordance with U.S. GAAP?

If the answer to 23(a)(1) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one auditing firm, you must complete questions (b) through (f) separately for each auditing firm.

Additional Auditor Information : 1 Record(s) Filed.

If the answer to 23(a)(1) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one auditing firm, you must complete questions (b) through (f) separately for each auditing firm.

(b) Name of the auditing firm:
EISNERAMPER LLP

(c) The location of the auditing firm's office responsible for the *private fund*'s audit (city, state and country):

City:	State:	Country:
NEW YORK	New York	UNITED STATES

Yes No

(d) Is the auditing firm an *independent public accountant*?

(e) Is the auditing firm registered with the Public Company Accounting Oversight Board?

(f) If "yes" to (e) above, is the auditing firm subject to regular inspection by the Public Company Accounting Oversight Board in accordance with its rules?

Yes No

(g) Are the *private fund*'s audited financial statements distributed to the *private fund*'s investors?

(h) Does the report prepared by the auditing firm contain an unqualified opinion?

Yes No Report Not Yet Received

If you check "Report Not Yet Received," you must promptly file an amendment to your Form ADV to update your response when the report is available.

Prime Broker

Yes No

24. (a) Does the *private fund* use one or more prime brokers?

If the answer to 24(a) is "yes," respond to questions (b) through (e) below for each prime broker the *private fund* uses. If the *private fund* uses more than one prime broker, you must complete questions (b) through (e) separately for each prime broker.

No Information Filed

Custodian

Yes No

25. (a) Does the *private fund* use any custodians (including the prime brokers listed above) to hold some or all of its assets?

If the answer to 25(a) is "yes," respond to questions (b) through (f) below for each custodian the *private fund* uses. If the *private fund* uses more than one custodian, you must complete questions (b) through (f) separately for each custodian.

Additional Custodian Information : 1 Record(s) Filed.

If the answer to 25(a) is "yes," respond to questions (b) through (f) below for each custodian the *private fund* uses. If the *private fund* uses more than one custodian, you must complete questions (b) through (f) separately for each custodian.

(b) Legal name of custodian:
THE BANK OF NEW YORK MELLON CORPORATION

(c) Primary business name of custodian:
THE BANK OF NEW YORK MELLON

(d) The location of the custodian's office responsible for *custody* of the *private fund*'s assets (city, state and country):

City:	State:	Country:
NEW YORK	New York	UNITED STATES

Yes No

(e) Is the custodian a *related person* of your firm?

(f) If the custodian is a broker-dealer, provide its SEC registration number (if any)
-
CRD Number (if any):

Administrator

Yes No

26. (a) Does the *private fund* use an administrator other than your firm?

If the answer to 26(a) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one administrator, you must complete questions (b) through (f) separately for each administrator.

Additional Administrator Information : 1 Record(s) Filed.

If the answer to 26(a) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one administrator, you must complete questions (b) through (f) separately for each administrator.

(b) Name of the administrator:
THE BANK OF NEW YORK MELLON CORPORATION

(c) Location of administrator (city, state and country):

City:	State:	Country:
NEW YORK	New York	UNITED STATES

Yes No

(d) Is the administrator a *related person* of your firm?

(e) Does the administrator prepare and send investor account statements to the *private fund*'s investors?

Yes (provided to all investors) Some (provided to some but not all investors) No (provided to no investors)

(f) If the answer to 26(e) is "no" or "some," who sends the investor account statements to the (rest of the) *private fund*'s investors? If investor account statements are not sent to the (rest of the) *private fund*'s investors, respond "not applicable."

27. During your last fiscal year, what percentage of the *private fund*'s assets (by value) was valued by a *person*, such as an administrator, that is not your *related person*?
100%
Include only those assets where (i) such person carried out the valuation procedure established for that asset, if any, including obtaining any relevant quotes, and (ii) the valuation used for purposes of investor subscriptions, redemptions or distributions, and fee calculations (including allocations) was the valuation determined by such person.

Marketers

Yes No

28. (a) Does the *private fund* use the services of someone other than you or your *employees* for marketing purposes?

You must answer "yes" whether the person acts as a placement agent, consultant, finder, introducer, municipal advisor or other solicitor, or similar person. If the answer to 28(a) is "yes", respond to questions (b) through (g) below for each such marketer the *private fund* uses. If the *private fund* uses more than one marketer you must complete questions (b) through (g) separately for each marketer.

No Information Filed

A. PRIVATE FUND

Information About the *Private Fund*

1. (a) Name of the *private fund*:
   OYS FUND LLC
   (b) *Private fund* identification number:
   (include the "805-" prefix also)
   805-2719933031

2. Under the laws of what state or country is the *private fund* organized:

State:	Country:
Delaware	UNITED STATES

3. Name(s) of General Partner, Manager, Trustee, or Directors (or persons serving in a similar capacity):

Name of General Partner, Manager, Trustee, or Director
AKSIA LLC

4. The *private fund* (check all that apply; you must check at least one):
   (1) qualifies for the exclusion from the definition of investment company under section 3(c)(1) of the Investment Company Act of 1940
   (2) qualifies for the exclusion from the definition of investment company under section 3(c)(7) of the Investment Company Act of 1940

5. List the name and country, in English, of each *foreign financial regulatory authority* with which the *private fund* is registered.

No Information Filed

Yes No

6. (a) Is this a "master fund" in a master-feeder arrangement?
   (b) If yes, what is the name and *private fund* identification number (if any) of the feeder funds investing in this *private fund*?

No Information Filed

Yes No

   (c) Is this a "feeder fund" in a master-feeder arrangement?
   (d) If yes, what is the name and *private fund* identification number (if any) of the master fund in which this *private fund* invests?
   Name of the *Private Fund*:

   Private Fund Identification Number:
   (include the "805-" prefix also)

NOTE: You must complete question 6 for each master-feeder arrangement regardless of whether you are filing a single Schedule D, Section 7.B.(1). for the master-feeder arrangement or reporting on the funds separately.

7. If you are filing a single Schedule D, Section 7.B.(1) for a master-feeder arrangement according to the instructions to this Section 7.B.(1), for each of the feeder funds answer the following questions:

No Information Filed

NOTE: For purposes of questions 6 and 7, in a master-feeder arrangement, one or more funds ("feeder funds") invest all or substantially all of their assets in a single fund ("master fund"). A fund would also be a "feeder fund" investing in a "master fund" for purposes of this question if it issued multiple classes (or series) of shares or interests, and each class (or series) invests substantially all of its assets in a single master fund.

Yes No

8. (a) Is this *private fund* a "fund of funds"?
   (b) If yes, does the *private fund* invest in funds managed by you or by a *related person*?

NOTE: For purposes of this question only, answer "yes" if the fund invests 10 percent or more of its total assets in other pooled investment vehicles, whether or not they are also *private funds*, or registered investment companies.

Yes No

9. During your last fiscal year, did the *private fund* invest in securities issued by investment companies registered under the Investment Company Act of 1940 (other than "money market funds," to the extent provided in Instruction 6.e.)?

10. What type of fund is the *private fund*?

hedge fund liquidity fund private equity fund real estate fund securitized asset fund venture capital fund Other *private fund*

NOTE: For funds of funds, refer to the funds in which the *private fund* invests. For definitions of these fund types, please see Instruction 6 of the Instructions to Part 1A.

11. Current gross asset value of the *private fund*:
$ 461,840,420

Ownership

12. Minimum investment commitment required of an investor in the *private fund*:
$ 1,000,000
NOTE: Report the amount routinely required of investors who are not your *related persons* (even if different from the amount set forth in the organizational documents of the fund).

13. Approximate number of the *private fund*'s beneficial owners:
1

14. What is the approximate percentage of the *private fund* beneficially owned by you and your *related persons*:
0%

15. What is the approximate percentage of the *private fund* beneficially owned (in the aggregate) by funds of funds:
0%

16. What is the approximate percentage of the *private fund* beneficially owned by non-*United States persons*:
0%

Your Advisory Services

Yes No

17. (a) Are you a subadviser to this *private fund*?

(b) If the answer to question 17(a) is "yes," provide the name and SEC file number, if any, of the adviser of the *private fund*. If the answer to question 17(a) is "no," leave this question blank.

No Information Filed

Yes No

18. (a) Do any other investment advisers advise the *private fund*?

(b) If the answer to question 18(a) is "yes," provide the name and SEC file number, if any, of the other advisers to the *private fund*. If the answer to question 18(a) is "no," leave this question blank.

No Information Filed

Yes No

19. Are your *clients* solicited to invest in the *private fund*?

20. Approximately what percentage of your *clients* has invested in the *private fund*?
2%

Private Offering

Yes No

21. Does the *private fund* rely on an exemption from registration of its securities under Regulation D of the Securities Act of 1933?

22. If yes, provide the *private fund*'s Form D file number (if any):

No Information Filed

B. SERVICE PROVIDERS

Auditors

Yes No

23. (a) (1) Are the *private fund*'s financial statements subject to an annual audit?

(2) Are the financial statements prepared in accordance with U.S. GAAP?

If the answer to 23(a)(1) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one auditing firm, you must complete questions (b) through (f) separately for each auditing firm.

Additional Auditor Information : 1 Record(s) Filed.

If the answer to 23(a)(1) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one auditing firm, you must complete questions (b) through (f) separately for each auditing firm.

(b) Name of the auditing firm:

EISNERAMPER LLP

(c) The location of the auditing firm's office responsible for the *private fund*'s audit (city, state and country):

City:	State:	Country:
NEW YORK	New York	UNITED STATES

Yes No

(d) Is the auditing firm an *independent public accountant*?

(e) Is the auditing firm registered with the Public Company Accounting Oversight Board?

(f) If "yes" to (e) above, is the auditing firm subject to regular inspection by the Public Company Accounting Oversight Board in accordance with its rules?

Yes No

(g) Are the *private fund*'s audited financial statements distributed to the *private fund*'s investors?

(h) Does the report prepared by the auditing firm contain an unqualified opinion?

Yes No Report Not Yet Received

If you check "Report Not Yet Received," you must promptly file an amendment to your Form ADV to update your response when the report is available.

Prime Broker

Yes No

24. (a) Does the *private fund* use one or more prime brokers?

If the answer to 24(a) is "yes," respond to questions (b) through (e) below for each prime broker the *private fund* uses. If the *private fund* uses more than one prime broker, you must complete questions (b) through (e) separately for each prime broker.

No Information Filed

Custodian

Yes No

25. (a) Does the *private fund* use any custodians (including the prime brokers listed above) to hold some or all of its assets?

If the answer to 25(a) is "yes," respond to questions (b) through (f) below for each custodian the *private fund* uses. If the *private fund* uses more than one custodian, you must complete questions (b) through (f) separately for each custodian.

Additional Custodian Information : 1 Record(s) Filed.

If the answer to 25(a) is "yes," respond to questions (b) through (f) below for each custodian the *private fund* uses. If the *private fund* uses more than one custodian, you must complete questions (b) through (f) separately for each custodian.

(b) Legal name of custodian:
THE BANK OF NEW YORK MELLON CORPORATION

(c) Primary business name of custodian:
THE BANK OF NEW YORK MELLON

(d) The location of the custodian's office responsible for *custody* of the *private fund*'s assets (city, state and country):

City:	State:	Country:
NEW YORK	New York	UNITED STATES

Yes No

(e) Is the custodian a *related person* of your firm?

(f) If the custodian is a broker-dealer, provide its SEC registration number (if any)

-

CRD Number (if any):

Administrator

Yes No

26. (a) Does the *private fund* use an administrator other than your firm? ◉ ○

If the answer to 26(a) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one administrator, you must complete questions (b) through (f) separately for each administrator.

Additional Administrator Information : 1 Record(s) Filed.

If the answer to 26(a) is "yes," respond to questions (b) through (f) below. If the *private fund* uses more than one administrator, you must complete questions (b) through (f) separately for each administrator.

(b) Name of the administrator:

THE BANK OF NEW YORK MELLON CORPORATION

(c) Location of administrator (city, state and country):

City:	State:	Country:
NEW YORK	New York	UNITED STATES

Yes No

(d) Is the administrator a *related person* of your firm?

(e) Does the administrator prepare and send investor account statements to the *private fund*'s investors?

Yes (provided to all investors) Some (provided to some but not all investors) No (provided to no investors)

(f) If the answer to 26(e) is "no" or "some," who sends the investor account statements to the (rest of the) *private fund*'s investors? If investor account statements are not sent to the (rest of the) *private fund*'s investors, respond "not applicable."

27. During your last fiscal year, what percentage of the *private fund*'s assets (by value) was valued by a *person*, such as an administrator, that is not your *related person*?

100%

Include only those assets where (i) such person carried out the valuation procedure established for that asset, if any, including obtaining any relevant quotes, and (ii) the valuation used for purposes of investor subscriptions, redemptions or distributions, and fee calculations (including allocations) was the valuation determined by such person.

Marketers

Yes No

28. (a) Does the *private fund* use the services of someone other than you or your *employees* for marketing purposes?

You must answer "yes" whether the person acts as a placement agent, consultant, finder, introducer, municipal advisor or other solicitor, or similar person. If the answer to 28(a) is "yes", respond to questions (b) through (g) below for each such marketer the *private fund* uses. If the *private fund* uses more than one marketer you must complete questions (b) through (g) separately for each marketer.

No Information Filed

SECTION 7.B.(2) *Private Fund* Reporting

No Information Filed

Item 8 Participation or Interest in *Client* Transactions

In this Item, we request information about your participation and interest in your *clients*' transactions. This information identifies additional areas in which conflicts of interest may occur between you and your *clients*.

Like Item 7, Item 8 requires you to provide information about you and your *related persons*, including foreign affiliates.

Proprietary Interest in *Client* Transactions

A. Do you or any *related person*: **Yes No**

(1) buy securities for yourself from advisory *clients*, or sell securities you own to advisory *clients* (principal transactions)?

(2) buy or sell for yourself securities (other than shares of mutual funds) that you also recommend to advisory *clients*?

(3) recommend securities (or other investment products) to advisory *clients* in which you or any *related person* has some other proprietary (ownership) interest (other than those mentioned in Items 8.A.(1) or (2))?

Sales Interest in *Client* Transactions

B. Do you or any *related person*: **Yes No**

(1) as a broker-dealer or registered representative of a broker-dealer, execute securities trades for brokerage customers in which advisory *client* securities are sold to or bought from the brokerage customer (agency cross transactions)?

(2) recommend purchase of securities to advisory *clients* for which you or any *related person* serves as underwriter, general or managing partner, or purchaser representative?

(3) recommend purchase or sale of securities to advisory *clients* for which you or any *related person* has any other sales interest (other than the receipt of sales commissions as a broker or registered representative of a broker-dealer)?

Investment or Brokerage Discretion

C. Do you or any *related person* have *discretionary authority* to determine the: **Yes No**

(1) securities to be bought or sold for a *client's* account?

(2) amount of securities to be bought or sold for a *client's* account?

(3) broker or dealer to be used for a purchase or sale of securities for a *client's* account?

(4) commission rates to be paid to a broker or dealer for a *client's* securities transactions?

D. If you answer "yes" to C.(3) above, are any of the brokers or dealers *related persons*?

E. Do you or any *related person* recommend brokers or dealers to *clients*?

F. If you answer "yes" to E above, are any of the brokers or dealers *related persons*?

G. (1) Do you or any *related person* receive research or other products or services other than execution from a broker-dealer or a third party ("soft dollar benefits") in connection with *client* securities transactions?

(2) If "yes" to G.(1) above, are all the "soft dollar benefits" you or any *related persons* receive eligible "research or brokerage services" under section 28(e) of the Securities Exchange Act of 1934?

H. Do you or any *related person*, directly or indirectly, compensate any *person* for *client* referrals?

I. Do you or any *related person*, directly or indirectly, receive compensation from any *person* for *client* referrals?

In responding to Items 8.H and 8.I., consider all cash and non-cash compensation that you or a related person gave to (in answering Item 8.H) or received from (in answering Item 8.I) any person in exchange for client referrals, including any bonus that is based, at least in part, on the number or amount of client referrals.

Item 9 Custody

In this Item, we ask you whether you or a *related person* has *custody* of *client* (other than *clients* that are investment companies registered under the Investment Company Act of 1940) assets and about your custodial practices.

A. (1) Do you have *custody* of any advisory *clients*': **Yes No**

(a) cash or bank accounts?

(b) securities?

If you are registering or registered with the SEC, answer "No" to Item 9.A.(1)(a) and (b) if you have custody solely because (i) you deduct your advisory fees directly from your clients' accounts, or (ii) a related person has custody of client assets in connection with advisory services you provide to clients, but you have overcome the presumption that you are not operationally independent (pursuant to Advisers Act rule 206(4)-(2)(d)(5)) from the related person.

(2) If you checked "yes" to Item 9.A.(1)(a) or (b), what is the approximate amount of *client* funds and securities and total number of *clients* for which you have *custody*:

U.S. Dollar Amount	Total Number of *Clients*
(a) $	(b)

If you are registering or registered with the SEC and you have custody solely because you deduct your advisory fees directly from your clients' accounts, do not include the amount of those assets and the number of those clients in your response to Item 9.A.(2). If your related person has custody of client assets in connection with advisory services you provide to clients, do not include the amount of those assets and number of those clients in your response to 9.A.(2). Instead, include that information in your response to Item 9.B.(2).

B. (1) In connection with advisory services you provide to *clients*, do any of your *related persons* have *custody* of any of your advisory *clients*': **Yes No**

(a) cash or bank accounts?

(b) securities?

You are required to answer this item regardless of how you answered Item 9.A.(1)(a) or (b).

(2) If you checked "yes" to Item 9.B.(1)(a) or (b), what is the approximate amount of *client* funds and securities and total number of *clients* for which your *related persons* have *custody*:

U.S. Dollar Amount	Total Number of *Clients*
(a) $	(b)

C. If you or your *related persons* have *custody* of *client* funds or securities in connection with advisory services you provide to *clients*, check all the following that apply:

(1) A qualified custodian(s) sends account statements at least quarterly to the investors in the pooled investment vehicle(s) you manage.

(2) An *independent public accountant* audits annually the pooled investment vehicle(s) that you manage and the audited financial statements are distributed to the investors in the pools.

(3) An *independent public accountant* conducts an annual surprise examination of *client* funds and securities.

(4) An *independent public accountant* prepares an internal control report with respect to custodial services when you or your *related persons* are qualified custodians for *client* funds and securities.

If you checked Item 9.C.(2), C.(3) or C.(4), list in Section 9.C. of Schedule D the accountants that are engaged to perform the audit or examination or prepare an internal control report. (If you checked Item 9.C.(2), you do not have to list auditor information in Section 9.C. of Schedule D if you already provided this information with respect to the private funds you advise in Section 7.B.(1) of Schedule D).

D. Do you or your *related person(s)* act as qualified custodians for your *clients* in connection with advisory services you provide to *clients*? **Yes No**

(1) you act as a qualified custodian

(2) your *related person(s)* act as qualified custodian(s)

If you checked "yes" to Item 9.D.(2), all related persons that act as qualified custodians (other than any mutual fund transfer agent pursuant to rule 206(4)-2(b)(1)) must be identified in Section 7.A. of Schedule D, regardless of whether you have determined the related person to be operationally independent under rule 206(4)-2 of the Advisers Act.

E. If you are filing your *annual updating amendment* and you were subject to a surprise examination by an *independent public accountant* during your last fiscal year, provide the date (MM/YYYY) the examination commenced:

F. If you or your *related persons* have *custody* of *client* funds or securities, how many persons, including, but not limited to, you and your *related persons,* act as qualified custodians for your *clients* in connection with advisory services you provide to *clients?*
0

SECTION 9.C. ***Independent Public Accountant***

No Information Filed

Item 10 Control Persons

In this Item, we ask you to identify every *person* that, directly or indirectly, *controls* you.

If you are submitting an initial application or report, you must complete Schedule A and Schedule B. Schedule A asks for information about your direct owners and executive officers. Schedule B asks for information about your indirect owners. If this is an amendment and you are updating information you reported on either Schedule A or Schedule B (or both) that you filed with your initial application or report, you must complete Schedule C.

Yes No

A. Does any *person* not named in Item 1.A. or Schedules A, B, or C, directly or indirectly, *control* your management or policies?

If yes, complete Section 10.A. of Schedule D.

B. If any *person* named in Schedules A, B, or C or in Section 10.A. of Schedule D is a public reporting company under Sections 12 or 15(d) of the Securities Exchange Act of 1934, please complete Section 10.B. of Schedule D.

SECTION 10.A. ***Control Persons***

No Information Filed

SECTION 10.B. Control Person Public Reporting Companies

No Information Filed

Item 11 Disclosure Information

In this Item, we ask for information about your disciplinary history and the disciplinary history of all your *advisory affiliates*. We use this information to determine whether to grant your application for registration, to decide whether to revoke your registration or to place limitations on your activities as an investment adviser, and to identify potential problem areas to focus on during our on-site examinations. One event may result in "yes" answers to more than one of the questions below.

Your *advisory affiliates* are: (1) all of your current *employees* (other than *employees* performing only clerical, administrative, support or similar functions); (2) all of your officers, partners, or directors (or any *person* performing similar functions); and (3) all *persons* directly or indirectly *controlling* you or *controlled* by you. If you are a "separately identifiable department or division" (SID) of a bank, see the Glossary of Terms to determine who your *advisory affiliates* are.

If you are registered or registering with the SEC or if you are an exempt reporting adviser, you may limit your disclosure of any event listed in Item 11 to ten years following the dat of the event. If you are registered or registering with a state, you must respond to the questions as posed; you may, therefore, limit your disclosure to ten years following the date o an event only in responding to Items 11.A.(1), 11.A.(2), 11.B.(1), 11.B.(2), 11.D.(4), and 11.H.(1)(a). For purposes of calculating this ten-year period, the date of an event is the date the final order, judgment, or decree was entered, or the date any rights of appeal from preliminary orders, judgments, or decrees lapsed.

You must complete the appropriate Disclosure Reporting Page ("DRP") for "yes" answers to the questions in this Item 11.

Yes No

Do any of the events below involve you or any of your *supervised persons*?

For "yes" answers to the following questions, complete a Criminal Action DRP:

A. In the past ten years, have you or any *advisory affiliate*: **Yes No**

(1) been convicted of or pled guilty or nolo contendere ("no contest") in a domestic, foreign, or military court to any *felony*?

(2) been *charged* with any *felony*?

If you are registered or registering with the SEC, or if you are reporting as an exempt reporting adviser, you may limit your response to Item 11.A.(2) to charges that are currently pending.

B. In the past ten years, have you or any *advisory affiliate*:

(1) been convicted of or pled guilty or nolo contendere ("no contest") in a domestic, foreign, or military court to a *misdemeanor* involving: investments or an *investment-related* business, or any fraud, false statements, or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses?

(2) been *charged* with a *misdemeanor* listed in Item 11.B.(1)?

If you are registered or registering with the SEC, or if you are reporting as an exempt reporting adviser, you may limit your response to Item 11.B.(2) to charges that are currently pending.

For "yes" answers to the following questions, complete a Regulatory Action DRP:

C. Has the SEC or the Commodity Futures Trading Commission (CFTC) ever: **Yes No**

(1) *found* you or any *advisory affiliate* to have made a false statement or omission?

(2) *found* you or any *advisory affiliate* to have been *involved* in a violation of SEC or CFTC regulations or statutes?

(3) *found* you or any *advisory affiliate* to have been a cause of an *investment-related* business having its authorization to do business denied, suspended, revoked, or restricted?

(4) entered an *order* against you or any *advisory affiliate* in connection with *investment-related* activity?

(5) imposed a civil money penalty on you or any *advisory affiliate*, or *ordered* you or any *advisory affiliate* to cease and desist from any activity?

D. Has any other federal regulatory agency, any state regulatory agency, or any *foreign financial regulatory authority*:

(1) ever *found* you or any *advisory affiliate* to have made a false statement or omission, or been dishonest, unfair, or unethical?

(2) ever *found* you or any *advisory affiliate* to have been *involved* in a violation of *investment-related* regulations or statutes?

(3) ever *found* you or any *advisory affiliate* to have been a cause of an *investment-related* business having its authorization to do business denied, suspended, revoked, or restricted?

(4) in the past ten years, entered an *order* against you or any *advisory affiliate* in connection with an *investment-related* activity?

(5) ever denied, suspended, or revoked your or any *advisory affiliate's* registration or license, or otherwise prevented you or any *advisory affiliate*, by *order*, from associating with an *investment-related* business or restricted your or any *advisory affiliate's* activity?

E. Has any *self-regulatory organization* or commodities exchange ever:

(1) *found* you or any *advisory affiliate* to have made a false statement or omission?

(2) *found* you or any *advisory affiliate* to have been *involved* in a violation of its rules (other than a violation designated as a "*minor rule violation*" under a plan approved by the SEC)?

(3) *found* you or any *advisory affiliate* to have been the cause of an *investment-related* business having its authorization to do business denied, suspended, revoked, or restricted?

(4) disciplined you or any *advisory affiliate* by expelling or suspending you or the *advisory affiliate* from membership, barring or suspending you or the *advisory affiliate* from association with other members, or otherwise restricting your or the *advisory affiliate's* activities?

F. Has an authorization to act as an attorney, accountant, or federal contractor granted to you or any *advisory affiliate* ever been revoked or suspended?

G. Are you or any *advisory affiliate* now the subject of any regulatory proceeding that could result in a "yes" answer to any part of Item 11.C., 11.D., or 11.E.?

For "yes" answers to the following questions, complete a Civil Judicial Action DRP:

H. (1) Has any domestic or foreign court: **Yes No**

(a) in the past ten years, enjoined you or any *advisory affiliate* in connection with any *investment-related* activity?

(b) ever *found* that you or any *advisory affiliate* were *involved* in a violation of *investment-related* statutes or regulations?

(c) ever dismissed, pursuant to a settlement agreement, an *investment-related* civil action brought against you or any *advisory affiliate* by a state or *foreign financial regulatory authority*?

(2) Are you or any *advisory affiliate* now the subject of any civil proceeding that could result in a "yes" answer to any part of Item 11.H.(1)?

Item 12 Small Businesses

The SEC is required by the Regulatory Flexibility Act to consider the effect of its regulations on small entities. In order to do this, we need to determine whether you meet the definition of "small business" or "small organization" under rule 0-7.

Answer this Item 12 only if you are registered or registering with the SEC **and** you indicated in response to Item 5.F.(2)(c) that you have regulatory assets under management of less than $25 million. You are not required to answer this Item 12 if you are filing for initial registration as a state adviser, amending a current state registration, or switching from SEC to state registration.

For purposes of this Item 12 only:

- Total Assets refers to the total assets of a firm, rather than the assets managed on behalf of *clients*. In determining your or another *person's* total assets, you may use the total assets shown on a current balance sheet (but use total assets reported on a consolidated balance sheet with subsidiaries included, if that amount is larger).
- *Control* means the power to direct or cause the direction of the management or policies of a *person*, whether through ownership of securities, by contract, or otherwise. Any *person* that directly or indirectly has the right to vote 25 percent or more of the voting securities, or is entitled to 25 percent or more of the profits, of another *person* is presumed to *control* the other *person*.

Yes Nc

A. Did you have total assets of $5 million or more on the last day of your most recent fiscal year?

If "yes," you do not need to answer Items 12.B. and 12.C.

B. Do you:

(1) *control* another investment adviser that had regulatory assets under management (calculated in response to Item 5.F.(2)(c) of Form ADV) of $25 million or more on the last day of its most recent fiscal year?

(2) *control* another *person* (other than a natural person) that had total assets of $5 million or more on the last day of its most recent fiscal year?

C. Are you:

(1) *controlled* by or under common *control* with another investment adviser that had regulatory assets under management (calculated in response to Item 5.F.(2)(c) of Form ADV) of $25 million or more on the last day of its most recent fiscal year?

(2) *controlled* by or under common *control* with another *person* (other than a natural person) that had total assets of $5 million or more on the last day of its most recent fiscal year?

Schedule A

Direct Owners and Executive Officers

1. Complete Schedule A only if you are submitting an initial application or report. Schedule A asks for information about your direct owners and executive officers. Use Schedule C to amend this information.
2. Direct Owners and Executive Officers. List below the names of:
   (a) each Chief Executive Officer, Chief Financial Officer, Chief Operations Officer, Chief Legal Officer, Chief Compliance Officer(Chief Compliance Officer is required if you are registered or applying for registration and cannot be more than one individual), director, and any other individuals with similar status or functions;
   (b) if you are organized as a corporation, each shareholder that is a direct owner of 5% or more of a class of your voting securities, unless you are a public reporting company (a company subject to Section 12 or 15(d) of the Exchange Act);
   Direct owners include any *person* that owns, beneficially owns, has the right to vote, or has the power to sell or direct the sale of, 5% or more of a class of your voting securities. For purposes of this Schedule, a *person* beneficially owns any securities: (i) owned by his/her child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, sharing the same residence; or (ii) that he/she has the right to acquire, within 60 days, through the exercise of any option, warrant, or right to purchase the security.
   (c) if you are organized as a partnership, all general partners and those limited and special partners that have the right to receive upon dissolution, or have contributed, 5% or more of your capital;
   (d) in the case of a trust that directly owns 5% or more of a class of your voting securities, or that has the right to receive upon dissolution, or has contributed, 5% or more of your capital, the trust and each trustee; and
   (e) if you are organized as a limited liability company ("LLC"), (i) those members that have the right to receive upon dissolution, or have contributed, 5% or more of your capital, and (ii) if managed by elected managers, all elected managers.
3. Do you have any indirect owners to be reported on Schedule B? Yes No
4. In the DE/FE/I column below, enter "DE" if the owner is a domestic entity, "FE" if the owner is an entity incorporated or domiciled in a foreign country, or "I" if the owner or executive officer is an individual.
5. Complete the Title or Status column by entering board/management titles; status as partner, trustee, sole proprietor, elected manager, shareholder, or member; and for shareholders or members, the class of securities owned (if more than one is issued).
6. Ownership codes are: NA - less than 5% B - 10% but less than 25% D - 50% but less than 75%
   A - 5% but less than 10% C - 25% but less than 50% E - 75% or more
7. (a) In the *Control Person* column, enter "Yes" if the *person* has *control* as defined in the Glossary of Terms to Form ADV, and enter "No" if the *person* does not have *control*. Note that under this definition, most executive officers and all 25% owners, general partners, elected managers, and trustees are *control persons*.
   (b) In the PR column, enter "PR" if the owner is a public reporting company under Sections 12 or 15(d) of the Exchange Act.
   (c) Complete each column.

FULL LEGAL NAME (Individuals: Last Name, First Name, Middle Name)	DE/FE/I	Status	Date Status Acquired MM/YYYY	Ownership Code	Control Person	PR	*CRD* No. If None: S.S. No. and Date of Birth, IRS Tax No. or Employer ID No.
VOS, JAMES, HAYDEN	I	CEO, MANAGING MEMBER	10/2006	B	Y	N	1689839
FLUDGATE, SIMON, ALEXANDER	I	MEMBER	10/2006	NA	N	N	2753373
KILARJIAN, NORMAN, SEROP	I	MEMBER	10/2006	A	N	N	2059732
ADELSBACH, PATRICK, RICHARD	I	MEMBER	10/2006	A	N	N	4268945
LARUCCI, JOSEPH, P	I	MEMBER	10/2006	A	N	N	2438686
WASHIO, MANABU, NO MIDDLE NAME	I	MEMBER	02/2007	NA	N	N	2787001
PANAGIOTIDIS, ALEXANDROS, NO MIDDLE NAME	I	MEMBER	10/2006	D	Y	N	5065634
BENARD, VALERIE	I	MEMBER	09/2009	NA	N	N	5710255
RUEHL, BRUCE, D.	I	MEMBER	01/2010	NA	N	N	4346820
FISHMAN, MAYA	I	MEMBER, GENERAL COUNSEL, CHIEF COMPLIANCE OFFICER	01/2014	NA	N	N	6178107

Schedule B

Indirect Owners

1. Complete Schedule B only if you are submitting an initial application. Schedule B asks for information about your indirect owners; you must first complete Schedule A, which asks for information about your direct owners. Use Schedule C to amend this information.
2. Indirect Owners. With respect to each owner listed on Schedule A (except individual owners), list below:
   (a) in the case of an owner that is a corporation, each of its shareholders that beneficially owns, has the right to vote, or has the power to sell or direct the sale of, 25% or more of a class of a voting security of that corporation;

   For purposes of this Schedule, a *person* beneficially owns any securities: (i) owned by his/her child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, sharing the same residence; or (ii) that he/she has the right to acquire, within 60 days, through the exercise of any option, warrant, or right to purchase the security.

   (b) in the case of an owner that is a partnership, all general partners and those limited and special partners that have the right to receive upon dissolution, or have contributed, 25% or more of the partnership's capital;

   (c) in the case of an owner that is a trust, the trust and each trustee; and

   (d) in the case of an owner that is a limited liability company ("LLC"), (i) those members that have the right to receive upon dissolution, or have contributed, 25% or more of the LLC's capital, and (ii) if managed by elected managers, all elected managers.
3. Continue up the chain of ownership listing all 25% owners at each level. Once a public reporting company (a company subject to Sections 12 or 15(d) of the Exchange Act) is reached, no further ownership information need be given.
4. In the DE/FE/I column below, enter "DE" if the owner is a domestic entity, "FE" if the owner is an entity incorporated or domiciled in a foreign country, or "I" if the owner is an individual.
5. Complete the Status column by entering the owner's status as partner, trustee, elected manager, shareholder, or member; and for shareholders or members, the class of securities owned (if more than one is issued).
6. Ownership codes are: C - 25% but less than 50% E - 75% or more
   D - 50% but less than 75% F - Other (general partner, trustee, or elected manager)
7. (a) In the *Control Person* column, enter "Yes" if the *person* has *control* as defined in the Glossary of Terms to Form ADV, and enter "No" if the *person* does not have *control*. Note that under this definition, most executive officers and all 25% owners, general partners, elected managers, and trustees are *control persons*.

   (b) In the PR column, enter "PR" if the owner is a public reporting company under Sections 12 or 15(d) of the Exchange Act.

   (c) Complete each column.

No Information Filed

Schedule D - Miscellaneous
You may use the space below to explain a response to an Item or to provide any other information.

DRP Pages

CRIMINAL DISCLOSURE REPORTING PAGE (ADV)

No Information Filed

REGULATORY ACTION DISCLOSURE REPORTING PAGE (ADV)

No Information Filed

CIVIL JUDICIAL ACTION DISCLOSURE REPORTING PAGE (ADV)

No Information Filed

Part 2

Exemption from brochure delivery requirements for SEC-registered advisers

SEC rules exempt SEC-registered advisers from delivering a firm brochure to some kinds of clients. If these exemptions excuse you from delivering a brochure to *all* of your advisory clients, you do not have to prepare a brochure.

Yes No

Are you exempt from delivering a brochure to all of your clients under these rules?

If no, complete the ADV Part 2 filing below.

Amend, retire or file new brochures:

Brochure ID	Brochure Name	Brochure Type(s)
95393	AKSIA LLC - FORM ADV PART 2A - 3/31/2015	Pension plans/profit sharing plans, Pension consulting, Foundations/charities, Government/municipal, Other institutional, Private funds or pools, Selection of Other Advisers/Solicitors

Execution Pages

DOMESTIC INVESTMENT ADVISER EXECUTION PAGE

You must complete the following Execution Page to Form ADV. This execution page must be signed and attached to your initial submission of Form ADV to the SEC and all amendments.

Appointment of Agent for Service of Process

By signing this Form ADV Execution Page, you, the undersigned adviser, irrevocably appoint the Secretary of State or other legally designated officer, of the state in which you maintain your *principal office and place of business* and any other state in which you are submitting a *notice filing*, as your agents to receive service, and agree that such *persons* may accept service on your behalf, of any notice, subpoena, summons, *order* instituting *proceedings*, demand for arbitration, or other process or papers, and you further agree that such service may be made by registered or certified mail, in any federal or state action, administrative *proceeding* or arbitration brought against you in any place subject to the jurisdiction of the United States, if the action, *proceeding*, or arbitration (a) arises out of any activity in connection with your investment advisory business that is subject to the jurisdiction of the United States, and (b) is *founded*, directly or indirectly, upon the provisions of: (i) the Securities Act of 1933, the Securities Exchange Act of 1934, the Trust Indenture Act of 1939, the Investment Company Act of 1940, or the Investment Advisers Act of 1940, or any rule or regulation under any of these acts, or (ii) the laws of the state in which you maintain your *principal office and place of business* or of any state in which you are submitting a *notice filing*.

Signature

I, the undersigned, sign this Form ADV on behalf of, and with the authority of, the investment adviser. The investment adviser and I both certify, under penalty of perjury under the laws of the United States of America, that the information and statements made in this ADV, including exhibits and any other information submitted, are true and correct, and that I am signing this Form ADV Execution Page as a free and voluntary act.

I certify that the adviser's books and records will be preserved and available for inspection as required by law. Finally, I authorize any *person* having *custody* or possession of these books and records to make them available to federal and state regulatory representatives.

Signature: MAYA FISHMAN	Date: MM/DD/YYYY 03/31/2015
Printed Name: MAYA FISHMAN	Title: MEMBER, GENERAL COUNSEL, CHIEF COMPLIANCE OFFICER
Adviser *CRD* Number: 143422	

***NON-RESIDENT* INVESTMENT ADVISER EXECUTION PAGE**

You must complete the following Execution Page to Form ADV. This execution page must be signed and attached to your initial submission of Form ADV to the SEC and all amendments.

1. Appointment of Agent for Service of Process

By signing this Form ADV Execution Page, you, the undersigned adviser, irrevocably appoint each of the Secretary of the SEC, and the Secretary of State or other legally designated officer, of any other state in which you are submitting a *notice filing*, as your agents to receive service, and agree that such persons may accept service on your behalf, of any notice, subpoena, summons, *order* instituting *proceedings*, demand for arbitration, or other process or papers, and you further agree that such service may be made by registered or certified mail, in any federal or state action, administrative *proceeding* or arbitration brought against you in any place subject to the jurisdiction of the United States, if the action, *proceeding* or arbitration (a) arises out of any activity in connection with your investment advisory business that is subject to the jurisdiction of the United States, and (b) is *founded*, directly or indirectly, upon the provisions of: (i) the Securities Act of 1933, the Securities Exchange Act of 1934, the Trust Indenture Act of 1939, the Investment Company Act of 1940, or the Investment Advisers Act of 1940, or any rule or regulation under any of these acts, or (ii) the laws of any state in which you are submitting a *notice filing*.

2. Appointment and Consent: Effect on Partnerships

If you are organized as a partnership, this irrevocable power of attorney and consent to service of process will continue in effect if any partner withdraws from or is admitted to the partnership, provided that the admission or withdrawal does not create a new partnership. If the partnership dissolves, this irrevocable power of attorney and consent shall be in effect for any action brought against you or any of your former partners.

3. *Non-Resident* Investment Adviser Undertaking Regarding Books and Records

By signing this Form ADV, you also agree to provide, at your own expense, to the U.S. Securities and Exchange Commission at its principal office in Washington D.C., at any Regional or District Office of the Commission, or at any one of its offices in the United States, as specified by the Commission, correct, current, and complete copies of any or all records that you are required to maintain under Rule 204-2 under the Investment Advisers Act of 1940. This undertaking shall be binding upon you, your heirs, successors and assigns, and any *person* subject to your written irrevocable consents or powers of attorney or any of your general partners and *managing agents*.

Signature

I, the undersigned, sign this Form ADV on behalf of, and with the authority of, the *non-resident* investment adviser. The investment adviser and I both certify, under penalty of perjury under the laws of the United States of America, that the information and statements made in this ADV, including exhibits and any other information submitted, are true and correct, and that I am signing this Form ADV Execution Page as a free and voluntary act.

I certify that the adviser's books and records will be preserved and available for inspection as required by law. Finally, I authorize any *person* having *custody* or possession of these books and records to make them available to federal and state regulatory representatives.

Signature:	Date: MM/DD/YYYY
Printed Name:	Title:
Adviser *CRD* Number: 143422	

Item 1: Cover Page

AKSIA LLC

FIRM BROCHURE

Aksia LLC
599 Lexington Avenue, 46th Floor
New York, NY 10022
Tel: (212) 710-5710
Fax: (212) 710-5711
Website: www.aksia.com

March 31, 2015

This brochure provides information about the qualifications and business practices of Aksia LLC ("Aksia"), an investment adviser registered with the United States Securities and Exchange Commission ("SEC"). If you have any questions about the contents of this brochure, please contact Maya Fishman at (212) 710-5771 or maya.fishman@aksia.com. This information has not been approved or verified by the SEC or by any state securities authority.

Additional information about Aksia is also available on the SEC's website at www.adviserinfo.sec.gov.

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Item 2: Material Changes

This is Aksia's "Disclosure Brochure" filed with the SEC in conjunction with the Annual Amendment for the fiscal year ending December 31, 2014. This Item 2 is used to provide our clients with a summary of new and/or updated information. There are no material changes to disclose in this Item 2 of the Disclosure Brochure.

Item 3: Table of Contents

Item 4: Advisory Business

A. General Description of Advisory Firm.

Aksia LLC ("Aksia"), a Delaware limited liability company, is a research and advisory firm with its principal place of business in New York, New York. Aksia commenced operations as an investment advisor in October 2006 and has been registered with the SEC since March 22, 2007. Aksia has ten principals, including all of the original six founding principals. The firm is 100% owned and controlled by its ten equity principals. Jim Vos, the managing member of Aksia, has an ownership percentage of between 15% and 20% and Alex Panagiotidis has an ownership percentage in excess of 25%.

B. Description of Advisory Services (including any specializations).

Aksia provides institutional investors with non-discretionary and discretionary advisory services relating to traditional hedge funds, risk parity and hedge fund substitutes, private market funds, and commodity-focused funds. Aksia also provides research services to institutional investors seeking to invest in such private investment funds. For purposes of this brochure, "Clients" shall mean all of Aksia's clients, including research, discretionary and non-discretionary advisory clients, whereas "Advisory Clients" shall mean Aksia's discretionary and non-discretionary advisory clients.

Aksia tailors its advisory services to each Advisory Client's specific guidelines. Aksia does not manage any pooled investment vehicles with commingled investors, with the exception of one client that has two affiliated entities, managed by the same investment staff, invested in a single custom fund.

C. Availability of Tailored Services for Individual Clients.

Aksia views each Advisory Client relationship as unique and therefore seeks to customize its services to address each Advisory Client's individual investment objectives, guidelines and constraints. As such, Aksia provides advice that is tailored to an Advisory Client's respective investment policy statement, advisory agreement, investment management agreement, or customized private placement memorandum. For example, some Advisory Clients have liquidity constraints, diversification constraints, mandated sector allocation ranges, and/or prohibitions from investing in certain types of securities. Aksia considers such restrictions prior to making any recommendations or decisions.

D. Wrap Fee Programs.

Not applicable.

E. Client Assets Under Management.

As of December 31, 2014, Aksia had approximately $39,129,774,090 Advisory Client assets under management/advisement. As of that date, Aksia advised $36,879,547,816 on a non-discretionary basis and managed $2,250,226,274 on a discretionary basis. For purposes of calculating Client assets under management/advisement, Aksia has not included its research clients' invested assets.

Item 5: Fees and Compensation

A. Advisory Fees and Compensation.

Not applicable.

B. Payment of Fees.

Aksia generally charges its non-discretionary Advisory Clients a flat fixed fee. In some instances, Aksia deducts the investment management fee from discretionary advisory client accounts by instructing the client's custodian. Some Advisory Clients may pay a percentage of assets under management or assets under advisory. Some other Advisory Clients may pay performance-based fees. The Advisory Client may select the method by which it would like to pay Aksia's fee. Aksia bills Advisory Clients for fees and may instruct certain Advisory Clients' custodians to deduct certain Advisory Client accounts on a quarterly basis.

C. Other Fees and Expenses.

In addition to paying investment management or advisory fees, and, potentially, performance-based fees, Client assets that are invested in pooled investment vehicles will bear their pro rata share of the underlying fund's operating and other expenses, including legal expenses, internal and external accounting expenses, audit and tax preparation expenses, and organizational expenses. In addition, during the course of Aksia's due diligence process on underlying private investment funds, Aksia may engage specialized third parties to conduct investigations on key personnel of the funds' managers. Clients may incur a one-time fee associated with an investigation on a new fund; Aksia does not retain any such fees. Aksia may also charge a Client for expenses related to travel outside of standard industry coverage specifically requested by the Client.

D. Prepayment of Fees.

Some Clients pay Aksia's fees in advance. In the event that the contract is terminated before the end of a billing period, such Clients may obtain a pro rated rebate for the pre-paid fee attributable to the period between the termination date and the last day of the billing period.

E. Additional Compensation and Conflicts of Interest.

Not applicable.

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

Aksia and its investment personnel manage both Advisory Client accounts that are charged performance-based compensation and accounts that are charged an asset-based fee or flat fee. In addition, certain Advisory Client accounts may pay higher asset-based fees or flat fees than other accounts. When Aksia and its investment personnel manage more than one Advisory Client account, a potential exists for one Advisory Client account to be favored over another Advisory Client account. Aksia and its investment personnel may have a greater incentive to favor Advisory Client accounts that pay Aksia performance-based compensation or higher fees.

Aksia has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple accounts, including accounts with multiple fee arrangements. Aksia reviews advisory decisions for the purpose of ensuring that all accounts with substantially similar investment objectives are treated equitably. The performance of similar Advisory Client accounts is also regularly compared to determine whether there are any unexplained significant discrepancies. Finally, Aksia's procedures also require the objective allocation of limited opportunities to ensure fair and equitable allocation among accounts. In the event there is limited capacity in a private investment vehicle in which multiple Advisory Clients are interested, Aksia will advise the manager which of Aksia's Advisory Clients are interested in the fund, subject to each Advisory Client's consent where applicable, and allow the manager to determine the allocation directly with the Advisory Clients. These areas are monitored by Aksia's compliance department.

Item 7: Types of Clients

Aksia's Clients are U.S. and non-U.S. institutional investors that include public pension plans, corporate pension plans, government-related funds, superannuation funds, endowments, foundations, and customized trusts/funds, each on behalf of a single Client.

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

A. Methods of Analysis and Investment Strategies.

Aksia provides investment advice and management services on underlying portfolio managers (each, a "Portfolio Manager") utilizing alternative investment strategies. Aksia's method of analysis focuses on extensive due diligence from an investment and operational standpoint on such Portfolio Managers presented in consistent, opinionated reports. Aksia endeavors to analyze a Portfolio Manager's strategy, risk management process, quality of investment professionals, operations and infrastructure, regulatory compliance, and ability to produce attractive long-term, risk-adjusted investment results, among other factors. Alternative investment strategies are comprised of a wide array of hedge fund and private market strategies.

For more specific disclosure pertaining to the investment strategy of a particular Portfolio Manager, please refer to the private placement memorandum of such Portfolio Manager.

B. Material Risks (Including Significant, or Unusual Risks) Relating to Investment Strategies.

While Aksia advises multiple Client accounts that each face different risks depending on the investment strategies utilized by the Portfolio Managers managing the Client assets, all such investments risk the loss of capital. Aksia's extensive due diligence process seeks to address and mitigate such risk; however, there is no guarantee or assurance that Aksia's investment advice or recommendations will be successful.

In addition, subject to compliance with a Client's particular investment guidelines and restrictions, Aksia may recommend a Portfolio Manager's investment program that includes the following potential risks:

<u>Lack of Diversification</u>. Depending on a Client's investment mandate, the Client's portfolio may not be diversified among a wide range of types of securities, countries or industry sectors. Accordingly, such Client portfolio may be subject to more rapid change in value than would be the case if Client's portfolio was more diversified and if each underlying Portfolio Manager was required to maintain a wider diversification among types of securities and other instruments.

<u>Illiquid Investments</u>. Portfolio Managers may invest in companies the securities of which are not at the time of investment, and may never be, publicly traded. These investments may be difficult to value and sell, or otherwise liquidate, and the risk of investing in such companies is generally much greater than the risk of investing in publicly traded companies. Companies whose securities are not publicly traded are not subject to the same disclosure and reporting requirements that are generally applicable to companies with publicly traded securities, nor is the trading of such non-publicly traded securities regulated by any government agency. Accordingly, the protections accorded by such regulation are not available in making such investments. To the extent that there is no liquid trading market for particular investments, a Portfolio Manager may be unable to liquidate such investments or may be unable to do so at a profit. In addition, in certain circumstances governmental or regulatory approvals may be required for a Portfolio Manager's funds to dispose of an investment, or the Portfolio Manager may be prohibited by contract or for legal or regulatory reasons from selling an illiquid investment for a period of time.

<u>Short Selling</u>. Short selling transactions expose a Portfolio Manager to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit. There is the risk that the securities borrowed by such Portfolio Manager in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a "short squeeze"

can occur, wherein the Portfolio Manager may be compelled, at the most disadvantageous time, to replace the borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.

C. Risks Associated With Types of Securities that are Primarily Recommended (Including Significant, or Unusual Risks).

The securities recommended by Aksia are investments in investment vehicles managed by Portfolio Managers and such securities are not registered under the Securities Act of 1933, as amended. Accordingly, the securities recommended by Aksia are restricted as to their transferability. Such investments may also have exposure to esoteric securities, which may carry additional risks such as:

Illiquid Instruments. Certain instruments may have no readily available market or third-party pricing. Reduced liquidity may have an adverse impact on market price and the Portfolio Manager's ability to sell particular securities when necessary to meet liquidity needs or in response to a specific economic event, such as the deterioration of creditworthiness of an issuer. Reduced liquidity in the secondary market for certain securities may also make it more difficult for the Portfolio Manager to obtain market quotations based on actual trades for the purpose of valuing a fund's portfolio.

Non-U.S. Securities. Foreign securities, foreign currencies, and securities issued by U.S. entities with substantial foreign operations can involve additional risks relating to political, economic, or regulatory conditions in foreign countries. These risks include fluctuations in foreign currencies; withholding or other taxes; trading, settlement, custodial, and other operational risks; and the less stringent investor protection and disclosure standards of some foreign markets. All of these factors can make foreign investments, especially those in emerging markets, more volatile and potentially less liquid than U.S. investments. In addition, foreign markets can perform differently from the U.S. market.

Emerging Markets. The risks of foreign investments typically are greater in less developed countries, sometimes referred to as emerging markets. For example, political and economic structures in these countries may be less established and may change rapidly. These countries also are more likely to experience high levels of inflation, deflation, or currency devaluation, which can harm their economies and securities markets and increase volatility. Restrictions on currency trading that may be imposed by emerging market countries will have an adverse effect on the value of the securities of companies that trade or operate in such countries.

Equity Securities. The value of equity securities fluctuates in response to issuer, political, market, and economic developments. Fluctuations can be dramatic over the short as well as long term, and different parts of the market and different types of equity securities can react differently to these developments. For example, large cap stocks can react differently from small cap stocks, and "growth" stocks can react differently from "value" stocks. Issuer, political, or economic developments can affect a single issuer, issuers within an industry or economic sector or geographic region, or the market as a whole. Changes in the financial condition of a single issuer can impact the market as a whole. Terrorism and related geo-political risks have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally.

Commodity Futures and Options. Commodity futures markets are highly volatile and are influenced by factors such as changing supply and demand relationships, governmental programs and policies, national and international political and economic events and changes in interest rates. In addition, because of the low margin deposits normally required in commodity futures trading, a high degree of leverage may be typical of a pooled investment vehicle engaging in commodity futures trading. As a result, a relatively small price movement in a commodity futures contract may result in substantial losses to such a pooled investment vehicle. Commodity options, like commodity futures contracts, are speculative, and their use involves risk. Specific market movements of the cash commodity or futures contract underlying an option cannot be predicted, and no assurance can be given that a liquid offset market will exist for any particular futures option at any particular time.

Derivatives. Swaps, and certain options and other custom derivative or synthetic instruments are subject to the risk of nonperformance by the counterparty to such instrument, including risks relating to the financial soundness and creditworthiness of the counterparty. In addition, investments in derivative instruments require a high degree of leverage, meaning the overall contract value (and, accordingly, the potential for profits or losses in that value) is much greater than the modest deposit used to buy the position in the derivative contract. Derivative securities can also be highly volatile. The prices of derivative instruments and the investments underlying the derivative instruments may fluctuate rapidly and over wide ranges and may reflect unforeseeable events or changes in conditions, none of which can be controlled by the Client or the Portfolio Manager. Further, transactions in derivative instruments are not undertaken on recognized exchanges, and will expose the Client's account to greater risks than regulated exchange transactions that provide greater liquidity and more accurate valuation of securities.

Distressed Securities. Investments in unrated or low grade debt securities of distressed companies are subject to greater risk of loss of principal and interest than higher-rated debt securities. Also, securities of distressed companies are generally more likely to become worthless than the securities of more financially stable companies. In addition, evaluating credit risk for foreign debt securities involves greater uncertainty because credit rating agencies throughout the world have different standards, making comparison across countries difficult.

Fixed-Income and Debt Securities. Investment in fixed-income and debt securities such as bonds, notes and asset-backed securities, subject a Client's portfolio to the risk that the value of these securities overall will decline because of rising interest rates. Similarly, portfolios that hold such securities are subject to the risk that the portfolio's income will decline because of falling interest rates. Investments in these types of securities will also be subject to the credit risk created when a debt issuer fails to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that debt to decline. Lastly, investments in debt securities will also subject the investments to the risk that the securities may fluctuate more in price, and are less liquid than higher-rated securities because issuers of such lower-rated debt securities are not as strong financially, and are more likely to encounter financial difficulties and be more vulnerable to adverse changes in the economy.

Asset-Backed Securities. Asset-backed securities are subject to interest rate risk and, to a lesser degree, prepayment risk. Asset-backed securities are subject to additional risks in that, unlike mortgage-backed securities, asset-backed securities generally do not have the benefit of a security interest in the related collateral. Each type of asset-backed security also entails unique risks depending on the type of assets involved and the legal structure used. In addition, asset-backed securities experience credit risk. There is also the possibility that recoveries on repossessed collateral may not be available to support payments on these securities because of the inability to perfect a security interest in such collateral.

REITs. REITs in which a Portfolio Manager may invest are affected by underlying real estate values, which may have an exaggerated effect to the extent that REITs in which the Portfolio Manager invests concentrate investments in particular geographic regions or property types. Investments in REITs are also subject to the risk of interest rate volatility. Further, rising interest rates will cause investors in REITs to demand a higher annual yield from future distributions, which will in turn decrease market prices for equity securities issued by REITs. REITs are subject to risks inherent in operating and financing a limited number of projects because they are dependent upon specialized management skills, and have limited diversification. REITS depend generally on their ability to generate cash flow to make distributions to investors.

Risk Arbitrage Securities. A merger, other restructuring, tender, or exchange offer proposed at the time the Portfolio Manager invests in risk arbitrage securities may not be completed on the terms or within the time frame contemplated, resulting in losses.

Security Futures and Options. In connection with the use of futures contracts and options, there may be an imperfect correlation between the change in market value of a security and the prices of the futures contracts and options in the Client's account. In addition, the Portfolio Manager's investments in security futures and options may encounter a lack of a liquid secondary market for a futures contract and the resulting inability to close a futures position prior to its maturity date.

Item 9: Disciplinary Information

Not applicable.

Item 10: Other Financial Industry Activities and Affiliations

A. Broker-Dealer Registration Status.

Not applicable.

B. Commodities-Related Registration.

Aksia is registered with the U.S. Commodity Futures Trading Commission as a Commodity Pool Operator and a Commodity Trading Advisor.

C. Material Relationships or Arrangements with Industry Participants.

Aksia LLC and four of its wholly owned subsidiaries, Aksia Japan Co., Ltd., Aksia Europe Limited, Aksia Hong Kong Limited, and Aksia GP Ltd., located in Tokyo, London, Hong Kong, and the Cayman Islands, respectively, provide investment advisory services to Clients on private investment funds. Aksia Japan Co., Ltd. provides such Services to Clients located in Japan and is registered with the Japanese Financial Services Agency. Aksia Europe Limited provides such Services to Clients located in Europe and the Middle East and is authorized by the U.K. Financial Conduct Authority. Aksia Hong Kong limited provides such Services to Clients located in mainland China and is registered with the Hong Kong Securities and Futures Commission. Aksia GP Ltd. serves solely as the general partner of two private investment funds whose sole investor is a U.S. government entity and is registered as an exempted company in the Cayman Islands. Aksia GP Ltd. delegates all investment management authority to Aksia LLC. Lastly, Aksia IT LLC, located in Athens, Greece, provides information technology, research, and other support services to Aksia LLC.

D. Material Conflicts of Interest Relating to Other Investment Advisers.

Not applicable.

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

A. Code of Ethics.

Aksia has adopted a Code of Ethics (the "Code") that obligates Aksia and its supervised persons to put the interests of Aksia's Clients before their own interests and to act honestly and fairly in all respects in their dealings with Clients. All of Aksia's personnel are also required to comply with applicable federal securities laws. Clients or prospective clients may obtain a copy of the Code by contacting Maya Fishman at (212) 710-5771 or maya.fishman@aksia.com.

In the course of its business activities, Aksia may come into possession of confidential or material nonpublic information about issuers. Aksia is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, regardless of whether such other person is a Client. Aksia maintains and enforces written policies and procedures that prohibit the communication of such information to persons who do not have a legitimate need to know such information and to assure that Aksia is meeting its obligations to Clients and remains in compliance with applicable law. In certain circumstances, Aksia may possess certain confidential or material, nonpublic information that, if disclosed, may be material to a decision to buy, sell or hold a security, however, Aksia will be prohibited from communicating such information to the Client or using such information for the Client's benefit. In such circumstances, Aksia will have no responsibility or liability to the Client for not disclosing such information to the Client (or the fact that Aksia possesses such information), or not using such information for the Client's benefit, as a result of following Aksia's policies and procedures designed to provide reasonable assurances that it is complying with applicable law.

B. Client Transactions in Securities where Adviser has a Material Financial Interest.

While Aksia does not invest for its own account and as such does not invest in any securities that Aksia or a related person recommends to Clients, there are certain circumstances where Aksia may recommend, purchase or sell for its Advisory Clients funds managed by Portfolio Managers that are affiliated with Clients of Aksia. This can create the perception that Aksia is recommending a Portfolio Manager because of its affiliation with a Client of Aksia. Aksia addresses this potential conflict of interest via policies and procedures reasonably designed to ensure that its activities are carried out in compliance with applicable regulatory requirements and with the best interests of Clients in mind. Such policies and procedures include a screening of such potential investment through Aksia's extensive due diligence process comprised of multiple layers of review by multiple individuals.

C. Investing in Securities Recommended to Clients.

Aksia's Code prohibits Aksia or its supervised persons from executing personal securities transactions of any kind in any securities on a restricted securities list maintained by the compliance department. All of Aksia's supervised persons are required to enable the compliance department to monitor their personal accounts upon becoming an employee. In addition, supervised persons must provide quarterly attestations of their complete disclosure of their personal accounts.

D. Conflicts of Interest Created by Contemporaneous Trading.

Not applicable.

Item 12: Brokerage Practices

Aksia makes or recommends direct investments in private investment funds for its Clients, which does not require the use of a broker-dealer. In certain limited circumstances, however, Aksia may receive a distribution in kind and need to dispose of such investment. In such circumstance, Aksia would consider a number of factors in selecting a broker-dealer to execute such transaction and determine the reasonableness of the broker-dealer's compensation. Such factors include reputation, financial strength and stability, net price, and efficiency of execution. Aksia is not obligated to solicit competitive bids and does not have an obligation to seek the lowest available commission cost. Aksia would not receive research or other products or services other than execution from a broker-dealer in connection with an Advisory Client securities transaction, and as such would not use "soft dollars".

Item 13: Review of Accounts

A. Frequency and Nature of Review.

Each Advisory Client account is reviewed on a monthly basis by the heads of each sector research team together with the advisory team responsible for the Advisory Client account. Matters reviewed include specific positions held, adherence to each Advisory Client's investment guidelines, and the performance of each Advisory Client account. In addition, Aksia's sector research teams generally meet on a weekly basis to discuss market trends, manager performance, recently completed due diligence, and any changes to their outlooks.

Aksia's Chief Compliance Officer or her delegate reviews Advisory Client portfolios on a quarterly basis to determine whether such portfolios adhere to their stated guidelines and constraints, as applicable.

B. Factors Prompting a Non-Periodic Review of Accounts.

Significant market events affecting underlying funds in Advisory Client accounts, changes in the investment objectives or guidelines of a particular Advisory Client, or specific arrangements with particular Advisory Clients may trigger reviews of Advisory Client accounts on other than a periodic basis, including weekly or bi-weekly.

C. Content and Frequency of Regular Account Reports.

For Advisory Client accounts who subscribe to Aksia's operations and accounting services, Advisory Clients (or the investor in each customized vehicle) receive written reports pursuant to the terms of each Advisory Client's agreement, but in any event at least monthly.

Aksia's Clients also have ongoing access to research, analytics, portfolio tools, and reporting through Aksia's password protected website. Frequency of reports depends on certain triggering events which may occur intra-month, monthly, quarterly and annually.

Item 14: Client Referrals and Other Compensation

A. Economic Benefits Received from Non-Clients for Providing Services to Clients.

Aksia does not receive any economic benefit from any entity or person who is not a Client for providing investment advice or advisory services to a Client.

B. Compensation to Non-Supervised Persons for Client Referrals.

Aksia may make payments to a third-party solicitor for Client referrals outside of the U.S., provided that, to the extent required, such solicitor has entered into a written agreement with Aksia pursuant to which the solicitor will provide each prospective client with a copy of Aksia's Form ADV Part 2, and a disclosure document setting forth the terms of the solicitation arrangement, including the nature of the relationship between the solicitor and Aksia and any fees to be paid to the solicitor. Where applicable, payments for Client solicitations will be structured to comply fully with the requirements of Rule 206(4)-3 under the Advisers Act and related SEC staff interpretations.

Item 15: Custody

Not applicable.

Item 16: Investment Discretion

Aksia provides investment advisory services on a discretionary basis to some of its Advisory Clients. Please see Item 4 for a description of limitations such Advisory Clients may place on Aksia's discretionary authority.

Prior to assuming full or limited discretion in managing a discretionary client's assets, Aksia enters into an investment management agreement or other agreement that sets forth the scope of Aksia's discretion. Any limitations on such discretion are individually agreed to between the Advisory Client and Aksia and memorialized in the respective agreement with Aksia. Such limitations may include: diversification constraints, mandated sector allocation ranges, prohibitions from investing in certain types of securities, liquidity constraints, and limits on Aksia's ability to purchase or sell securities without the Advisory Client's prior written consent.

Item 17: Voting Client Securities

A. Policies and Procedures Relating to Authority to Vote Client Securities.

To the extent Aksia has been delegated proxy voting authority on behalf of an Advisory Client, Aksia complies with its proxy voting policies and procedures that are designed to ensure that in cases where Aksia votes proxies with respect to Advisory Client securities, such proxies are voted in the best interests of such Advisory Client.

An Advisory Client that wishes to direct its vote in a particular solicitation shall give reasonable prior written notice to Aksia indicating such intention and provide written instructions directing Aksia's vote in regard to the particular solicitation. Where such prior written notice is received, Aksia will vote proxies in accordance with such written instructions received from the Advisory Client, provided that such instructions are provided to Aksia in a timely manner.

If a material conflict of interest between Aksia and a Client exists, Aksia will determine whether voting in accordance with the guidelines set forth in the proxy voting policies and procedures is in the best interests of the Client or take some other appropriate action.

Clients may obtain a copy of Aksia's proxy voting policies and procedures and information about how Aksia voted an Advisory Client's proxies by contacting Maya Fishman at (212) 710-5771 or maya.fishman@aksia.com.

Item 18: Financial Information

Not applicable.

Item 19: Requirements for State-Registered Advisers

Not applicable.

AKSIA LLC

BROCHURE SUPPLEMENT

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March 31, 2015

JIM VOS

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March 31, 2015

This brochure supplement provides information about Jim Vos that supplements the Aksia Brochure. You should have received a copy of the Aksia Brochure. Please contact Maya Fishman, CCO at (212) 710-5771 or maya.fishman@aksia.com if you did not receive a copy of the Aksia Brochure or if you have any questions about the contents of this Brochure Supplement.

EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Born 1962

B.A. in Economics, University of Pennsylvania, 1985

Preceding 5 Years' Experience

Aksia LLC, Chief Executive Officer, 2006 – Present

Credit Suisse, 1985 – 2006

- 2003 – 2006 Managing Director/Head of Hedge Funds Investment Group
- 2000 – 2003 Managing Director/Head of Fund of Hedge Funds and Fund Linked Products in London
- 1998 – 2000 Head of Fund of Hedge Funds
- 1991 – 1997 Credit Suisse Financial Products
- 1987 – 1991 Research Department in Tokyo
- 1985 – 1987 Portfolio Strategies Group

DISCIPLINARY INFORMATION

Mr. Vos has no legal or disciplinary information to report.

OTHER BUSINESS ACTIVITIES

Mr. Vos has no other business activities to report.

ADDITIONAL COMPENSATION

Mr. Vos has no additional compensation to report.

SUPERVISION

Aksia supervises Mr. Vos and all other individuals providing advice to clients. Prior to being considered for client recommendation, potential investments undergo an extensive due diligence process by Aksia's investment and operational due diligence teams. Each potential investment is given an investment rating. Once a potential investment receives a favorable rating, it may be recommended to a client. Aksia monitors recommendations made to clients by conducting periodic meetings and recording monthly or quarterly portfolio notes. Generally, the individuals assigned to each client assess the client's portfolio on a monthly basis and discuss various issues ranging from client portfolio weightings to pending allocations or redemptions. On a quarterly basis, Aksia formally reviews the sectors and strategies and adjusts long term targets for recommended weightings preferences. Aksia then discusses recommended changes with the client during regular meetings, the frequency of which is determined according to client preference. In addition, Aksia's research teams continue to monitor the investments and update clients accordingly.

All supervised persons of Aksia are subject to its compliance policies and procedures. Maya Fishman, CCO, is responsible for administering Aksia's compliance program. She can be reached at (212) 710-5771 or maya.fishman@aksia.com.

REQUIREMENTS FOR STATE-REGISTERED ADVISERS

Not applicable.

PATRICK ADELSBACH

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March 31, 2015

This brochure supplement provides information about Patrick Adelsbach that supplements the Aksia Brochure. You should have received a copy of the Aksia Brochure. Maya Fishman, CCO at (212) 710-5771 or maya.fishman@aksia.com if you did not receive a copy of the Aksia Brochure or if you have any questions about the contents of this Brochure Supplement.

EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Born 1975

B.S. in Economics, The Wharton School, University of Pennsylvania, 1997

B.A.S. in Systems Engineering, University of Pennsylvania, 1997

Preceding 5 Years' Experience

Aksia LLC, Head of Event Driven, 2006 – Present

Credit Suisse, 2000 – 2006

- 2003 – 2006 Director/Head of Event Driven and Fixed Income Emerging Markets/Investment Committee Member
- 2000 – 2003 Generalist for Manager Research and Selection

DISCIPLINARY INFORMATION

Mr. Adelsbach has no legal or disciplinary information to report.

OTHER BUSINESS ACTIVITIES

Mr. Adelsbach has no other business activities to report.

ADDITIONAL COMPENSATION

Mr. Adelsbach has no additional compensation to report.

SUPERVISION

Aksia supervises Mr. Adelsbach and all other individuals providing advice to clients. Prior to being considered for client recommendation, potential investments undergo an extensive due diligence process by Aksia's investment and operational due diligence teams. Each potential investment is given an investment rating. Once a potential investment receives a favorable rating, it may be recommended to a client. Aksia monitors recommendations made to clients by conducting periodic meetings and recording monthly or quarterly portfolio notes. Generally, the individuals assigned to each client assess the client's portfolio on a monthly basis and discuss various issues ranging from client portfolio weightings to pending allocations or redemptions. On a quarterly basis, Aksia formally reviews the sectors and strategies and adjusts long term targets for recommended weightings preferences. Aksia then discusses recommended changes with the client during regular meetings, the frequency of which is determined according to client preference. In addition, Aksia's research teams continue to monitor the investments and update clients accordingly.

All supervised persons of Aksia are subject to its compliance policies and procedures. Maya Fishman, CCO, is responsible for administering Aksia's compliance program. She can be reached at (212) 710-5771 or maya.fishman@aksia.com.

REQUIREMENTS FOR STATE-REGISTERED ADVISERS

Not applicable.

VALERIE BENARD

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March 31, 2015

This brochure supplement provides information about Valerie Benard that supplements the Aksia Brochure. You should have received a copy of the Aksia Brochure. Please contact Maya Fishman, CCO at (212) 710-5771 or maya.fishman@aksia.com if you did not receive a copy of the Aksia Brochure or if you have any questions about the contents of this Brochure Supplement.

EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Born 1969

Master's degree in International Finance and Business, Université du Havre (France), 1994

Preceding 5 Years' Experience

Head of Aksia Europe, 2009 – Present

Blackstone Asset Management, 2001 – 2009

- 2005 – 2009 Managing Director and Head of Business Development and Investor Relations
- 2003 – 2005 Head of BAAM in London and Member of the Executive Committee
- 2001 – 2003 Responsible for establishing BAAM presence in Europe

DISCIPLINARY INFORMATION

Ms. Benard has no legal or disciplinary information to report.

OTHER BUSINESS ACTIVITIES

Ms. Benard has no other business activities to report.

ADDITIONAL COMPENSATION

Ms. Benard has no additional compensation to report.

SUPERVISION

Aksia supervises Ms. Benard and all other individuals providing advice to clients. Prior to being considered for client recommendation, potential investments undergo an extensive due diligence process by Aksia's investment and operational due diligence teams. Each potential investment is given an investment rating. Once a potential investment receives a favorable rating, it may be recommended to a client. Aksia monitors recommendations made to clients by conducting periodic meetings and recording monthly or quarterly portfolio notes. Generally, the individuals assigned to each client assess the client's portfolio on a monthly basis and discuss various issues ranging from client portfolio weightings to pending allocations or redemptions. On a quarterly basis, Aksia formally reviews the sectors and strategies and adjusts long term targets for recommended weightings preferences. Aksia then discusses recommended changes with the client during regular meetings, the frequency of which is determined according to client preference. In addition, Aksia's research teams continue to monitor the investments and update clients accordingly.

All supervised persons of Aksia are subject to its compliance policies and procedures. Maya Fishman, CCO, is responsible for administering Aksia's compliance program. She can be reached at (212) 710-5771 or maya.fishman@aksia.com.

REQUIREMENTS FOR STATE-REGISTERED ADVISERS

Not applicable.

SIMON FLUDGATE

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March 31, 2015

This brochure supplement provides information about Simon Fludgate that supplements the Aksia Brochure. You should have received a copy of the Aksia Brochure. Please contact Maya Fishman, CCO at (212) 710-5771 or maya.fishman@aksia.com if you did not receive a copy of the Aksia Brochure or if you have any questions about the contents of this Brochure Supplement.

EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Born 1971

B.S. in Accounting, State University of New York at Albany, 1993

Preceding 5 Years' Experience

Aksia LLC, Head of Operational Due Diligence, 2006 – Present

Credit Suisse, Head of Operational Due Diligence and Deputy Head of Risk Management, 2004 – 2006

DISCIPLINARY INFORMATION

Mr. Fludgate has no legal or disciplinary information to report.

OTHER BUSINESS ACTIVITIES

Mr. Fludgate has no other business activities to report.

ADDITIONAL COMPENSATION

Mr. Fludgate has no additional compensation to report.

SUPERVISION

Aksia supervises Mr. Fludgate and all other individuals providing advice to clients. Prior to being considered for client recommendation, potential investments undergo an extensive due diligence process by Aksia's investment and operational due diligence teams. Each potential investment is given an investment rating. Once a potential investment receives a favorable rating, it may be recommended to a client. Aksia monitors recommendations made to clients by conducting

periodic meetings and recording monthly or quarterly portfolio notes. Generally, the individuals assigned to each client assess the client's portfolio on a monthly basis and discuss various issues ranging from client portfolio weightings to pending allocations or redemptions. On a quarterly basis, Aksia formally reviews the sectors and strategies and adjusts long term targets for recommended weightings preferences. Aksia then discusses recommended changes with the client during regular meetings, the frequency of which is determined according to client preference. In addition, Aksia's research teams continue to monitor the investments and update clients accordingly.

All supervised persons of Aksia are subject to its compliance policies and procedures. Maya Fishman, CCO, is responsible for administering Aksia's compliance program. She can be reached at (212) 710-5771 or maya.fishman@aksia.com.

REQUIREMENTS FOR STATE-REGISTERED ADVISERS

Not applicable.

NORMAN KILARJIAN

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March 31, 2015

This brochure supplement provides information about Norman Kilarjian that supplements the Aksia Brochure. You should have received a copy of the Aksia Brochure. Please contact Maya Fishman, CCO at (212) 710-5771 or maya.fishman@aksia.com if you did not receive a copy of the Aksia Brochure or if you have any questions about the contents of this Brochure Supplement.

EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Born 1969

Mr. Kilarjian has no formal education after high school.

Preceding 5 Years' Experience

Aksia LLC, Head of Relative Value and Tactical Trading, 2006 – Present

Credit Suisse, Director/Head of Equity Arbitrage/Investment Committee Member, 2004 – 2006

DISCIPLINARY INFORMATION

Mr. Kilarjian has no legal or disciplinary information to report.

OTHER BUSINESS ACTIVITIES

Mr. Kilarjian has no other business activities to report.

ADDITIONAL COMPENSATION

Mr. Kilarjian has no additional compensation to report.

SUPERVISION

Aksia supervises Mr. Kilarjian and all other individuals providing advice to clients. Prior to being considered for client recommendation, potential investments undergo an extensive due diligence process by Aksia's investment and operational due diligence teams. Each potential investment is given an investment rating. Once a potential investment receives a favorable rating, it may be recommended to a client. Aksia monitors recommendations made to clients by conducting

periodic meetings and recording monthly or quarterly portfolio notes. Generally, the individuals assigned to each client assess the client's portfolio on a monthly basis and discuss various issues ranging from client portfolio weightings to pending allocations or redemptions. On a quarterly basis, Aksia formally reviews the sectors and strategies and adjusts long term targets for recommended weightings preferences. Aksia then discusses recommended changes with the client during regular meetings, the frequency of which is determined according to client preference. In addition, Aksia's research teams continue to monitor the investments and update clients accordingly.

All supervised persons of Aksia are subject to its compliance policies and procedures. Maya Fishman, CCO, is responsible for administering Aksia's compliance program. She can be reached at (212) 710-5771 or maya.fishman@aksia.com.

REQUIREMENTS FOR STATE-REGISTERED ADVISERS

Not applicable.

JOSEPH LARUCCI

Aksia LLC
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Website: www.aksia.com

March 31, 2015

This brochure supplement provides information about Joseph Larucci that supplements the Aksia Brochure. You should have received a copy of the Aksia Brochure. Please contact Maya Fishman, CCO, at (212) 710-5771 or maya.fishman@aksia.com if you did not receive a copy of the Aksia Brochure or if you have any questions about the contents of this Brochure Supplement.

EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Born 1970

BEng in Marine Engineering, New York Maritime College, 1993

Preceding 5 Years' Experience

Aksia LLC, Head of Equity Long/Short, 2006 – Present

Credit Suisse, Director/Head of Equity Long/Short/Investment Committee Member, 2000 – 2006

DISCIPLINARY INFORMATION

Mr. Larucci has no legal or disciplinary information to report.

OTHER BUSINESS ACTIVITIES

Mr. Larucci has no other business activities to report.

ADDITIONAL COMPENSATION

Mr. Larucci has no additional compensation to report.

SUPERVISION

Aksia supervises Mr. Larucci and all other individuals providing advice to clients. Prior to being considered for client recommendation, potential investments undergo an extensive due diligence process by Aksia's investment and operational due diligence teams. Each potential investment is given an investment rating. Once a potential investment receives a favorable rating, it may be recommended to a client. Aksia monitors recommendations made to clients by conducting

periodic meetings and recording monthly or quarterly portfolio notes. Generally, the individuals assigned to each client assess the client's portfolio on a monthly basis and discuss various issues ranging from client portfolio weightings to pending allocations or redemptions. On a quarterly basis, Aksia formally reviews the sectors and strategies and adjusts long term targets for recommended weightings preferences. Aksia then discusses recommended changes with the client during regular meetings, the frequency of which is determined according to client preference. In addition, Aksia's research teams continue to monitor the investments and update clients accordingly.

All supervised persons of Aksia are subject to its compliance policies and procedures. Maya Fishman, CCO, is responsible for administering Aksia's compliance program. She can be reached at (212) 710-5771 or maya.fishman@aksia.com.

REQUIREMENTS FOR STATE-REGISTERED ADVISERS

Not applicable.

BRUCE RUEHL

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March 31, 2015

This brochure supplement provides information about Bruce Ruehl that supplements the Aksia Brochure. You should have received a copy of the Aksia Brochure. Please contact Maya Fishman, CCO at (212) 710-5771 or maya.fishman@aksia.com if you did not receive a copy of the Aksia Brochure or if you have any questions about the contents of this Brochure Supplement.

EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Born 1960

B.A. in Economics, Lafayette College, 1982

M.S. in Real Estate Investment, New York University, 1991

Preceding 5 Years' Experience

Aksia LLC, Head of Americas Advisory, 2010 – Present

Gleacher Advisors, Chairman and Chief Investment Officer, 2002 – 2010

DISCIPLINARY INFORMATION

Mr. Ruehl has no legal or disciplinary information to report.

OTHER BUSINESS ACTIVITIES

Mr. Ruehl has no other business activities to report.

ADDITIONAL COMPENSATION

Mr. Ruehl has no additional compensation to report.

SUPERVISION

Aksia supervises Mr. Ruehl and all other individuals providing advice to clients. Prior to being considered for client recommendation, potential investments undergo an extensive due diligence process by Aksia's investment and operational due diligence teams. Each potential investment is given an investment rating. Once a potential investment receives a favorable rating, it may be recommended to a client. Aksia monitors recommendations made to clients by conducting periodic meetings and recording monthly or quarterly portfolio notes. Generally, the individuals assigned to each client assess the client's portfolio on a monthly basis and discuss various issues ranging from client portfolio weightings to pending allocations or redemptions. On a quarterly basis, Aksia formally reviews the sectors and strategies and adjusts long term targets for recommended weightings preferences. Aksia then discusses recommended changes with the client during regular meetings, the frequency of which is determined according to client preference. In addition, Aksia's research teams continue to monitor the investments and update clients accordingly.

All supervised persons of Aksia are subject to its compliance policies and procedures. Maya Fishman, CCO, is responsible for administering Aksia's compliance program. She can be reached at (212) 710-5771 or maya.fishman@aksia.com.

REQUIREMENTS FOR STATE-REGISTERED ADVISERS

Not applicable.

MANABU WASHIO

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March 31, 2015

This brochure supplement provides information about Manabu Washio that supplements the Aksia Brochure. You should have received a copy of the Aksia Brochure. Please contact Maya Fishman, CCO at (212) 710-5771 or maya.fishman@aksia.com if you did not receive a copy of the Aksia Brochure or if you have any questions about the contents of this Brochure Supplement.

EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Born 1962

B.B.A. in Business, University of Oregon, 1985

M.B.A., Harvard University, 1990

Preceding 5 Years' Experience

Head of Aksia Asia, 2007 – Present

Morgan Stanley Tokyo, Head of Product at Equity Department, 2000 – 2007

DISCIPLINARY INFORMATION

Mr. Washio has no legal or disciplinary information to report.

OTHER BUSINESS ACTIVITIES

Mr. Washio has no other business activities to report.

ADDITIONAL COMPENSATION

Mr. Washio has no additional compensation to report.

SUPERVISION

Aksia supervises Mr. Washio and all other individuals providing advice to clients. Prior to being considered for client recommendation, potential investments undergo an extensive due diligence process by Aksia's investment and operational due diligence teams. Each potential investment is given an investment rating. Once a potential investment receives a favorable rating, it may be recommended to a client. Aksia monitors recommendations made to clients by conducting periodic meetings and recording monthly or quarterly portfolio notes. Generally, the individuals assigned to each client assess the client's portfolio on a monthly basis and discuss various issues ranging from client portfolio weightings to pending allocations or redemptions. On a quarterly basis, Aksia formally reviews the sectors and strategies and adjusts long term targets for recommended weightings preferences. Aksia then discusses recommended changes with the client during regular meetings, the frequency of which is determined according to client preference. In addition, Aksia's research teams continue to monitor the investments and update clients accordingly.

All supervised persons of Aksia are subject to its compliance policies and procedures. Maya Fishman, CCO, is responsible for administering Aksia's compliance program. She can be reached at (212) 710-5771 or maya.fishman@aksia.com.

REQUIREMENTS FOR STATE-REGISTERED ADVISERS

Not applicable.

<u>APPENDIX A</u>

<u>CODE OF ETHICS</u>

I. INTRODUCTION

High ethical standards are essential for the success of Aksia and to maintain the confidence of Aksia's Clients. Aksia's long-term business interests are best served by adherence to the principle that the interests of Clients come first. We have a fiduciary duty to Advisory Clients to act solely for the benefit of our Clients. All Supervised Persons of Aksia must put the interests of Aksia's Clients before their own personal interests and must act honestly and fairly in all respects in dealings with Clients. All personnel of Aksia must also comply with all federal securities laws. In recognition of Aksia's fiduciary duty to its Clients and Aksia's desire to maintain its high ethical standards, Aksia has adopted this Code of Ethics (the "**Code**") containing provisions designed to prevent improper personal trading, identify conflicts of interest and provide a means to resolve any actual or potential conflicts in favor of Aksia's Clients.

Adherence to the Code and the related restrictions on personal investing is considered a basic condition of employment by Aksia. If you have any doubt as to the propriety of any activity, you should consult with Compliance, who is charged with the administration of the Code.

II. PERSONAL TRADING POLICY

A. <u>Definitions</u>

1. <u>Automatic Investment Plan</u> means a program in which regular periodic purchases (or withdrawals) are made automatically in (or from) investment accounts in accordance with a predetermined schedule and allocation, including a dividend reinvestment plan.

2. <u>Beneficial Ownership</u> includes ownership by any person who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares a direct or indirect power to vote or influence the transaction decisions regarding a specific account.

3. <u>Micro Cap Stock</u> means any equities in publicly traded companies which have a market value of less than $300 million (inclusive of Nano Caps).

4. <u>Reportable Security</u> means a security as defined in Section 202(a)(18) of the Act (15 U.S.C. 80b-2(a)(18)) and includes any derivative, commodities, options or forward contracts relating thereto, except that it does not include:

    a) Direct obligations of the Government of the United States;

    b) Bankers' acceptances, bank certificates of deposit, commercial paper and high quality short-term debt instruments, including repurchase agreements;

    c) Shares issued by money market funds;

    d) Shares issued by registered open-end funds other than exchange-traded funds (each a "**Reportable Fund**"); and

    e) Shares issued by unit investment trusts that are invested exclusively in one or more registered open-end funds, none of which are Reportable Funds.

5. <u>Restricted Security</u> means any security that is (1) a publicly listed Client of Aksia; (2) a security Aksia is researching, analyzing or considering buying or selling for a Client; or (3) a

security on which Aksia currently is or may become in possession of material non-public information.

6. Short Sale means the sale of securities that the seller does not own. A Short Sale is "against the box" to the extent that the seller contemporaneously owns or has the right to obtain securities identical to those sold short, at no added cost.

B. Applicability of the Code of Ethics

The Code applies to all Personal Accounts of Supervised Persons.

A Personal Account of a Supervised Person includes an account maintained by or for:

- A Supervised Person’s spouse (other than a legally separated or divorced spouse of the Supervised Person) and minor children;

- Any immediate family members who live in the Supervised Person’s household;

- Any persons to whom the Supervised Person provides primary financial support, and either (i) whose financial affairs the Supervised Person controls, or (ii) for whom the Supervised Person provides discretionary advisory services; and

- Any partnership, corporation or other entity in which the Supervised Person has a 25% or greater beneficial interest, or in which the Supervised Person exercises effective control.

C. Restrictions On Personal Investing Activities

1. General

   It is the responsibility of each Supervised Person to ensure that a particular securities transaction being considered for his or her Personal Account is not subject to a restriction contained in the Code or otherwise prohibited by any applicable laws. Personal securities transactions for Supervised Persons may be effected **only** in accordance with the provisions of this Policy.

2. Prohibitions on Trading in Securities on the Restricted Securities List

   Supervised Persons may not execute any personal securities transaction of any kind in any Restricted Security, except with the prior written approval of Compliance. A list of Restricted Securities is maintained by Compliance on the SchwabCT portal and is amended from time to time. Please refer to the Restricted List on a regular basis.

3. 60-Day Holding Requirement

   All purchases of any security must be held for a minimum of 60 days from the date of purchase, except with the prior written approval of Compliance. This 60-day holding restriction does not apply to ETFs or mutual funds.

4. Micro Cap Trading

   All Supervised Persons are prohibited from trading in Micro Cap stock, except with the prior written approval of Compliance. This Micro Cap trading restriction applies to equities only.

5. Initial Public Offerings ("**IPOs**")

   A Supervised Person may not acquire any direct or indirect beneficial ownership in any securities in any initial public offering, except with the prior written approval of Compliance.

6. Hedge Fund, Fund of Hedge Funds, or Private Equity Fund Ownership

   A Supervised Person may not acquire any direct or indirect beneficial ownership in **any** hedge fund, fund of hedge funds, or private equity fund, except with the prior written approval of Compliance.

   IF A NEW SUPERVISED PERSON HAS DIRECT OR INDIRECT BENEFICIAL OWNERSHIP IN A HEDGE FUND, FUND OF HEDGE FUNDS, OR PRIVATE EQUITY FUND, THE SUPERVISED PERSON MUST NOTIFY COMPLIANCE IMMEDIATELY. A SUPERVISED PERSON HOLDING SUCH AN INVESTMENT MAY BE REQUIRED TO SUBMIT A FULL REDEMPTION.

7. Private Placements and Investment Opportunities of Limited Availability

   A Supervised Person may not acquire any beneficial ownership in any private placement of securities or investment opportunity of limited availability, except with the prior written approval of Compliance.

8. Management of Non-Adviser Accounts

   Supervised Persons are prohibited from managing accounts for third parties who are not Clients of Aksia or serving as a trustee for third parties unless Compliance pre-clears the arrangement and finds that the arrangement would not harm any Client. Compliance may require the Supervised Person to report transactions for such account and may impose such conditions or restrictions as are warranted under the circumstances.

D. Exceptions From Reporting Requirements

In recognition of the *de minimis* or involuntary nature of certain transactions, this section sets forth exceptions from the reporting requirements. Accordingly, the following transactions will be exempt only from the reporting requirements in Section II.E. below:

1. Purchases or sales that are non-volitional on the part of the Supervised Person such as purchases that are made pursuant to a merger, tender offer or exercise of rights;

2. Purchases or sales pursuant to an Automatic Investment Plan;

3. Transactions in securities that are not Reportable Securities; and

4. Transactions effected in, and the holdings of, any account over which the Supervised Person has no direct or indirect influence or control (i.e., blind trust, discretionary account or trust managed by a third party).

E. Reporting

1. Disclosure of Brokerage Accounts

   All Supervised Persons will, generally, within 10 days of commencement of employment with Aksia, submit through SchwabCT a listing all of the names and account numbers of any brokerage firms or banks where the Supervised Person has an account in which any

Reportable Securities are held and any applicable account numbers. **Except as otherwise approved by Compliance, Supervised Persons may only hold such accounts at the following four brokerage firms: Charles Schwab, Fidelity, E*Trade, or Interactive Brokers.** Supervised Persons who maintain brokerage accounts at any other brokerage firm may be asked to close such accounts. For any other accounts approved by Compliance, Supervised Persons must otherwise direct their brokers or custodians or any persons managing the Supervised Person's account in which any Reportable Securities are held to supply Compliance with:

- The Supervised Person's monthly or quarterly brokerage statements; and
- A report of their securities transactions no later than 30 days after the end of each calendar quarter. The report must set forth each transaction in a Reportable Security in which the Supervised Person had any beneficial interest during the period covered by the report.

2. New Accounts

Supervised Persons may only open new brokerage accounts at one of the four approved brokerage firms listed above. Each Supervised Person must promptly disclose through SchwabCT any new account in which any securities are held with a broker or custodian or if he or she moves such an existing account to a different broker or custodian. **As a reminder, life events such as a marriage, children, or other change in a Supervised Person's household may warrant disclosure of additional accounts to which this Code applies.**

3. Exceptions to Reporting Requirements

A Supervised Person need not submit any report with respect to securities held in accounts over which the Supervised Person has no direct or indirect influence or control or transaction reports with respect to transactions effected pursuant to an automatic investment plan.

4. Supervised Persons must report immediately any suspected violations to Compliance.

5. Transactions Subject to Review

The Reportable Securities transactions reported on the brokerage statements will be continuously compared against the Restricted List as well as monitored for any other violations.

III. GIFTS AND BUSINESS ENTERTAINMENT POLICY

In order to address conflicts of interest that may arise when a Supervised Person accepts or gives a gift, favor, special accommodation, or other items of value, Aksia places restrictions on gifts and certain types of business entertainment. Aksia is of the view that its Supervised Persons (and their family members) should not accept (in the context of their business activities for Aksia) excessive benefits or gifts. In general, a Supervised Person should not accept any gifts or benefits that may influence the decisions that he or she must make in business transactions involving Aksia, or that others may reasonably believe would influence those decisions. Set forth below is Aksia's policy relating to gifts and business entertainment.

A. <u>Definitions</u>

1. **Gifts** mean anything of value given or received from a counterparty which Aksia does or potentially may have a business relationship with.

2. **Entertainment** constitutes anything of value given or received from a counterparty which Aksia does or potentially may have a business relationship with and the counterparty is present. As an example for clarification, tickets to a sporting event in which the counterparty is not present would be deemed a "gift" whereas if the counterparty is present, the tickets would be deemed business "entertainment."

B. <u>No Solicited Gifts</u>

No Supervised Person may intentionally use his or her position with Aksia to obtain anything of value from a Client, prospective Client, fund manager, supplier, person, or entity to which the Supervised Person refers business, or any other entity with which Aksia does business.

C. <u>No Cash Gifts</u>

No Supervised Person may give or accept cash gifts or cash equivalents (including gift certificates) to or from a fund manager, supplier, Client, prospective client, person or any entity that does business with or potentially could conduct business with or on behalf of Aksia.

D. <u>No Extravagant Gifts</u>

No Supervised Person may provide or accept extravagant gifts (reasonably determined to be a value greater than $50 per item and subject to **Section III.F.2.**) to or from a fund manager, supplier, Client, prospective client, person, or entity that does or potentially could do business with or on behalf of Aksia without the prior written approval of Compliance.

E. <u>No Extravagant Entertainment</u>

No Supervised Person may provide or accept extravagant or excessive entertainment (reasonably determined to be a value greater than $100 per instance and subject to Section III.F.2.) to or from a fund manager, supplier, Client, prospective client, person, or entity that does or potentially could do business with or on behalf of Aksia without the prior written approval of Compliance.

F. <u>Reporting</u>

1. Pre-clearance and Disclosure Requirements

All Supervised Persons must submit for ***pre-clearance*** by Compliance any entertainment to or from any fund manager, supplier, Client, prospective client, person, or entity that does business with or potentially could conduct business with or on behalf of Aksia with a value in excess of **$100 per instance** (if foreign, then US equivalent) and all gifts to or from any fund manager, supplier, Client, prospective client, person, or entity that does business with or on behalf of Aksia in excess of **$50 per item** (e.g. the value of a gift basket with 5 items would be the total value of each item in the basket) irrespective of face value (e.g., a sporting event playoff ticket with a face value of $75 but a reasonably estimated market value of $500 would need to be reported). Where the Supervised Person does not anticipate receiving a gift that is later given to such Supervised Person, approval may be granted after the gift is received.

Pre-clearance by Compliance must be obtained ***at least 48 hours prior*** to the receipt of expected entertainment or gift and ***immediately*** after receipt of an unexpected gift or entertainment that would have otherwise required pre-clearance, or as soon as practicable. Requests for pre-approval must be submitted through the SchwabCT portal by completing the Gifts and Entertainment Request/Disclosure form. Compliance may require that any gift in excess of the *de minimis* value be returned to the provider or that an expense be repaid by the Supervised Person.

2. Pre-Clearance and Disclosure Requirements with respect to Public or Government Pension Clients or Prospective Clients

   Some state regulations strictly prohibit or limit the value of gifts of entertainment received by trustees, members of the board, or staff of public or government pension programs. In order to ensure compliance with such regulations, Supervised Persons must disclose and pre-clear to Compliance **<u>ALL</u>** gifts and entertainment, irrespective of value, to or from any public or government pension Client or prospective client.

   For the avoidance of doubt, Compliance may elect to deny acceptance of a gift or entertainment below the *de minimis* threshold based on the totality of circumstances.

3. Disclosure Requirements with respect to Union Personnel; LM-10 Reporting

   The Labor-Management Reporting and Disclosure Act ("**LMRDA**") requires that investment managers report gifts and entertainment expenses provided to union personnel, including personnel associated with union sponsored pension plans, annually on Form LM-10 with the Department of Labor's Office of Labor-Management Standards.

   a. There is an **annual** *de minimis* exemption for **$250** or less:

      - Benefits provided to the same union official by different employees of the same investment manager are to be aggregated;

      - Benefits provided to different union officials are not aggregated;

      - When an investment manager pays for a union official to attend an educational conference, the costs of the official's meals, refreshments, travel, and lodging are counted towards reportable benefits; the costs of conference rooms and audio-visual equipment are not.

   b. Special Rules for Widely-Attended Gatherings:

      - If the cost of the gathering, excluding facility rental, security, and staff time, is $20 or less per person, no Form LM-10 reporting is required;

      - If the cost of the gathering, as described above, is $125 or less per person (but more than $20), an investment manager may have the same union officials in attendance at two such gatherings during its fiscal year without any Form LM-10 reporting. If the same union official attends three or more such gatherings, the cost attributable to all such gatherings during the fiscal year must be reported.

G. <u>Recordkeeping</u>

Compliance will maintain records of gifts and/or business entertainment events so reported on SchwabCT.

If Compliance identifies circumstances where a Supervised Person's receipt of gifts becomes so frequent or extensive so as to raise any question of impropriety, Compliance will review the facts of the situation and may rely upon the advice of legal counsel. Gifts from third parties that are received by Aksia as a firm, and not any one individual, are excluded from this Policy unless deemed excessive by Compliance (in which case Compliance may opt to reject the gift(s)).

IV. ELECTRONIC COMMUNICATIONS AND SOCIAL NETWORKING POLICY

A. Electronic Communications

The SEC has stated that the substantive requirements and liability provisions of the Advisers Act, including the antifraud provisions of Section 206 of the Advisers Act and the rules promulgated thereunder, apply equally to electronic and paper based media.[7]

Accordingly, Aksia will retain all electronic communications that are required to be maintained in accordance with Rule 204-2 under the Advisers Act until an affirmative determination has been made that any particular communication can be deleted. All such electronic communications, including e-mail communications and “instant messages”, will be subject to the same record retention and review policies as paper-based communications. Supervised Persons may use “Instant Messages” (including Bloomberg instant messages) as a form of communication for general business matters, but may not be used for the placing or execution of any order to purchase or sell any security. Electronic communications sent and received by Supervised Persons will be subject to random periodic inspections by Compliance to ensure that such communications do not violate Aksia’s policies and procedures, any of the provisions of the Advisers Act, or the rules promulgated thereunder. Supervised Persons are not permitted to use personal e-mail accounts to communicate business matters of Aksia.

Electronic communications sent or received by Supervised Persons that would be required to be maintained under Rule 204-2 will be electronically maintained in Aksia’s files in accordance with this Policy. Rule 204-2 requires the retention of communications with Clients and communications that relate to the following topics, among others:

(i) any recommendation made or proposed to be made, and any advice given or proposed to be given;

(ii) any receipt, disbursement or delivery of funds or securities; or

(iii) the placing or execution of any order to purchase or sell any security.

Supervised Persons are advised that they should have no expectation of privacy in any communication that enters, leaves, is accessed through or is stored in Aksia’s communications systems, including the e-mail system or any other system accessed through Aksia’s communications system. Aksia expressly reserves the right to monitor its communications systems in its sole discretion including any activities engaged in while on work time and on equipment provided by Aksia. Supervised Persons are also reminded that all electronic communications, including personal communications, are subject to examination by the Securities and Exchange Commission. Supervised Persons are encouraged to delete personal electronic communications on a regular basis.

As stated above, Supervised Persons are prohibited from using their personal e-mail accounts to conduct Aksia business. If it is discovered that a Supervised Person has violated this Policy, Compliance will request copies of all business-related e-mails from the personal e-mail account of such Supervised Person.

A detailed description of the books and records Aksia is required to maintain under Rule 204-2 is set forth in **Appendix G** to Aksia’s Compliance Manual. Any questions regarding whether a communication or other document constitutes a book or record required to be maintained should be directed to Compliance.

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7 United States Securities and Exchange Commission, Interpretive Release No. 33-7288, ("Use of Electronic Media by Broker-Dealers, Transfer Agents and Investment Advisers for Delivery of Information.”)

B. Social Networking Policy

1. General

Supervised Persons must be mindful of how they represent themselves on social networks as the lines between public and private, personal and professional are becoming increasingly blurred. The use of social networking websites may have implications under securities laws, including but not limited to, the Advisers Act and the Securities Act of 1933, as amended. In addition, the use of social media is subject to restrictions on advertising under the Advisers Act and the 1940 Act. Supervised Persons who identify themselves as an Aksia employee in a social network must ensure that such content is consistent with their role in the organization and does not compromise Aksia's brand and reputation.

"**Social media**" and "**social networks**" include but are not limited to:

- Facebook;
- Twitter;
- LinkedIn;
- Blogs and micro-blogs;
- YouTube;
- Flickr;
- MySpace;
- Digg;
- Reddit;
- RSS; and
- Participation in interactive electronic forums such as chat rooms and online seminars.

The specific websites referenced above are provided by way of example only, and the absence of, or lack of explicit reference to, any particular site shall not limit the extent of the application of this Policy. These sites are allowed for personal networking and may not be used for any business related purposes.

2. Prohibited Activities

When using social media in any context, no Supervised Person may (except in certain circumstances with the prior written approval of Compliance):

- Discuss, mention or otherwise communicate any information relating to: (i) Aksia's business; (ii) an existing, former or prospective client or investor; (iii) members of management of Aksia or other Supervised Persons; (iv) portfolio information or potential investment opportunities; (v) a recommendation or guidance with respect to a specific security or other investment; or (vi) confidential manager information;

- Make any forward-looking or predictive statement about the performance or specific future results of Aksia or any of its Clients;

- Host or maintain a blog or website that covers, in whole or in part, the financial industry, financial advice or topics related thereto, or any blog or website that will (or is likely to) mention Aksia and its business or a competitor of Aksia;

- Provide a link to the Firm's internal or external website on any blog, social networking site or other website;

- Communicate through social networking on behalf of Aksia or indicate that the views or comments being expressed by the Supervised Person through social networking are a reflection or representation of the views of Aksia, its personnel, or its Clients;

- Solicit clients, or conduct Firm business on social networking sites;

- Place marketing content on any social networking site;

- Provide or receive a recommendation or referral to or from any other person on the site with respect to the investment management services provided by Aksia; or

- Use the email or messaging function on any site to conduct business or to solicit or communicate with Clients on any social networking site.

3. Guidelines for Personal Use of Social Media Sites

   Even when making posts in personal accounts, Supervised Persons may still be representing Aksia. Public perception is very important to keep in mind. The use of a personal social media account does not absolve Supervised Persons from their commitments to the Firm or applicable securities regulations. When utilizing social media, Supervised Persons should adhere to the following guidelines:

   - All information listed on sites such as LinkedIn or similar professional networking sites must be limited to factual data such as name, title, dates of employment, and contact information but may not contain any other information about Aksia.

   - Certain social networking websites, such as LinkedIn, provide a mechanism to allow “connections” to “recommend” a user who has posted a profile. Such a recommendation may be considered to be an impermissible “testimonial” under the Advisers Act. As a result, Supervised Persons should consider disabling any “recommendation” or similar feature associated with a social networking website if such a testimonial could be considered an advertisement or endorsement by the Adviser.

   - Be consistent with the Firm’s values, brand, and public image.

   - Be respectful and courteous; do not use insulting or obscene language.

   - Avoid conflicts of interest. The Supervised Person must bring any conflicts of interest to Compliance immediately.

   - Social media accounts used for recreational or personal purposes may not mention any affiliation with the Firm.

   - Refrain from using social media while on work time or equipment provided by Aksia.

   - Consider all policies regarding confidentiality, privacy, and all applicable rules and regulations in connection with your status as a Supervised Person of Aksia.

4. Monitoring

   Supervised Persons should have no expectation of privacy when using social media on Aksia’s equipment or systems. Aksia reserves the right to monitor all communications, including social media activity, using the Firm’s equipment and systems. Aksia may use content management tools to monitor, review or block content on social media sites that violate Adviser's policies and guidelines.

5. Sanctions

   Upon a determination that a violation of this Policy has occurred, Compliance may impose such sanctions or remedial action as it deems appropriate or to the extent required by law. Such remedial action may include immediate termination of employment.

C. Use of Company Equipment and Systems

1. Prohibition on Downloading Cloud-Based Storage

   Supervised Persons are prohibited from downloading on to any computer provided by Aksia cloud-based storage systems such as Dropbox. Supervised Persons will be required to immediately delete such systems upon its discovery.

2. Prohibition on Downloading Files for Personal Use

   Supervised Persons are absolutely prohibited from using peer to peer file sharing sources such as torrents.

3. Use of Network Resources

   Supervised Persons should not unnecessarily burden Aksia's network resources for non-business related content on any device. This includes streaming onto a mobile device over the Wi-Fi network.

V. POLITICAL CONTRIBUTIONS AND PAYMENTS TO THIRD PARTY SOLICITORS

A. Definitions

1. "Contributions" means gifts, subscriptions, loans, advances, deposits of money, or anything of value made for: (i) the purpose of influencing any election for federal, state or local office; (ii) payments of debt incurred in connection with any such election; or (iii) transition or inaugural expenses of the successful candidate for state or local office.

2. "Covered associates" means (i) Aksia's general partners, managing members, executive officers and other individuals with a similar status or function; (ii) Aksia's Supervised Persons and any immediate family members living in their households; and (iii) any political action committee controlled by Aksia or by any person described in (i) or (ii) above. An "executive officer" of Aksia means the president, any vice president in charge of a principal business unit, division or function (such as sales, administration or finance), any other officer of Aksia who performs a policy-making function or any other person who performs similar policy-making functions for Aksia.

3. "Covered Investment Pool" means (i) an investment company registered under the Investment Company Act of 1940 that is an investment option of a plan or program of a government entity or (ii) any company that would be an investment company under section 3(a) of the Investment Company Act of 1940, but for the exclusion provided from that definition by either section 3(c)(1), section 3(c)(7) or section 3(c)(11) of that Act.

4. "Government entity" means any state or political subdivision of a state, including (i) any agency, authority or instrumentality of the state or political subdivision; (ii) a pool of assets sponsored or established by the state or political subdivision or any agency, authority or

instrumentality thereof, including, but not limited to, a "defined benefit plan" as defined in section 414(j) of the Internal Revenue Code, or a state general fund; (iii) a plan or program of a government entity; and (iv) officers, agents or employees of the state or political subdivision or any agency, authority or instrumentality thereof, acting in their official capacity.

5. "Official" means any person (including any election committee for the person) who was, at the time of the contribution, an incumbent, candidate or successful candidate for elective office of a government entity if the office (i) is directly or indirectly responsible for, or can influence the outcome of, the hiring of Aksia by the government entity or (ii) has the authority to appoint any person who is directly or indirectly responsible for, or can influence the outcome of, the hiring of Aksia by the government entity

6. "Payments" means gifts, subscriptions, loans, advances or deposits of money or anything of value.

7. "Regulated person" means

   (i) an investment adviser registered with the SEC that has not, and whose covered associates have not, within two years of soliciting a government entity, (A) made a contribution to an official of that government entity other than as permitted by Rule 206(4)-5(b)(1), and (B) coordinated or solicited any person or political action committee to make any contribution to an official of a government entity to which Aksia is providing or seeking to provide investment advisory services or payment to a political party of a state or locality where Aksia is providing or seeking to provide investment advisory services;

   (ii) a "broker", as defined in section 3(a)(4) of the Securities Exchange Act of 1934 (the "**Exchange Act**"), or a "dealer", as defined in section 3(a)(5) of that Act, that is registered with the SEC and is a member of a national securities association registered under section 15A of that Act (e.g., FINRA), provided that (A) the rules of the association prohibit members from engaging in distribution or solicitation activities if certain political contributions have been made and (B) the SEC, by order, finds that such rules impose substantially equivalent or more stringent restrictions on broker-dealers than the restrictions imposed by Rule 206(4)-5 of the Advisers Act and that such rules are consistent with the objectives of such Rule; or

   (iii) a "municipal advisor" registered with the SEC under section 15B of the Exchange Act and subject to the rules of the Municipal Securities Rulemaking Board, provided that (A) such rules prohibit municipal advisors from engaging in distribution or solicitation activities if certain political contributions have been made and (B) the SEC, by order, finds that such rules impose substantially equivalent or more stringent restrictions on municipal advisors than the restrictions imposed by Rule 206(4)-5 of the Advisers Act and that such rules are consistent with the objectives of such Rule.

8. "Solicit" means (i) with respect to investment advisory services, to communicate, directly or indirectly, for the purpose of obtaining or retaining a Client for, or referring a Client to, Aksia, and (ii) with respect to a contribution or payment, to communicate, directly or indirectly, for the purpose of obtaining or arranging a contribution or payment.

B. Statement of Policy

To the extent Aksia provides or seeks to provide investment advisory services to a government entity,[8] Aksia will take the measures described herein to seek to ensure that contributions to an

[8] The Adviser will be deemed to be seeking to provide investment advisory services to a Government entity when it responds to a request for proposal, communicates with the Government entity regarding the entity's formal selection process for

official of such Government entity and payments to any third party who is engaged to solicit advisory business from such Government entity are not made with the purpose of influencing the award of an advisory contract or the decision to invest in a Covered Investment Pool managed by Aksia. All italicized terms used in these procedures are defined in Section A, "Definitions".

In this regard, Aksia has adopted policies and procedures in order to comply with Rule 206(4)-5 under the Advisers Act (the "**Rule**").[9] The Rule, with certain exceptions, prohibits Aksia from:

(i) receiving compensation for providing investment advisory services to a Government entity, directly or indirectly, for two years after Aksia or any of its Covered Associates makes a contribution to an official of such Government entity;

(ii) coordinating, or soliciting any person or political action committee to make, (a) contributions to an official of a Government entity to which Aksia is providing or seeking to provide advisory services or (b) payments to a political party of a state or locality where Aksia is providing or seeking to provide advisory services to a Government entity; and

(iii) making or agreeing to make payments to third parties to solicit advisory business from a Government entity on behalf of Aksia unless such third parties are registered investment advisers or registered broker-dealers who are themselves subject to similar restrictions regarding contributions to officials of Government entities as Aksia.

The Rule applies only to the extent that Aksia provides or seeks to provide investment advisory services to a Government entity, either directly or through a Government entity's investment in a Covered Investment Pool managed by Aksia.

C. <u>Procedures</u>

These procedures seek to ensure that neither Aksia nor any of its Covered Associates makes or has made a contribution in violation of the restrictions on political contributions that Aksia has adopted herein on or after March 14, 2011. In addition, these procedures prohibit Aksia from paying or entering into an agreement to pay a third party on or after September 13, 2011 to solicit advisory business from a government entity on its behalf unless such third party has affirmed its status as a regulated person.

D. <u>Political Contributions</u>

1. Preclearance of Political Contributions

Aksia and each Covered Associate must obtain the prior written approval of Compliance before making a contribution to any person (including any election committee for the person) who is an incumbent, candidate or successful candidate for state or local office, including any such person who is running for federal office (a "**Candidate**").

As a matter of policy, Compliance expects not to approve any contributions by any Covered Associates. In seeking preclearance under this paragraph (i) and under paragraphs (ii) and

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investment advisers or engages in some other solicitation of the Government entity for the purpose of providing advisory services to such Government entity, either directly or through a Government entity's investment in a Covered Investment Pool managed by the Adviser.

9 The Adviser may have additional responsibilities under the code of conduct of a government program or plan it manages and/or the laws of the state or city in which such program or plan is located. (See, for example, the Code of Conduct of the New York State and Local Employees' Retirement System, the New York State and Local Police and Fire Retirement System and the New York State Common Retirement Fund at www.osc.state.ny.us/pension/codeofconduct.pdf.)

(iii) of this **Section II(A)**, Aksia and each covered associated should speak directly with Compliance. Compliance will not approve any contribution that would result in serious adverse consequences to Aksia under the Rule.

2. Preclearance of Coordination and Solicitation of Contributions and Payments

   Aksia and each Covered Associate must obtain the prior written approval of Compliance prior to coordinating or soliciting any person or political action committee to make (a) a contribution to a Candidate, or (b) a payment to a political party of a state or locality. In this regard, Aksia and each Covered Associate must obtain the prior written approval of Compliance prior to consenting to the use of its name on any fundraising literature for a Candidate or sponsoring a meeting or conference which features a Candidate as an attendee or guest speaker and which involves fundraising for such person.

3. Preclearance of Contributions to Political Action Committees and State and Local Political Parties

   Aksia and each Covered Associate must obtain the prior written approval of Compliance prior to making any contribution to a political action committee or a state or local political party. Compliance will inquire as to how the contribution will be used in order to determine whether the political action committee or political party is closely associated with an official of a Government entity. In the event Compliance determines that the political action committee or political party is closely associated with an official of a Government entity, Compliance will make a determination as to whether to permit Aksia or the Covered Associate to make a contribution to such political action committee or political party. As a matter of policy, Compliance expects not to approve any contributions by any Covered Associate to any political action committees or state or local political parties.

4. Special Disclosure Prior to Hire, Promotion or Transfer

   Prior to the hiring, promotion or transfer of a person that would result in such person serving as a Covered Associate of Aksia, such person will be required to disclose, as a condition of the hiring, promotion or transfer, all of the contributions and payments made by such person to Candidates, political action committees and state and local political parties within the preceding two years (if the person will solicit clients for Aksia) or six months (if the person will not solicit clients for Aksia), but not prior to March 14, 2011. To the extent Aksia is aware that the person has made a contribution or payment in violation of these procedures, Aksia will make a determination as to whether to hire, promote or transfer such person to serve as a Covered Associate.

5. Exception for Certain Returned Contributions

   The prohibition of the Rule (on receiving compensation for providing advisory services to a Government entity for two years after Aksia or a Covered Associate has made a contribution to an official of such Government entity) will not apply in certain instances where the triggering contribution is returned. In the event Compliance discovers that a Covered Associate has made a contribution in violation of these procedures, Compliance will make a determination as to whether it will require the Covered Associate to seek to obtain a return of the contribution. In the event Compliance determines that it is necessary to require the Covered Associate to seek to obtain a return of the contribution, it will, within four months after the date of the contribution and 60 days after discovering the contribution, take all available steps to cause the contributing Covered Associate to seek to obtain a return of such contribution and will take such other remedial or preventive measures that it determines are appropriate under the circumstances. Aksia's reliance on this exception for returned contributions is limited to no more than two times per a 12-month period and no more than once for each Covered Associate, regardless of the time period.

6. Indirect Violations

   Neither Aksia nor any of its Covered Associates may do anything indirectly that would result in a violation of these procedures.

7. Reporting of Political Contributions and Payments

   In the event that Aksia or a Covered Associate makes a direct or indirect contribution or payment to a Candidate, a political action committee or a political party of a state or political subdivision thereof, Aksia or such Covered Associate, as applicable, must immediately notify Compliance, disclosing the amount and date of such contribution or payment and the name and title of the recipient. Compliance will periodically monitor political contributions through public records to ensure all such contributions are reported. Failure to immediately report such direct or indirect political contribution or payment may result in severe disciplinary action.

8. Recordkeeping

   Compliance will compile and keep a list of (a) the names, titles and business and residence addresses of all Covered Associates of Aksia, (b) all Government entities to which Aksia provides or has provided investment advisory services, or which are or were investors in any Covered Investment Pool to which Aksia provides or has provided investment advisory services, as applicable, in the past five years (but not prior to March 14, 2011)[10], and (c) all direct or indirect contributions made by Aksia or any of its covered associates to an official of a Government entity, or direct or indirect payments to a political party of a state or political subdivision thereof, or a political action committee on or after March 14, 2011. The records described in (c) above will be listed in chronological order and will indicate (1) the name and title of each contributor, (2) the name and title (including any city/county/state or other political subdivision) of each recipient of a contribution or payment, (3) the amounts and date of each contribution or payment, and (4) whether any such contribution was the subject of the exception for certain returned contributions.

   With respect to any Covered Investment Pool Client that is a registered investment company in which a government entity may invest through an omnibus account (each, a “registered covered investment pool”), Aksia may make and keep, as an alternative to the records relating to a Covered Investment Pool described in (viii)(b) above, a list or other record that includes:

   a. Each Government entity that invests in a registered Covered Investment Pool, where the account of such Government entity can reasonably be identified as being held in the name of or for the benefit of the Government entity on the records of the registered Covered Investment Pool or its transfer agent;

   b. Each Government entity, the account of which was identified as that of a Government entity – at or around the time of the initial investment – to Aksia or one of its Client servicing Supervised Persons, Regulated persons or Covered Associates;

   c. Each Government entity that sponsors or establishes a 529 Plan and has selected a specific registered Covered Investment Pool as an option to be offered by such 529 Plan;

   d. Each Government entity that has been solicited to invest in a registered Covered

[10] Note that if the Adviser provides advice to a registered investment company that is a covered investment pool, then the Adviser must comply with the recordkeeping requirements with respect to such registered investment company beginning on September 13, 2011.

Investment Pool either (1) by a Covered Associate or Regulated person of Aksia; or (2) by an intermediary or affiliate of the registered Covered Investment Pool if a Covered Associate, regulated person or Client servicing Supervised Person of Aksia participated in or was involved in such solicitation, regardless of whether such Government entity invested in the registered Covered Investment Pool; and

e. A list of each Government entity to which Aksia markets, whether successfully or not.

E. Payments to Third Parties to Solicit Advisory Business from Government Entities

1. Review and Approval of Third Party Solicitation Agreements: Compliance will review and approve each third party solicitation agreement or arrangement prior to Aksia entering into such agreement or arrangement.

2. Required Disclosure by Regulated Persons: Prior to Aksia providing or agreeing to provide Payment to a third party to Solicit advisory business from a Government entity on its behalf, Compliance will require the third party to provide, as a condition to Aksia engaging such third party, a written representation regarding its status as a Regulated person. In addition, Compliance will take any additional measures it deems necessary to verify such third party's status as a Regulated person.

3. Ongoing Review of Regulated Person Status: In the event Aksia provides or agrees to provide payment to a third party to solicit advisory business from a Government entity, Aksia will require such third party to provide Aksia with satisfactory representations that the third party meets and will continue to meet the definition of a Regulated person as of such date or will obtain such other evidence as Aksia deems satisfactory to verify such third party's status as a Regulated person as of such date.

4. Recordkeeping: Aksia will keep a list of the name and business address of each Regulated person to whom Aksia provides or agrees to provide, on or after September 13, 2011, directly or indirectly, payment to solicit a Government entity for investment advisory services on its behalf.

5. Sub-Advisory Arrangements

   a) Serving as Sub-adviser: In the event Aksia enters into an agreement or other arrangement with a third party whereby Aksia will serve as a sub-adviser to an account or a Covered Investment Pool managed by such third party, Compliance will obtain all necessary information from the third party in order to determine whether a Government entity invests in such account or Covered Investment Pool. In the event a Government entity does invest in such account or Covered Investment Pool, Compliance will take appropriate measures with respect to such Government entity in order to ensure compliance with these procedures. In addition, Compliance will use reasonable efforts to require the third party to obtain the prior written approval of Aksia prior to admitting a Government entity as an investor in a Covered Investment Pool to which Aksia is providing sub-advisory services.

   b) Hiring of Sub-adviser: In the event Aksia hires a third party to serve as a sub-adviser to an account or a Covered Investment Pool in which a Government entity invests, Compliance will require such third party to disclose whether it or any of its Covered Associates has made a contribution or payment that would result in a serious adverse consequence to such third party under the Rule. In addition, Compliance will require the third party to verify on an ongoing basis that neither the third party nor any of its Covered Associates has made a contribution or payment that would result in a serious adverse consequence to such third party under the Rule.

VI. OUTSIDE BUSINESS ACTIVITIES

Supervised Persons are not permitted to serve on the board of directors of any company, including a publicly traded company (but excluding charitable organizations), without prior written authorization from the Compliance Officer.

In order to monitor for conflicts of interest, Supervised Persons are required to submit to Compliance via the form on SchwabCT a description of any business activities outside of the scope of your employment with Aksia in which you have a significant role, including all board of directors seats or offices that you hold. Additionally, Supervised Persons must include information as to whether any family members serve on the boards of directors of any company, including a publicly traded company. Relevant information includes such family member's name, their relation to the Supervised Person, the company for which such family member serves on the board, and their title within the organization.

VII. RECORDKEEPING

A. General Requirements

Aksia will maintain and preserve the information necessary to perform the investment supervisory or account management services provided by it to its Clients in an easily accessible place for a period of not less than five (5) years, as more fully described below. Generally, information concerning such Clients' financial condition, investment objectives, investment policies and restrictions, and degree of acceptable risk will be obtained as part of each Client's investment guidelines. This information will be reviewed periodically and updated (as needed) by the Supervised Persons primarily responsible for such Client. Compliance will supervise the keeping of all records required to be kept by the Firm pursuant to Rule 204-2 of the Advisers Act. All Supervised Persons will be required to follow the procedures in this section.

B. Records in Electronic Format

1. Storage of Electronic Records

(a) Records required to be maintained and preserved that are stored on electronic storage media will be arranged and indexed in a way that permits easy location, access and retrieval. All such records that are solely kept in electronic format (no paper back-up) will be properly backed-up (i.e., server and back-up server or disk).

(b) All Supervised Persons of Aksia will adhere to the following procedures for records on electronic media:

i. Records will be maintained and preserved so as to reasonably safeguard them from loss, alteration or destruction;

ii. Access to the records will be limited to properly authorized Supervised Persons and the SEC; and

iii. It will be reasonably ensured that any reproduction of a non-electronic record on an electronic storage media is complete, true and legible when retrieved.

2. E-Mail Transmissions

To the extent that any of the following topics, covered by Rule 204-2 of the Advisers Act, are transmitted via e-mail, all Supervised Persons should note that they are required to keep such e-mails in accordance with the guidelines set for "electronic media" (as described in this

Section):

a) any recommendation made or proposed to be made, and any advice given or proposed to be given;

b) any receipt, disbursement or delivery of funds or securities; or

c) the placing or execution of any order to purchase or sell any security.

In addition, all e-mails sent to/from the Firm's e-mail server are retained on the Firm's email retention program, Global Relay, Inc. and will be subject to a periodic audit or review by the Compliance. Such Supervised Person may or may not be notified in advance of such review. If there are any questions about this directive or Policy, please direct them to Compliance.

C. Record Retention

Section 204-2 under the Advisers Act imposes various requirements for the creation and maintenance of records. The chart in **Appendix G** sets forth records required to be maintained under the federal securities laws, the required retention periods and the Supervised Person(s) responsible for maintaining the records. The source of the legal requirements for creation and maintenance of records is indicated in brackets after the description of each record. In some cases, best practices in the industry are the source of the requirement.

Generally, records required to be kept pursuant to Rule 204-2 of the Advisers Act will be retained for a period of not less than five (5) years from the end of the fiscal year during which the last entry was made on such record, the first two (2) years in an appropriate office of Aksia. Such records must be retained for a period of not less than five (5) years from the end of the fiscal year during which Aksia last published or otherwise disseminated, directly or indirectly, the notice, circular, advertisement, newspaper article, investment letter, bulletin, or other communication. In addition, the Firm's organizational structure documents (e.g. articles of incorporation, by-laws, stock certificate books) must be maintained in the Firm's principal office and preserved until at least three (3) years after termination of the Firm's business as an investment adviser.

Compliance will maintain a list of all Supervised Persons (which includes all Access Persons) of Aksia currently and for the last five (5) years.

All brokerage statements of Supervised Persons may be kept electronically in a computer database.

VIII. OVERSIGHT OF CODE OF ETHICS

A. Acknowledgment

Compliance will annually distribute a copy of the Code of Ethics to all Supervised Persons. Compliance will also distribute promptly all amendments to the Code of Ethics. All Supervised Persons are required annually to sign and acknowledge their receipt of this Code of Ethics by signing the form of acknowledgment available on SchwabCT or such other form as may be approved by Compliance. Compliance may also require interim certifications if there are Policy changes.

B. Review of Transactions

Each Supervised Person's transactions in his/her Personal Account will be reviewed on a regular basis and compared with transactions for the Clients and against the Restricted List. Any Supervised Person transactions that are believed to be a violation of this Code of Ethics will be reported promptly to the management of Aksia.

C. Sanctions

Adviser's management, with advice of legal counsel, at their discretion, will consider reports made to them and upon determining that a violation of this Code of Ethics has occurred, may impose such sanctions or remedial action as they deem appropriate or to the extent required by law. These sanctions may include, among other things, disgorgement of profits, suspension or termination of employment and/or criminal or civil penalties.

D. Authority to Exempt Transactions

Compliance has the authority to exempt any Supervised Person or any personal securities transaction of a Supervised Person from any or all of the provisions of this Code of Ethics if Compliance determines that such exemption would not be against any interests of a Client and in accordance with applicable law. Compliance will prepare and file a written memorandum of any exemption granted, describing the circumstances and reasons for the exemption.

E. ADV Disclosure

Compliance will ensure that Aksia's Form ADV (1) describes the Code of Ethics on Schedule F of Part 2 and (2) offers to provide a copy of the Code of Ethics to any Client or prospective client upon request.

IX. CONFIDENTIALITY

All reports of personal securities transactions and any other information filed pursuant to this Code of Ethics will be treated as confidential to the extent permitted by law.

Aksia

COMPLIANCE MANUAL

January 2015

Effective February 2007

Revised as of December 2014

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TABLE OF APPENDICES

XX. BUSINESS CONTINUITY AND DISASTER RECOVERY PLAN

Aksia is committed to providing for its business continuity and disaster recovery in light of the occurrence of any natural or unnatural event that might cause a significant business disruption.

This Business Continuity and Disaster Recovery Plan (the "**Continuity Plan**") of Aksia aims to provide its Supervised Persons and Clients with procedures to follow in an emergency. These procedures are designed to ensure that business will resume and continue as quickly and efficiently as possible in the event of any short-term or long-term significant business disruption.

A. Communications

1. Supervised Persons

   A current list of emergency contact information for all personnel, vendors, service providers, and a company decision tree is actively maintained by the Office Manager and made available to Supervised Persons on www.compliance.aksia.com. The site is accessible via Supervised Persons' MAX credentials. Aksia will notify Supervised Persons of emergencies through a text and email alert system.

2. Clients

   Aksia has created the following procedures to accommodate communications between Aksia and its Clients:

   a. In the event of an emergency, Aksia will endeavor to contact its Clients within one business day via phone or email as considered necessary with instructions as to how it will continue with transactions and services.

   b. Client communications will be conducted under the primary direction of the CEO, who will review, approve, and/or delegate all communications with Clients regarding the interruption and continuation of services. In the absence of the CEO, the Members will perform this responsibility.

3. Vendors

   Compliance will maintain a readily available list of contact information for certain vendors, banks, administrators, and other key business relationships.

B. Relocation and Out-Of-Office Emergency Plan

In the event that personnel are unable or advised not to come to Aksia's offices, all personnel should be prepared to attempt to accomplish their roles under the Continuity Plan from their home or other safe location. As such, all Supervised Persons must have installed and tested the functionality of the VPN software on their home computers enabling remote access to their desktop.

In the event that personnel are compelled to evacuate the building, Aksia has pre-determined a meeting point for the safety of its Supervised Persons: T.G. Whitney's at 244 E 53rd St., New York, NY 10022 (between 2nd and 3rd Avenue).

C. Data Management

Aksia's Information Technology team maintains a Back-Up Testing Plan in which further details are described. Please see below a summary of the Back-Up Testing Plan.

1. File Server Data, Email Server Data, and Application Databases

Data from these servers is backed-up nightly to both an on-site location at 599 Lexington Avenue and to an off-site location in Winterhaven, FL.

2. Anti-virus and Spam

   a. The ESET antivirus platform is used to protect Aksia's servers and user desktops. Servers and desktops are scanned daily. Virus definitions are updated multiple times daily.

   b. Web browsing is also protected against malware.

   c. All incoming email is scanned for viruses, spam, and any potential phishing attacks.

3. Firewall

   External traffic into Aksia's internal network is restricted to several ports used for internet traffic, telephone, email, and VPN support only.

4. Hardware Monitoring

   a. Aksia employs a single software package that centrally monitors all business critical servers and networking equipment.

   b. The software uses a non-Aksia hosted messaging service to ensure notifications are delivered.

5. Internet and Phone

   Aksia's internet and phone systems are designed with full redundancy. There are two separate T-1 lines for internet access and phone access. There are two separate backup lines for internet access and phone access. Both the computer systems and the phone system have uninterruptable power service ("**UPS**") that powers the systems for a brief period of time to allow for a graceful shutdown in the event of a power outage. In addition, all equipment is surge protected.

6. Remote Access

   All Supervised Persons have remote access to their office e-mail and phone system, as well as Virtual Private Network access ("**VPN**") that allows access to all internal office resources from any computer. All Supervised Persons are required to install and test their remote access to ensure capability in the event of an emergency requiring such access.

7. Websites and Internal Programs

   The company website located at the address www.aksia.com is hosted offsite. MAX is primarily hosted in a data center located in the South Central U.S. and secondarily hosted in Northern Europe. Ostrako is hosted onsite and is currently being migrated to a location to be determined throughout 2015.

D. <u>Testing Procedures</u>

Aksia will aim to test the Continuity Plan at least annually and evaluate its Continuity Plan to assess whether its operations can continue without significant disruption in the event of an emergency. In addition, Aksia will evaluate the procedures of key vendors and service providers through confirmation of their testing.

Appendix B

Our Professionals

[redacted]

*Partner

[redacted]

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AKSIA BIOGRAPHIES

PSERS Proposed Advisory Team

Bruce Ruehl – Partner & Head of Portfolio Advisory, Americas

Bruce has over 31 years of financial markets experience, the last 21 of which were focused on hedge fund research, fund of hedge funds management and the management of institutional client relationships. Bruce joined Aksia's Americas Portfolio Advisory group in January 2010 as an equity Partner. Bruce advises North American institutional clients on hedge fund investments. Bruce oversees a team of advisory professionals who are responsible for advising Aksia's clients based in the Americas and their portfolios.

Prior to Aksia, Bruce was the Chairman and Chief Investment Officer of a boutique fund of hedge funds business, Gleacher Fund Advisors, which he founded in January 2002 as a joint venture with Gleacher Partners. Bruce built the business to a peak of $800 million, with a majority of the capital coming from Fortune 100 North American corporate pension funds. Until the end of 2009, Bruce oversaw all investment activities and was primary contact for all large institutional relationships. He chaired the investment committee that combined senior staff of Gleacher Fund Advisors and Gleacher Partners, and oversaw a team of 12 individuals responsible for research, risk management, operational due diligence and compliance.

Bruce started his career in 1982 when he joined pension consultants, Rogers Casey & Barksdale as an analyst. In 1985, he moved to Brown Brothers Harriman & Co. where he was an Assistant Manager in the institutional asset management division. From 1989 to 1990, he was a Vice-President in the consulting services division of Shearson Lehman Hutton with the responsibility of representing The Boston Company. Bruce left to attend graduate school at NYU, finishing in 1991 with an M.S. in Real Estate Investment. He then joined Reliance Properties as a Principal, advising private real estate partnerships investing in bank and RTC-owned properties. In 1993, Bruce joined consultant Tremont Partners and began analyzing hedge funds. He became Research Director and in 1995, was named Chief Investment Strategist with oversight of $6 billion of client multi-manager hedge fund portfolios, one of the largest pools of hedge fund assets in the world at that time. Bruce graduated from Lafayette College in 1982 with a B.A. in Economics. Bruce was recognized as Hedge Fund Consultant of the Year in 2013 by *Institutional Investor Magazine.*

Kathryn A. Klebacha – Portfolio Advisor

Prior to joining Aksia in February 2015, Kate was Director of New Product and Strategy Development and an Investment Committee Member at 6800 Capital, LLC, a boutique RIA in Princeton, NJ. She was an integral part of both the research and business development teams and developed and maintained four multi-manager portfolios. Prior to that, Kate was a Vice President at Merrill Lynch Wealth Management, Alternative Investments Group where she managed strategic and product marketing initiatives. Previously, Kate worked in a variety of alternative investment due diligence/research capacities, where she was responsible for due diligence and portfolio development across long/short equity, credit, global macro, and managed futures strategies. Kate earned a Bachelor of Science degree from Drexel University and holds the Chartered Alternative Investment Analyst (CAIA) designation.

Brett Minarik – Portfolio Advisor

Brett joined Aksia in December 2010 as a member of the Portfolio Advisory team. Brett's primary role involves managing the firm's relationships with institutional investors, working closely with them in the day-to-day management their hedge fund programs, and often acting as an extension of their internal staff. Brett also has an integral role in the development and deployment of MAX, Aksia's proprietary client-facing research platform. Prior to joining Aksia, Brett was the Client Service Manager for Carlsbad Wealth Advisory Group, a boutique wealth advisory firm servicing high net worth client households. Brett graduated from the George Argyros School of Business at Chapman University in May 2008 with a Bachelor of Science in Business Administration with emphases in Finance and International Business, and holds the Chartered Alternative Investment Analyst (CAIA) designation.

Other Key Professionals

Jim Vos – CEO

Jim has over 29 years of fund of hedge funds, research and derivatives experience in New York, London and Tokyo. Jim co-founded Aksia in October 2006 and serves as the firm's CEO. Jim is responsible for the overall management of Aksia and also leads the firm's top down sector and strategy analysis.

Prior to Aksia, Jim headed Credit Suisse's Hedge Fund Investment Group from its inception through December 2005. The group combined the fund of hedge funds investment management of the firm's investment bank and asset management divisions and had over $8 billion of total AUM at its peak.

Jim started his career in 1985 when he joined Credit Suisse's Portfolio Strategies group, working on portfolio dedications, immunizations, and total return analysis. In 1987, Jim joined the research department in Tokyo where he ran a fixed income research desk. In 1991, he relocated to New York and joined Credit Suisse Financial Products, a derivatives trading boutique. From 1991 to 1997, Jim was responsible for structuring and marketing for the asset management, hedge fund and insurance areas. In 1998, Jim launched the Sapic-98 Fund of Hedge Funds, Credit Suisse's first institutional multi-strategy fund of hedge funds. In 2000, Jim transferred to London where he managed the investment bank's fund of hedge funds group as well as the Fund Linked Products business. In 2003, Jim took over responsibility for investment management for the firm's Hedge Funds Investment Group.

Jim graduated from the University of Pennsylvania in 1985 with a B.A. in Economics. Jim was recognized as Hedge Fund Consultant of the Year in 2009 and 2010 by *Institutional Investor*.

Oliver Newton – Senior Portfolio Advisor

Oliver joined Aksia in April 2012 and has over 15 years of experience in the financial sector. Oliver advises Aksia's European and Middle Eastern institutional clients on their hedge fund investments and is also a member of the Portfolio Strategies Group (PSG) that determines Aksia's strategy views.

Prior to joining Aksia, Oliver spent eight years at Tarchon Capital Management, a discretionary hedge fund asset management and investment advisory firm. At Tarchon, Oliver was responsible for hedge fund advisory mandates and day-to-day management of numerous funds of hedge fund portfolios. Oliver was part of the firm's Investment Committee and played an active role across all areas of Tarchon's businesses. Prior to joining Tarchon, Oliver was working for KPMG's London-based Business Advisory and Services team with a specific focus on investment banking and investment management clients. Oliver graduated from The London School of Economics with a First Class BSc degree in Economics. He is a Fellow Chartered Accountant (FCA) in the Institute of Chartered Accountants in England and Wales (ICAEW).

Simon Fludgate – Head of Operational Due Diligence

Simon has over 21 years of audit, financial accounting, hedge fund credit and operational due diligence experience. Simon co-founded Aksia in October 2006 and serves as the Head of the Operational Due Diligence team. Simon manages a team of research professionals dedicated to performing operational due diligence of hedge fund and fund of hedge funds investments on behalf of clients.

Prior to Aksia, Simon worked at Credit Suisse, where he was the head of operational due diligence and deputy head of risk management for Credit Suisse's fund of hedge funds activities.

Prior to Credit Suisse, Simon worked for KBC Financial Products (formerly D.E. Shaw Financial Products) as a risk manager working on market risk and hedge fund counterparty risk. He joined D.E. Shaw in 1997 as an accounting supervisor in their financial and operations group. Simon started his professional career in 1993 working for Richard A. Eisner & Company (Eisner LLP) in the audit department.

Simon graduated from The State University of New York at Albany in 1993 with a B.S. in Accounting. Simon is a Trustee for the Friends of the New York Transit Museum.

Patrick Adelsbach – Head of Event Driven Research

Patrick has over 17 years of financial markets experience, the last 14 of which were focused on hedge fund research and hedge fund investment management. Patrick co-founded Aksia in October 2006 and serves as the Head of the Event Driven research team. Patrick's team is responsible for the sourcing, strategy research, and risk management of client investments in Event Driven funds. Patrick performs investment due diligence on hedge funds in the Event Driven sector and manages a team of research professionals.

Prior to Aksia, Patrick oversaw all Event Driven investments and was a member of the Hedge Fund Investment Group Investment Committee at Credit Suisse. Patrick started his career at Capital One Financial Corporation where he focused on developing quantitative methods to target credit product opportunities. In 1999, Patrick moved to South Africa as part of a three-person team that identified and structured several credit-focused joint ventures between Capital One and Nedcor, one of South Africa's largest commercial and investment banks.

In 2000, Patrick returned to the U.S. to join the fund of hedge funds investment management group at Credit Suisse, where he became a generalist for manager research and selection. In 2003, concurrent with the formation of the Hedge Fund Investment Group, he was promoted to manage the group's investments in the Event Driven and Fixed Income Emerging Markets sectors. When the firm combined its Alternative Capital Division with the investment activities of the firm's Private Bank in January 2006, Patrick's responsibilities grew to oversee all Event Driven investments.

Patrick graduated with honors from the University of Pennsylvania in 1997 with a B.S. in Economics from the Wharton School of Business and a B.A.S. in Systems Engineering from the School of Engineering and Applied Science.

Joseph Larucci – Head of Long/Short Equity Research

Joseph has over 21 years of equity trading and fund of hedge funds investment experience. Joseph co-founded Aksia in October 2006 and serves as the Head of the Long/Short Equity research team. Joseph's team is responsible for the sourcing, strategy research, and risk management of client investments in Long/Short Equity funds. Joseph performs investment due diligence on hedge funds in the Long/Short Equity sector and manages a team of research professionals.

Prior to Aksia, Joseph was a director and head of the Equity Long/Short sector team, and a member of the Hedge Fund Investment Group Investment Committee at Credit Suisse that was responsible for over $4 billion in equity long/short allocations in North America, Europe, Asia, and the emerging markets.

Joseph began his career in 1993 at Cowen and Company as an equity trader for a portfolio management group that managed discretionary long only and long/short hedge fund equity portfolios. In January 1998, he joined the fund of hedge funds group at Donaldson Lufkin and Jenrette Asset Management (DLJAM), which was acquired by Credit Suisse in September 2000.

Joseph received a BEng in Marine (Mechanical) Engineering from the New York Maritime College in 1993.

Norman Kilarjian – Head of Relative Value and Tactical Trading Research

Norm has over 27 years of proprietary trading and fund of hedge funds investing experience. He co-founded Aksia in October 2006 and serves as the Head of the Tactical Trading and Relative Value research team. Norm's team is responsible for the sourcing, strategy research, and risk management of client investments in Tactical Trading and Relative Value funds. Norm performs investment due diligence on hedge funds in the Tactical Trading and Relative Value sectors and manages a team of research professionals.

Prior to Aksia, Norm was a director and head of the equity arbitrage sector team, and a member of the Hedge Fund Investment Group Investment Committee at Credit Suisse. Norm began his career as a convertible arbitrage proprietary trader for Ernst & Company, where he spent six years and was responsible for all aspects of trading a hedged convertibles portfolio. In 1995, Norm joined Focus Investment Group. During his nine years at Focus, Norm was responsible for relative value investments, a member of the asset management committee, and was also involved in the hedge fund manager seeding activities for the firm.

Thomas Hamel – Head of Client Operations & Accounting Support Team

Thomas joined Aksia in May 2009 and has 23 years of financial industry and accounting experience. Thomas joined Neuberger & Berman Management in 1991 as a mutual fund accountant. In 1995, Thomas joined J.P. Morgan as a Senior Mutual Fund Administrator where he serviced fund products. Thomas joined MD Sass Investors Services in 1998 quickly becoming Senior Vice President – Head of Fund Administration. For the next eight years, Thomas led the Fund Administration team overseeing the investment operations process for over $8 billion in assets under management. In 2006, Thomas joined Ivy Asset Management as Vice President and Head of Portfolio Administration. While at Ivy, Thomas was responsible for key initiatives including collaborating with multiple departments to implement a new proprietary trading system, further enhancing the internal portfolio management system, developing written operational policies, and overseeing investments operations professionals responsible for all aspects of the investment operations process. Thomas graduated from St. Joseph's College in 1991 with a B.S. in Accounting and Certificate in Computer Technology.

Maya Fishman, Esq. – Head of Legal and Compliance

As Head of Legal and Compliance, Maya oversees all of the legal and regulatory affairs of Aksia. Prior to joining Aksia, in March 2010, Maya was an attorney at Seward & Kissel LLP where she specialized in the formation and representation of U.S. and offshore hedge funds, funds of funds, and investment advisers, and provided legal advice relating to the structure, organization and compliance matters of investment managers in addition to general securities matters. Maya received a B.A. from Cornell University, with distinction in all subjects, in 2002 and a J.D. from the Fordham University School of Law in 2006.In 2014, Maya was recognized as a Rising Star of Hedge Funds by Institutional Investor Magazine.

Appendix C

CONFIDENTIAL

Aksia's financial information is highly confidential and subject to efforts to maintain its secrecy. Therefore, these documents are exempt from disclosure per 65 P.S. § 67.708(b)(26).

Note that these appendices have been provided as separate PDF files as part of the electronic submittal and removed entirely from the redacted electronic submittal required for public disclosure.

Appendix C1 – 2013 Audited Financial Statements
Appendix C2 – 2012 Audited Financial Statements
Appendix C3 – 2011 Audited Financial Statements

Appendix D

Appendix D1 – 2015 Q1 Strategy Outlook Report
Appendix D2 – 2014 Q4 Strategy Outlook Report
Appendix D3 – 2014 Q3 Strategy Outlook Report
Appendix D4 – 2015 Q1 Model Portfolio Report

Strategy Outlook

Q1 2015

Aksia
599 Lexington Avenue, 46th Floor
New York, New York 10022

Strategy Outlook
Q1 2015

Report as of: March 24, 2015

HEDGE FUND INDUSTRY COMMENTARY

Hedge Fund Performance & Perspectives

Event Driven

After mixed performance in January, equity-oriented Event Driven managers had a very strong February. Corporate activity began the year at a torrid pace, and many special situations positions that were detractors in Q4 rebounded from the fourth quarter's dislocations. We have seen a number of activist campaigns make progress recently, and many companies have taken steps to maximize shareholder value in the form of spinoffs. For corporate credit-oriented Event Driven managers, increasing volatility and the widening of both bid-ask and credit spreads continued to impact performance during the first half of December. Corporate high yield began to stabilize from late December into January, though certain managers that were long holdings in dry bulk shipping equities, long European credit or equity, or active in interest rate hedging positions continued to experience losses.

Long/Short Equity

Following a difficult start to the year, many managers rebounded in February as many of the positons that sold off in January subsequently rallied. As corporate actions have heated up, a number of managers are taking positions around special situations, such as transformational mergers, spinoffs, IPOs, and REIT conversions. In terms of exposure, Healthcare, Consumer, and Media tend to be overweight in portfolios. Net exposures remain at the high end of the range, but managers believe that the opportunity set for short selling has greatly improved. In Europe, managers benefited on the long side as the ECB announcement of a quantitative easing program led to steady international flows into European equities, with the more cyclical equities outperforming.

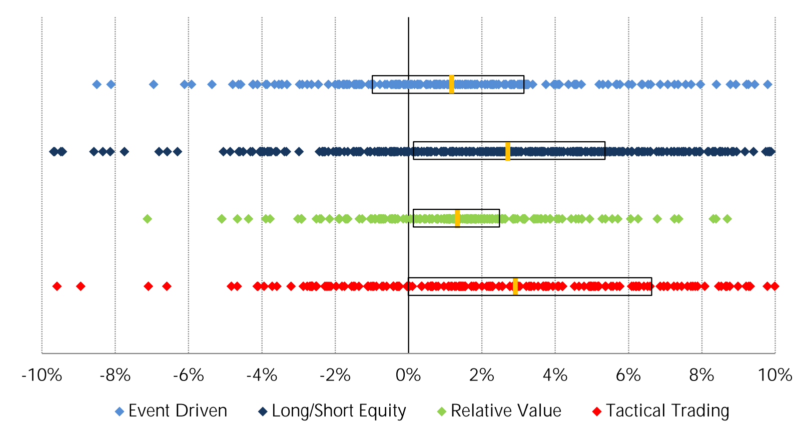
Relative Value

Fixed Income RV managers saw average to above average performance in 2014 and so far have had strong performance YTD in 2015. 2014 was a good year for quantitative programs, although there was dispersion driven by differences between programs. October notwithstanding, 2014 was a below average year for most volatility managers, but they have seen a reasonably strong start to 2015. Structured credit strategies did not experience the volatility of corporate strategies in late Q4 and most underlying markets remained relatively strong. In reinsurance, there were events resulting in contract erosion during 2014, but it was generally a no-loss year. Results were slightly lower than 2013, although on par with expectations. Based on Aksia monitoring in January, portfolio metrics are similarly down about 5-10%.

Tactical Trading

Performance from December through February has generally been strong for Macro managers, owing to long USD FX exposure. Many, however, held short Swiss franc positions and got hurt mid-January. There were strong performances across the board for CTAs in 2014 and YTD 2015, driven by fixed income (similar to previous years) and complemented by positive attribution from commodities and currencies. Discretionary commodity strategy performance was mixed, characterized by the occasional large performance swings. Underlying market sectors, with the exception of precious metals, drifted lower in dollar terms in December and January before firming up in February.

Figure 1: December 2014 – February 2015 Performance



Source: Aksia Tracked Funds

Note: Each point represents one fund's cumulative performance during the referenced period. Rectangles span the middle 50% of returns, with the gold line representing the median return. Returns outside of -10% to 10% range are not pictured.

HEDGE FUND INDUSTRY COMMENTARY

Rise of the Machines

It was 1993. I was on the sales/trading floor of a big investment bank and tasked to cover a big hedge fund for reverse asset swaps (a precursor to single name CDS). Excited about my first contact with a hedge fund I dialed up the manager and started to explain our inventory and flow. During the conversation I kept overhearing somebody in the background making 2-way markets on convertible bonds. And the markets sounded tighter and quoted more often than what our own traders were offering. Turns out it was the hedge fund's head trader making markets to smaller regional dealers. That was a shock for me. I thought we were the market makers and they were an end user.

Fast forward to 2015. More and more markets are being traded electronically, banks are retreating as liquidity providers, markets are more fragmented and terabytes of information is produced every day. A new (sort of) market making hedge fund has emerged, growing with the spread of electronic trading. There are not many of these firms, we think about ten of institutional quality depending on the criteria. These newfangled hedge fund market-makers tend to:

- Have very large research staffs heavy with PHDs
- Collect terabytes of data daily from thousands of sources
- Use natural language processing to capture soft data
- Have tremendous computing power
- Trade just about any electronic market with adequate liquidity
- Attempt to optimize diverse portfolios of many different model approaches

Aksia lumps most of these firms into the "Relative Value – Quantitative Strategies" strategy bucket. What I am writing about here is really just the largest of these firms. And to be fair what they do is a combination of market making (taking the other side of flows that push out relationships) and investing (using lots of data clues to take positions based on expected future changes.)

These big data, big staff, big computing power hedge funds are often taking the other side of end-user flows and putting real risk on the table in doing so. This is a cousin of, but distinct from high frequency trading ("HFT"). HFTs are market makers (often fakers) that measure time in milliseconds and are typically in and out of lots of small trades so quickly that they need very little capital to operate (and hence do not need to raise capital via funds).

Longer term approaches (days, weeks, months) are capital intensive and hedge fund structures are well suited to supplying that capital. 10 years ago there were only a few hedge fund firms of the ilk described above. Today the field is deeper, but not by a lot. It is excruciatingly difficult to start-up and then grow resources to the level needed to have stable'ish and decent returns. While a few smart people armed with a Bloomberg terminal and a prime broker can start a traditional credit or equity hedge fund, it would take enormous resources to start a firm able to soon compete with the large diversified quantitative firms.

By our measures, using data as clean as we can get it from any backfill or drop-out biases, quantitative strategy funds have had very low equity betas and low equity correlations (so true diversification). What I like is that they have not had very low volatilities (so little wilting of risk or expected returns). Low equity betas are not too hard, but having very low equity correlations is quite hard and very few hedge fund strategies exhibit this. Best of all, returns have been good (Aksia tends to get webbed in by confidentiality agreements so we cannot show returns in this report).

While computers beat humans at processing large data and being unemotional, computers do not do a good job at connecting historically unrelated events, reacting to regime shifts or negotiating with counterparties. These strategies require high leverage and many quantitative managers suffered steep drawdowns during the quant meltdown summer of 2007. What we observed then was that the more diversified funds weathered the storm ok (number of asset classes traded and number of model approaches used). It was the more narrowly focused managers accessing the easiest financial database information that tended to get hurt worst. Our opinion is that the markets and models diversification of the large quantitative managers has increased to a point where a sudden regime change (e.g. loss of the buyout bid) will hurt, but not be life threatening.

Hedge Fund Industry Commentary

Aksia Top Down Themes

Theme #1 – Spread Out

We continue to feel that many hedge fund portfolios are too concentrated in three areas:

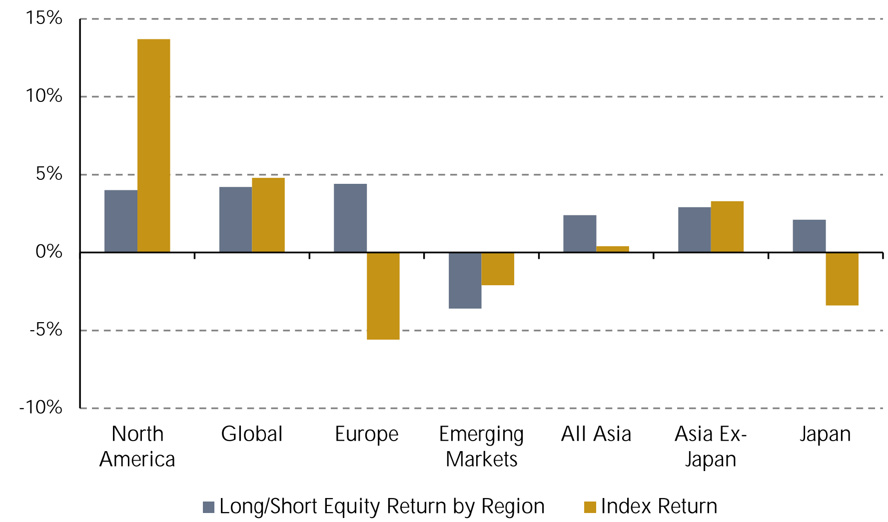
- Merger-related Event Driven equities (particularly large caps)
- North American Long/Short Equity with a consumer discretionary bias
- Global Macro strategies focused on G12 rates and FX

But because there many institutional caliber managers in these well-known strategies it is perhaps too easy to allocate. Hedge fund crowding is never a problem until it is a problem. Right now things feel ok (after a scary Oct-2014) but who knows when the next risk reversal will come and positions commonly held by large managers will gap sharply.

We are not advocating meaningfully lowering your hedge fund portfolio's risk. The challenge with spreading out is keeping risk up. Below is a non-exhaustive list of strategies that may help you spread out without reducing your portfolio's risk:

- Well-resourced Quantitative Strategies
- Greater China Long/Short Equity (managers based in Shanghai/Beijing)
- Emerging markets macro
- Securities transformation strategies
- Structured credit (if you have no exposure now)
- Reinsurance (contingent capital vehicles)
- European CMBS originations
- Asian Event Driven
- Mid-cap Activism
- Commodities funds linked to physical trading houses (maybe wait a bit)

Figure 2: 2014 Long/Short Equity Median Net Returns by Geographic Focus



Source: Bloomberg, Morgan Stanley Prime Brokerage, Investor Letters collected by Morgan Stanley Prime Brokerage
Benchmarks: S&P 500 (North America), MSCI AC World (Global), MSCI Europe (Europe), MSCI EM (Emerging Markets), MSCI AC Asia Pacific (All Asia), MSCI AC Asia Pac ex-Japan (Asia ex-Japan), MSCI Japan (Japan)
Note: Total Returns in USD (%)

Hedge Fund Industry Commentary

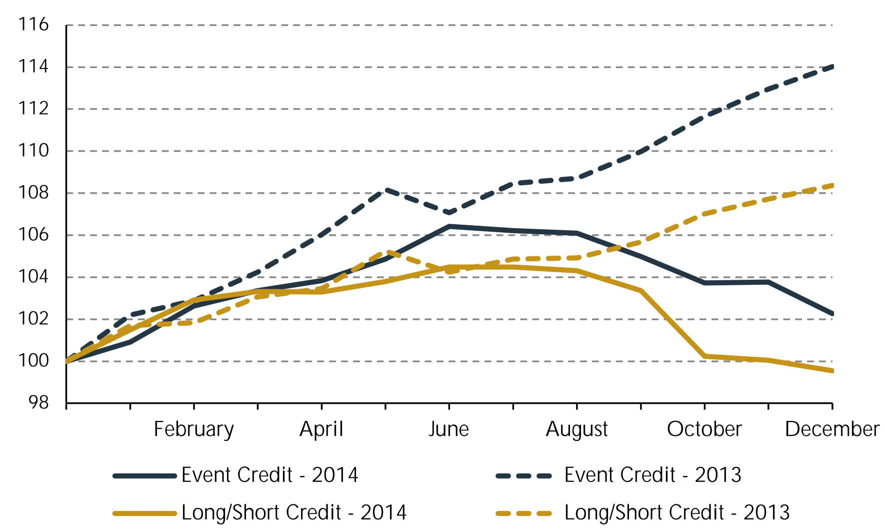
Theme #2 – Rise of the Machines

We won't repeat the case made above. We will reiterate that we are writing about the well-resourced managers who trade multiple markets and models. We are not advocating smaller, lightly resourced managers using downloadable financial data to produce valuation frameworks for longs and shorts. Yes capacity is an issue here. But even if a manager is currently closed please consider having a meeting and maintaining contact. Capacity does periodically open up, often due to redemptions from financial intermediaries or model enhancements that improve capacity.

Theme #3 – Still Like Mixed Equity/Credit Strategies

We have liked mixed equity/credit strategies that allow a manager freedom to trade around capital structures. While these strategies can be caught up in sudden risk reversals, they tend to do an excellent job of capturing many of the longer term opportunities. To the extent that you are reducing exposures to credit strategies we would recommend redeeming from Long/Short Credit funds as opposed to Event Driven Value or Credit funds.

Figure 3: **Performance of Event and Long/Short Credit Managers, 2013 and 2014**

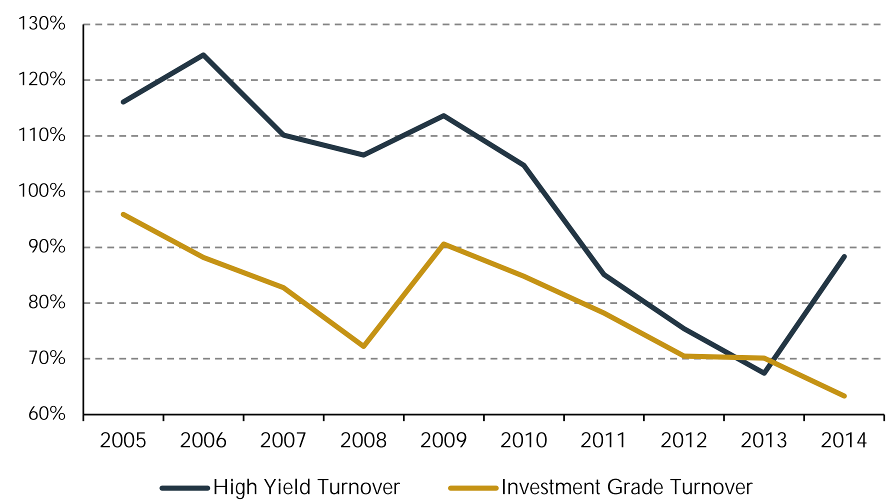


Source: Aksia Monitored Funds

Changing credit markets have made many Credit Long/Short strategies less viable. Credit markets liquidity has worsened dramatically. This is a much discussed topic but so far no realistic solutions have surfaced. Instead, much of the debate has been around lowering the chances that a disruption in illiquid credit markets could spill over and harm the financial system.

One example of poor liquidity was that during the oil selloff managers had considerable trouble accumulating cheap energy bonds. Bonds would trade way down and then when bid in size for would gap back up. Also the CDS market liquidity is a sliver of its former self. Single name CDS liquidity has largely dried up with the exception of single name CDS on credits in the liquid CDX baskets. The below chart compares the more low net Long/Short Credit funds to the more long-biased Event Driven Credit funds. Again, we have taken pains to minimize backfill and drop-out biases in the data. Both on the up move in 2013 and the down move in 2014, Event Driven credit funds outperformed Relative Value Long/Short Credit funds.

Figure 4: **Investment Grade and High Yield Turnover, 2005-2014**



Source: MarketAxess

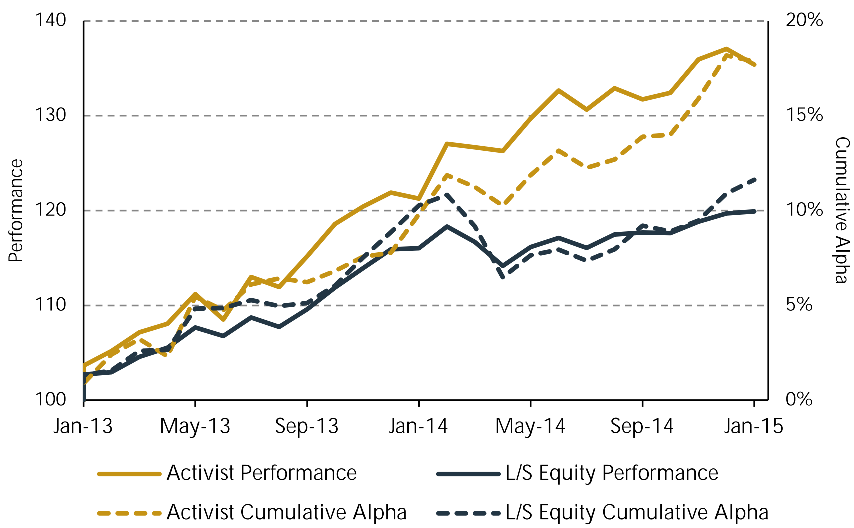
HEDGE FUND INDUSTRY COMMENTARY

Theme #4 – Activist Equity Strategies

Activist equity strategies have been a theme here since Q2 2013. Strategy returns (so far…) have been good, even on a beta-adjusted basis.

The S&P500 has been fertile ground for years thanks to a post 2008 focus on corporate governance, proxy advisory firm support, symbiotic relationships with long only asset managers and changes in SEC shareholder solicitation regulations. Success rates for U.S. activist proxy fights have risen from a +/- 50% historical average to north of 70% in the last year.

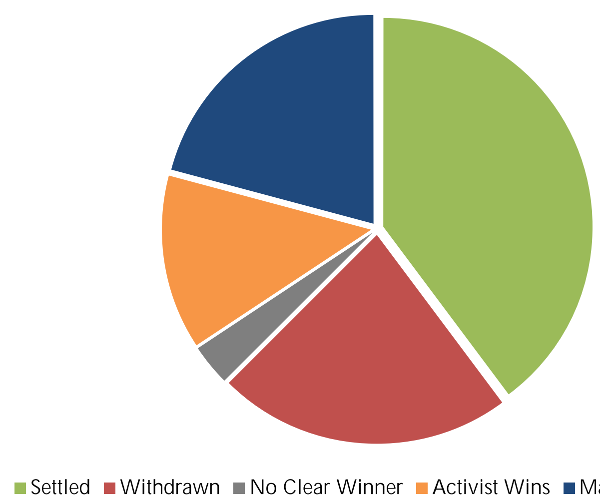
Figure 5: **Activist and Long/Short Equity Performance vs. Alpha, 2013-2014**



Source: Aksia Monitored Funds
Note: Monthly alpha = Strategy monthly return – (Strategy beta x MSCI ACWI monthly return).

At this point we are concerned about opportunity-saturation with respect to large cap U.S. activism. Managers are increasingly targeting large companies with boiler-plate plans (e.g., share repurchases, spin-offs, special dividends etc.) While we acknowledge that activism benefits from scale, consider shifting some of your existing large cap activist exposure to managers who target smaller capitalization firms and also shifting to managers that focus outside of U.S. markets. There have been well publicized failures overseas (e.g., J-Power, Agrium, Toyota…) but there have also been big successes (e.g., Japan Tobacco, ThyssenKrupp, Canadian Pacific…). Additionally, there are opportunities in industries generally shunned by large cap conventional activists, such as healthcare and biotech.

Figure 6: **Results of Proxy Fight Campaigns in which an Activist Publicly Disclosed Letter to Company's Management**



Source: Factset

HEDGE FUND INDUSTRY COMMENTARY

The Media and Hedge Funds…

There are many challenges with hedge funds: fees, returns, transparency, alignment… We all wrestle with these issues every day trying to negotiate lower fees and better risk reporting. What is becoming increasingly unhelpful and I think unfair though is the media's coverage of hedge funds.

Walking to work last September a front page New York Post banner caught my eye:

"Hedge-funder's defense in 'grope' case: I never grabbed her."

The story was about a "wealthy hedge fund titan" who the Post painted as a total jerk. The hedge fund titan's name: Brian Lederman. Who?? I have been in the hedge fund industry since 1993 and the name did not ring a bell. A little Googling and it turns out that Brian was the U.S. marketer for a Swiss firm which seems to be a web based, retail targeted equities broker (5,000 EUR minimum investment) set up similar to retail targeted FX websites offering leveraged trading (http://spmtag.com/products.html). "Hedge fund titan", really?

The same sort of thing caught my attention this January when the Wall Street Journal, the Financial Times and the New York Times had front page articles about the murder of "hedge fund founder Thomas Gilbert". In this case the hedge funder mentioned seemed to be a decent and good person who was tragically murdered by his son. But Wainscott Capital? Not one of our researchers had ever heard of the firm. Several stories that day stated Wainscott had 200mm in AUM. A later NYT story eventually corrected the AUM figure to 7 million. A sad story yes, but global front page news? Really?

Salacious stories notwithstanding, the media is making it difficult for many institutions to hold hedge funds. Two real hedge fund news events were the decisions by CalPERS and PGGM to exit hedge funds. Again, lots and lots of headlines but all about 2 inches deep. For the CalPERS story, we are aware of only one publication that tried to parse out CalPERS' hedge fund performance relative to other U.S. public pensions and possible reasons for the differences. For the PGGM story not a single publication that we know of delved into managed account platforms and differences between these platforms and more traditional means of allocating.

As an industry I think we have done a poor job influencing media perceptions and correcting misstatements. I look with envy at the Private Equity Growth Capital Council ("PEGCC") which is well staffed, does actual research, and provides timely facts to journalists helping to ensure fair coverage for the PE industry. The fragmented business models in the hedge fund industry may make anything like the PEGCC impossible. Perhaps the only solution is to change our wording to downplay "hedge funds" as the private equity industry did so adeptly downplaying "leveraged buyout funds".

MAX Updates

Last but not least, I'd like to draw your attention to some recent enhancements in MAX:

<u>Fund Return Settings:</u>
You can now meld the specific share classes accounting returns of your allocation to a fund with the fund's generic track record for prior months. Useful for taking account of fee breaks, etc.

<u>Fee Analysis:</u>
Rather than use our Alpha Analysis feature to judge the fairness of fees, MAX now has a Fee Analysis tab that allows quicker analysis as well as comparisons across peer groups of funds using Aksia strategy specific factor sets or your own choice of relevant factors.

<u>Custom User Created Benchmarks:</u>
You can now define your own custom benchmarks that become usable across the entire MAX site and across MAX users in your organization. Benchmarks can be simple or can be formulas involving a number of components.

<u>Portfolio Builder:</u>
Users can now construct up to five hypothetical portfolios per workspace, as well as more easily see the effects of allocation changes to any one portfolio.

… Jim Vos

Hedge Fund Industry Commentary - Operational Due Diligence

The Misnomer of Administrator "Transparency" Reports

Aksia has always considered speaking with the "independent" hedge fund administrators to be an important part of our operational due diligence process. In recent years we've seen a significant uptick in what are commonly called fund "transparency reports" that are distributed to investors and consultants. These reports present various statistics about the current state of the fund and its NAV calculation. Some of those metrics include the percentage of the fund that is independently priced, percentage of the fund's investments for which the existence is independently confirmed, counterparty exposures, and ASC 820 (Fair Value Hierarchy) levels. Each administrator has its own version of the reports, which are customizable and can display as little or as much information about the fund as the manager requests.

At first glance, the transparency reports seemed a welcome adjunct to our due diligence process as we now had all this information right in front of us, available at least quarterly. We quickly noticed, however, that despite being produced by the administrators, managers clearly have a significant influence on their content and the presentation of the information. Alas, it actually appears that these "transparency reports" might not be that transparent after all, and that they require a decent amount of scrutiny to obtain a truly accurate picture of the fund in question.

Each report is unique, making it difficult to make generalizations. That said, we have noticed some issues that are pervasive in many of the reports, particularly around independent pricing, existence of assets, and the report's fine print.

<u>Independent Pricing</u>

How accurate is the NAV that investors are transacting at and paying fees on? Managers love to promote that their administrator can independently price the fund and they often use the transparency reports as marketing documents. No matter the strategy, it seems that practically every fund is touted as 100% independently priced, which just doesn't make sense for certain investments.

Private investments are a perfect example: clearly an administrator cannot independently price a private investment. Managers, however, have figured out a way to induce administrators to classify these investments as independently priced by way of third-party valuation agent reports. For the most part, if an administrator receives a valuation report directly from a valuation agent engaged by the manager, the administrator will mark the prices as independently verified. And while yes, technically they are receiving the report "independently" (avoiding manager tampering of the report), the administrators are failing to account for how much influence the manager has on these reports in the first place.

By their very nature private investments are confidential, which forces valuation agents to rely on the manager for information about the investment (e.g., financial statements, cash flow assumptions, a list of comparable companies, etc.). As these manager-provided inputs are used to determine the prices for these investments, how can we consider these independently priced? For many funds, when positions priced via third-party valuation agents are removed from the calculation, the "Independently Priced" percentage drops significantly.

Hedge Fund Industry Commentary - Operational Due Diligence

Existence of Assets

How sure are we that these assets even exist? Administrators are able to confirm the existence of exchange-traded securities, OTC securities, and bank debt to the prime brokers, custodians, counterparties and agent banks, all of which are legitimate confirmation sources. When we perform due diligence on a fund that we know makes private investments, it is unnerving to see the fund's transparency reports claim that the administrator can independently verify the existence of 100% of the fund's assets and liabilities. What source are they using to confirm these private securities?

Once again, semantics and an overall lack of pushback from the administrators lead to misleading numbers. Many administrators consider an asset's existence to be independently confirmed as long as they have received *some* type of documentation about it. This documentation can range from the original legal documents for the deal, to a printout of the outgoing funding wire, to a periodic email/letter from the investee company confirming the amount of the investment.

These are all flimsy confirmation sources at best, allowing for both significant manager influence (if they're the one sending over the documents) and selective release of information (how would the administrator know if the fund had sold the investment?). In the worst-case scenario, such sources are susceptible to outright fraud. (It certainly wouldn't be difficult to set up a proxy email address or counterfeit letter from a supposed investee company.)

The Fine Print

Some transparency reports we have come across have some real gems buried in the footnotes, which highlight the analysis needed to interpret the numbers. One of the more absurd examples we've come across was the inclusion of 5(!) footnotes referring to the "Price verified by administrator" section. One of them stated that the price source was provided by the investment manager and that the administrator does not take responsibility for the accuracy. Similarly, we have seen many footnotes explaining that a percentage of the portfolio is "price verified by the administrator" even when pricing methodologies use model inputs provided by the investment manager.

The silliest are transparency reports that present price and existence verification levels that equate to 100% as a percentage of net assets for a fund that we know is highly levered. The only ways for the administrator to accomplish this magic is by reducing each percentage (e.g., manager-marked assets are 30% of net assets in a 3x levered fund, but the report shows 10% of net assets), or by netting the long and short positions (e.g., if manager-marked positions are long 12% and short 5%, they show 7%). There are countless similar examples, where we see data suggesting one thing, only to read the footnotes and conclude that the information is quite skewed.

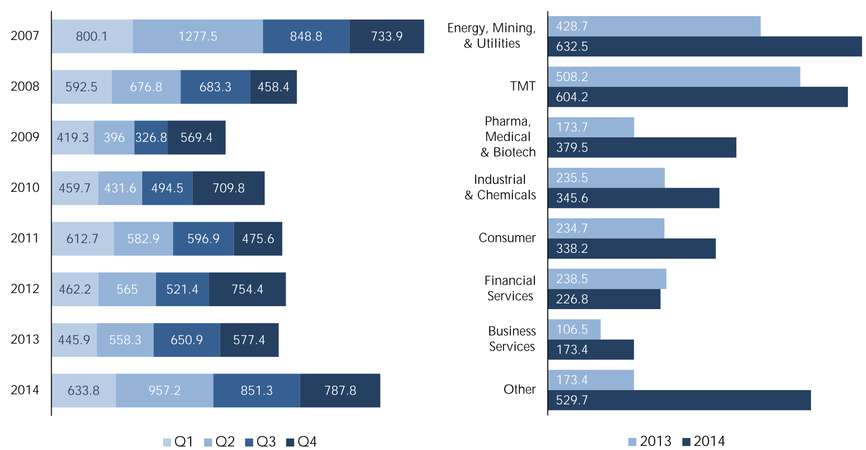
It is certainly not in the purview of most administrators to value private investments or physically ensure their existence; however, the transparency reports should not allude to their ability to do so. It is ironic that the very reports that are supposed to elucidate information for investors oftentimes actually distort it. We are increasingly seeing that footnotes allow administrators to qualify misleading numbers and that managers are able to decide how they want the data presented. With the amount of scrutiny needed and the large grain of salt we're required to take when analyzing these reports, we question if the industry has made any progress with transparency at all.

EVENT DRIVEN

Events off to a Fast Start

- There was a collective sigh of relief amongst hedge fund managers when the Medtronic-Covidien merger finally closed, and while we do not expect to see many more inversion deals in the future, activity in the pharmaceutical sector remains robust. Pending deals include Pfizer-Hospira, AbbVie-Pharmacyclics, Valeant-Salix, and Shire-NPS Pharmaceuticals. Actavis-Allergan closed in mid-March. Global deal activity for 2014 was the highest since 2007.

Figure 7: **Historical M&A Activity by Year and Sector ($bn)**



Source: White & Case, MergerMarket

- Recent currency and commodity moves have investors pondering the effect that macroeconomic-related volatility will have on the environment for corporate event. We believe that some volatility may actually serve to increase the pace of corporate activity, as long as it does not reach crisis (2008) levels. A weaker Euro and stronger dollar have made European companies cheaper targets for U.S.-based acquirers and U.S. companies (with dollar exposure) more attractive for slow-growing European companies. Lower oil prices have made consumer-related companies all the more attractive for private equity (though PE seems to have been a better seller than buyer in 2014). We also expect to see continued activity in Tech and Energy, two of the stronger sectors in the past few years.

- When there has been macro-driven single stock weakness, corporate management teams have responded in an effort to avoid attracting an activist investor. We have seen a meaningful number of spinoffs/breakups of underperforming companies so far in 2015, with the typical thesis being that investors would place greater value on two companies that are more focused and easier to analyze.

- Outside of corporate activity, managers are active in trades that are dependent on the outcome of legal or regulatory processes. The Time Warner Cable-Comcast merger is a widely held deal that will require government approval before closing, and spreads remain wide due to the FCC's recent vote in favor of net neutrality (though some managers believe that there are legal grounds to challenge the vote). Similarly, we have seen some managers wagering on an overturn of portions of the Affordable Care Act via short positions in hospital equities.

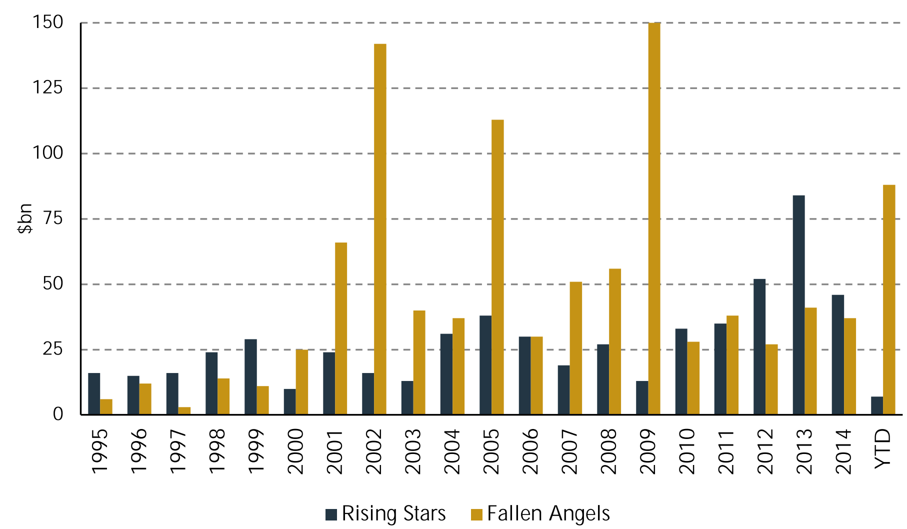
EVENT DRIVEN

Spread Tightening in High Yield

- In mid-December, U.S. high yield spreads peaked and, though widening again in January, have now declined to end-of-November levels. Spread tightening was particularly pronounced in February, a month that also saw strong performance in energy high yield (though energy remains more stressed with substantial dispersion across capital structures). New issuance in February, supported by strong high yield inflows in the beginning of the year, was greater than December and January combined. The U.S. leveraged loan market similarly recovered off mid-December lows, though 2015 YTD new issuance is well below last year's levels as mutual fund flows remain negative.

- In credit, the opportunity set has improved marginally following the recent (and very large) defaults of TXU and Caesar's, the downgrade of Petrobras (which, along with its integrated oil peers, make up the largest dollar volume of fallen angels since 2009), and stress in energy credits. However, as easy credit availability continues in a market with a low headline default rate and reasonably stable fundamentals, we continue to see a difficult environment for traditional corporate distressed investing, especially when constrained by very large assets under management. The distressed opportunity set appears more attractive in emerging markets, where the combination of dollar strength, commodity price weakness, and political upheaval has translated into fundamental deterioration alongside stressed capital structures.

Figure 8: **Fallen Angel and Rising Star Annual Volume**



Source: J.P. Morgan
Note: Includes only USD denominated bonds
Rising stars are bonds that have low credit ratings only because they are new to the bond market and have a short track record. Fallen Angels are bonds that were once investment grade but have since been reduced to junk status.

EVENT DRIVEN

Record Issuance in European High Yield

- Companies are issuing record amounts of debt in Europe as yields and event risk both remain low. Following a €5 billion corporate hybrid deal by Total S.A., Coca-Cola issued €8.5 billion worth of debt to refinance existing debt in February–the second largest ever in the Euro non-financial space. This capped the month off with a staggering €38 billion issued, making it the second most prolific month for Euro IG non-financial issuance ever. U.S. companies with operations abroad have also jumped on the opportunity to refinance their debt in Euros–an estimated 31% of investment grade non-financial Euro issuance has come from U.S. companies, the largest Reverse Yankee sales period we have seen.

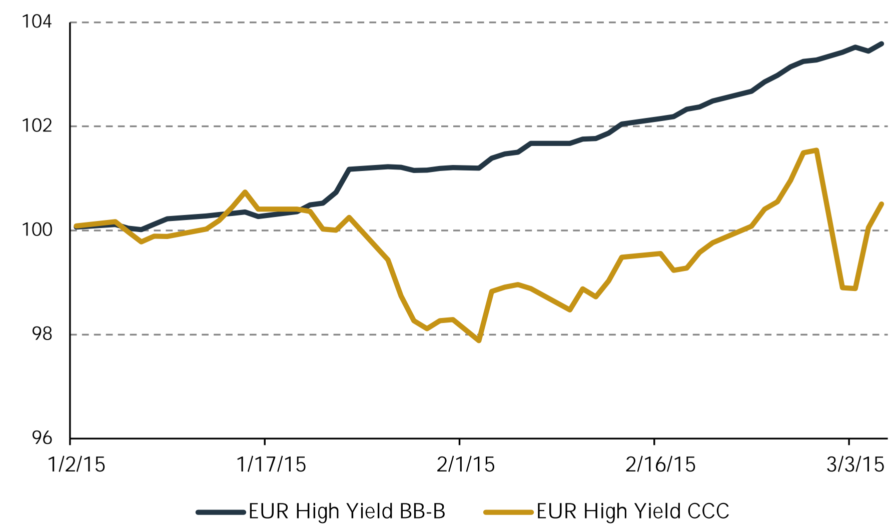
- In high yield, the market had a prolific start to the year due to QE and an extension of Grexit risks. There seems to be consensus on the quantitative easing trade, but if oil rallies, geopolitical tensions crop up, or global demand picks up substantially, there could be a massive reversal in fixed income.

- With the exception of CCCs, spreads tightened for European corporates YTD. The iBoxx Euro HY index was the only index to widen despite the massive rally in European HY. European high yield bonds look increasingly attractive with running yields above 11%, but notional amounts (only €27 billion) are small compared to the U.S.

- On February 20, the Eurozone agreed to extend Greece's rescue financing program until June, averting a near term liquidity crisis. While the extension might have temporarily alleviated some concerns, Greek bank deposits are at 10-year lows and funding risk is expected to stay high. As a result, Greek banks will likely be forced to continue to receive aid from the Eurozone for a longer period than previously expected. While most Event Driven and credit hedge funds have limited exposure to Greece, there are emerging market funds for which Greek positions can, in some cases, make up over 10% of NAV.

- Italian Prime Minister Matteo Renzi unveiled reforms to revamp the landscape of Italian banking. The emergency decree, which has been approved (but will likely be challenged or amended to some extent), will transform the ten largest popolari, or cooperative banks, into joint stock companies over the next 18 months. A week following the announcement, popolari stocks were up an average of 10%. While potential merger value is now priced in, the largest popolari banks still trade at discounts to their European counterparts. The decree and reform may be a "historic moment" like Renzi wanted, but the impact should be taken in perspective: banks covered under the decree have, in total, assets of €530 billion–about half the size of UniCredit–and, while there may be further consolidation, we do not expect a complete consolidation. The other 770 Italian banks that are underneath Renzi's radar will be left to their own devices, so investing opportunities in smaller Italian financials will persist.

Figure 9: **European Low Quality High Yield Underperforms**



Source: Aksia, Bloomberg

EVENT DRIVEN

Structured Credit

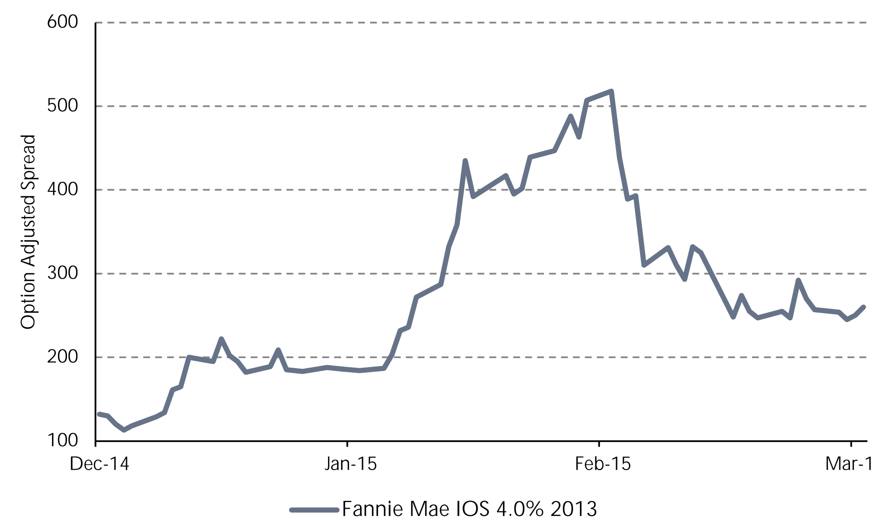
- From December through February, non-agency RMBS prices remained relatively stable while non-agency CMBS (both legacy and primary), 2.0 CLO liabilities, and agency mortgage derivatives all experienced widening. Agency risk transfer deals stabilized or tightened after consistently widening since mid-summer 2014. In this period, structured credit funds were generally positive, with the largest volatility seen in January in dedicated agency derivatives strategies. A surprise cut to the insurance rate charged on FHA mortgages, coupled with higher interest rate volatility, resulted in substantial spread widening due to prepayment fears. Mortgage derivative funds experienced percentage losses in the low-to-mid single digits in January (though they largely recovered).

- U.S. new issuance in CMBS and CLO continued to be reasonably strong, though CLO issuance was down from last year's levels. Non-agency RMBS issuance volumes are limited as it continues to be mostly clean jumbo and NPL deals, although Freddie Mac notably issued its first STACR deal where it sold a first loss bond.

- The final risk retention rule was published in the Federal Register on December 24, 2014, setting the compliance date at December 24, 2016. CLOs seem to be at the forefront of discussions around finding a solution, largely due to the refinancing options within these structures, though other markets will also need to find a solution.

- Despite a slowdown in CLO supply, 2.0 BBB/BBs continue to trade at multi-year wides and are wide of comparable structured credit assets. Currently, BBBs trade at around 6% yields on 5-year durations and BBs trade at around 9% yields for 6-year durations. We feel that this is one of the more mispriced areas of structured credit markets on a relative basis.

Figure 10: **Spread Widening in Mortgage Derivative Securities**



Source: Barclays

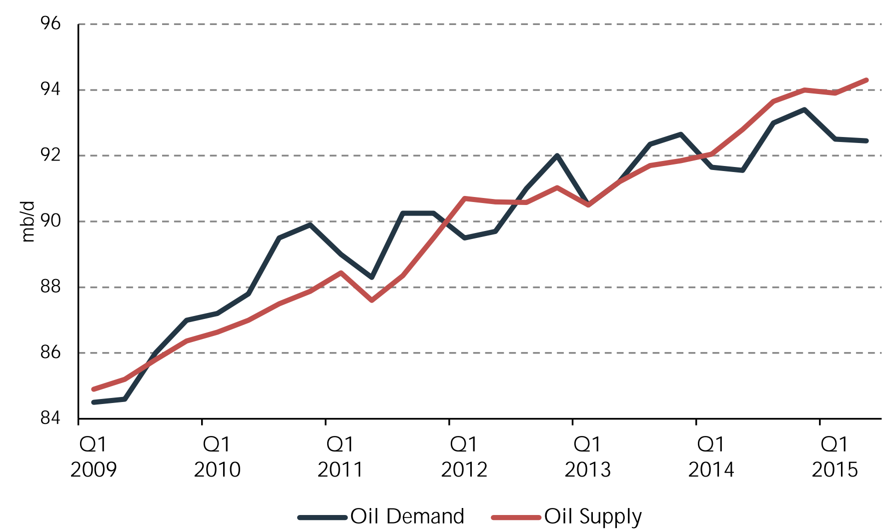
Long/Short Equity

Positive Energy

- The harsh readjustment of crude oil prices in 2014 sent shockwaves throughout the energy sector, and many Long/Short Equity managers with energy and energy-related long exposures were hit hard. Incumbents across the energy value chain have seen varying impacts by the halving of oil prices. Managers are finding a lot of work trying to differentiate between fundamentally broken business models at $50/barrel and still profitable companies.

- We have no house view on the future direction of commodity prices. However, we think that the uncertainty in the sector benefits low net, specialist managers that focus specifically on energy. We have been constructive on these types of managers since early last year, and we are confident that the recent shift in dynamics has created a decent opportunity set for them. The primary forces behind declining oil prices are both oversupply and declining demand, the former stemming from rapid production from U.S. shale producers and high OPEC production levels, and the latter from lower growth expectations in major oil consuming regions such as China and Europe. Though rig counts have been declining and large producers have slashed capex levels, the effects of these changes in production will mostly be felt later in the year. In the meantime, we continue to see large hedge funds and other cash-heavy players eye distressed companies that seem unable to make it through the downturn. Given the shift in dynamics and uncertainty as to whether crude prices will rise again, we are optimistic on the opportunity set for long/short energy specialists.

Figure 11: **Growing Imbalance Between Oil Demand and Supply**



Source: International Energy Agency

Figure 12: **Oil Majors Slash Capex Levels**

European Major Company Capex 2014-2015		
Company	2014 Capex $ Billions	2015 Capex $ Billions (estimated)
Shell	35.3	Same to slightly lower
BP	23.8	20
Total	26.4	23 to 24
Statoil	20	18
Eni	13.9	11.6
BG Group	9.4	6 to 7

Source: Platts McGraw-Hill, Company Reports

LONG/SHORT EQUITY

Draghi-nomics

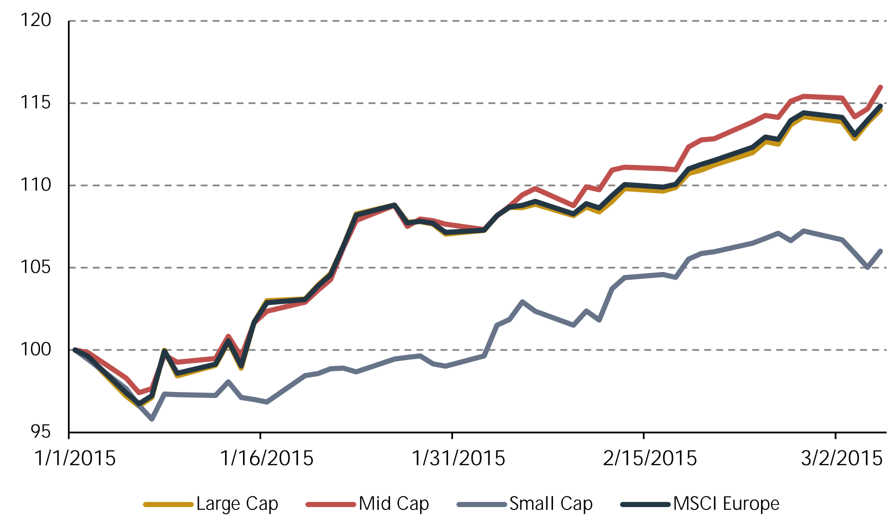
- The ECB's QE program, which consists of €60bn of monthly asset purchases between March 2015 and September 2016, will likely consume about 10% of the European fixed income market, twice as much as the Fed's QE3 program (~5% of the U.S. fixed income market). This is likely to push investors into riskier assets such as non-investment grade credit and equities. The tailwind provided by cheaper credit to European companies could also propel equities higher, as evidenced by recent upward moves in European stocks. This year, growth stocks in consumer sectors have driven European equity performance, while utilities, energy stocks, and small caps have been laggards. Small caps are down almost 7% since July of last year, while the broader index is up 15%.

- The opportunity set for low net Long/Short Equity managers in Europe is mixed. Given that we are entering an environment in which stocks may react more to macro events (including ECB policy announcements) than company-level performance, it may be difficult for European stock pickers to differentiate themselves meaningfully from the herd. That said, valuations remain cheap relative to those in the U.S., particularly in small caps. We tend to favor small- to mid-size managers who have the flexibility to take advantage of these opportunities. Smaller managers also benefit in Europe because of Europe's short sale disclosure rules, which only apply when over 1% of an issuer's outstanding shares are sold short–a major hurdle for a larger manager, but rarely an issue for those in the $500million-$2billion range.

Short Sellers

- The absolute and relative opportunity set for short-selling continues to be promising, and we favor fundamental idiosyncratic managers that commit research resources to the short side. While there may be specific pockets of ebullience and froth, we believe the opportunities are broad across sectors and geographies as valuations have risen and companies have become more levered. In addition to commonly cited areas of high valuations (such as biotech, SaaS, and recent IPOs), managers are finding opportunities to short secularly challenged businesses in retail, media, and business services. We note that managers are also finding fertile short opportunities across the globe, including within China, Canada, and Australia.

Figure 13: **Performance of European Equities by Market Cap**



Source: MSCI, Bloomberg

LONG/SHORT EQUITY

Policy Changes in Japan

- Japan Long/Short Equity and Activist managers have enjoyed tailwinds thanks to a number of positive developments, led by policy makers and institutional investors. These developments include a focus on increasing corporate value by setting ROE targets (notably ISS's 5% rule), improving corporate governance (including the Governance Code by the Japan Financial Services Agency & Tokyo Stock Exchange and the acceptance of the Stewardship Code by institutional investors), and reforming tax agendas. This is further supported by the Government Pension Investment Fund of Japan and the BoJ's decision to increase exposure to Japanese equities, pumping a substantial amount of capital into the market. While some equities are overbought, in general these large-scale purchases are providing additional resilience to the market, helped by strong foreign investor participation.

- Managers generally remain bullish on Japan. Many are keen to find attractive corporate recovery stories (e.g. Sony) and reflationary names in financials and JPY sensitive sectors (e.g. autos). Small-caps and high growth areas (e.g. internet) continue to be viewed positively, but managers have also returned their attention to blue chip names with considerable foreign ownership due to companies' desires to realize their new ROE targets.

- Corporate events and actions are anticipated to increase (such as reductions in cross holdings of shares, share buybacks, recapitalizations, and dividend increases), creating additional event driven opportunities. While we continue to favor bottom-up, fundamental managers that have single stock short books, those who use indices to adjust net exposure appear to have become less constrained in their use of index futures (likely because indices worked as a good hedge in 2014 vs. single stock shorts, which had more mixed results).

Higher Volatility Expected upon China Easing

- After a swift and steady surge in late 2014 triggered by the first interest rate cut by the PBoC in recent years, China's equity markets started to trade sideways and with heightened volatility going into 2015. Market sentiment is weighed by tightening regulatory control on margin trading and continued weakness in fundamental growth, but expectations of further monetary easing and deeper reform measures helped keep investors positive about opportunities that could benefit from these policy changes.

- A greater effort has been made to open China's capital markets and clarify regulatory rules to attract a greater amount of participation from overseas investors. After the launch of the Shanghai-Hong Kong Stock Connect in November, the Shenzhen-Hong Kong Stock Connect has come into the spotlight and will likely start trading in the second half of 2015. In addition, a new A-share short selling facility (subject to various restrictions and limits) was implemented on March 2 through the northbound trading link of the Shanghai-HK Stock Connect program. The long outstanding QFII/RQFII tax issues are also expected to be clarified and settled in the near future with the Asset Management Association of China (AMAC) and the State Administration of Taxation (SAT), giving foreign investors more structure with regard to onshore investing. We view all of these as positive developments for managers and are optimistic about the possible A-share inclusion in MSCI indices when the index provider conducts its annual review in June.

- Despite increased volatility in recent months, we have not seen a meaningful cut in A-share exposure by China-focused Long/Short Equity managers. Some managers are actually taking this opportunity to buy into particular names at more attractive prices. We continue to be cautiously positive with the developments in China and prefer managers who can build positions based on a fundamental framework.

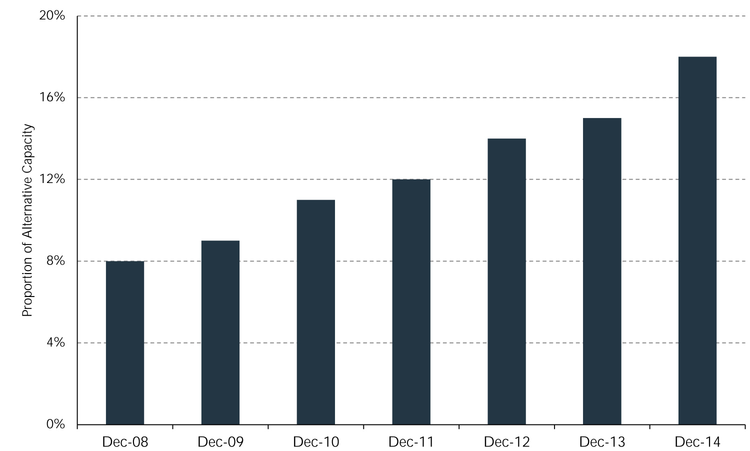
RELATIVE VALUE

Reinsuringly Expensive

- The charts on this page illustrate the pressures facing the reinsurance industry in addition to the impact from a continued low rate environment. There have been structural changes in the industry that continue to evolve. Consensus seems to be that a pricing floor is nearing, although not yet reached, and this is reflected in a drop in cat bond multiples (coupon to expected losses) over the years: 4.44x 2012, 3.14x 2013, and 2.78x 2014.

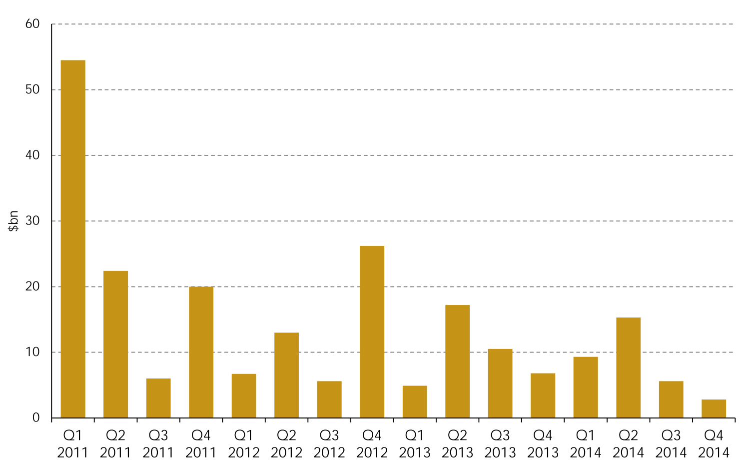
- Post-event investments are an area of focus for us, as temporary balance sheet pressures may result in short duration opportunities. Key points to keep in mind: ability to fund over a reasonably short timeframe (5-10 business days after notice); to an extent, a potential opportunity would offset some losses in the core reinsurance book if such a vehicle triggered outside of the traditional renewal cycles; existing relationships are favored as there is plenty of capital supply out there.

Figure 15: **Alternative Capacity as a Percent of Global Property Catastrophe Reinsurance Limit**



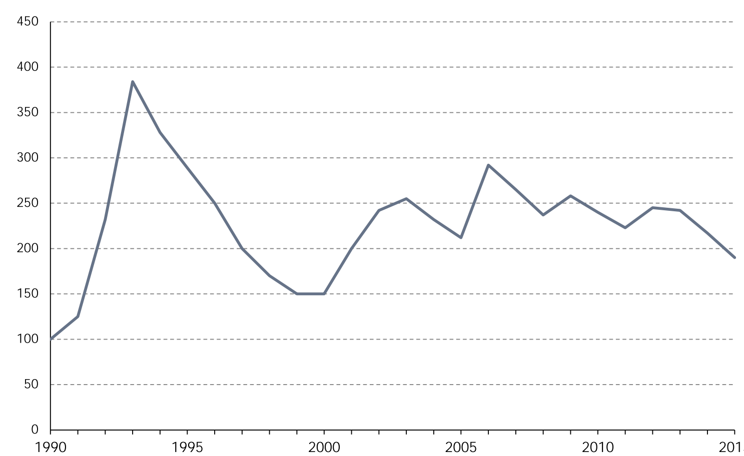
Source: Guy Carpenter

Figure 14: **Significant Insured Losses – 2011 to 2014**



Source: Swiss Re, Guy Carpenter

Figure 16: **Global Property Catastrophe RoI Index – 1990 to 2015**



Source: Guy Carpenter

RELATIVE VALUE

Fixed Income Relative Value

- An oft-mentioned story over the past year has been central bank divergence. It continues to be a driving theme for expectations of increasing fixed income volatility, which is incrementally positive for Fixed Income RV strategies. In addition, there is significantly more uncertainty around the implementation of said policies, whether it is the timing of rate hikes (U.S., U.K.), how bond purchases will be distributed (ECB, BoJ), or the economic impact of commodity prices on decision-making (RBA, BoC). Anecdotally, these factors have resulted in more frequent pricing discrepancies between similar securities, which should be beneficial to Fixed Income RV strategies.

- We find European QE to be of great interest. QE3 in the U.S. dampened the opportunity set within some core RV strategies, notably due to auction and futures rolls, which performed poorly from 2013 through most of 2014. As it is early in the ECB's QE cycle and institutions are still in the process of adjusting their mandates to account for negative nominal rates, there is enough market churn for a relatively strong opportunity set. Whether that remains the case largely hinges on how predictable and static the ECB's program is going forward. Given Europe's greater market/political segmentation and the constrained pool of eligible assets, there is reason for optimism.

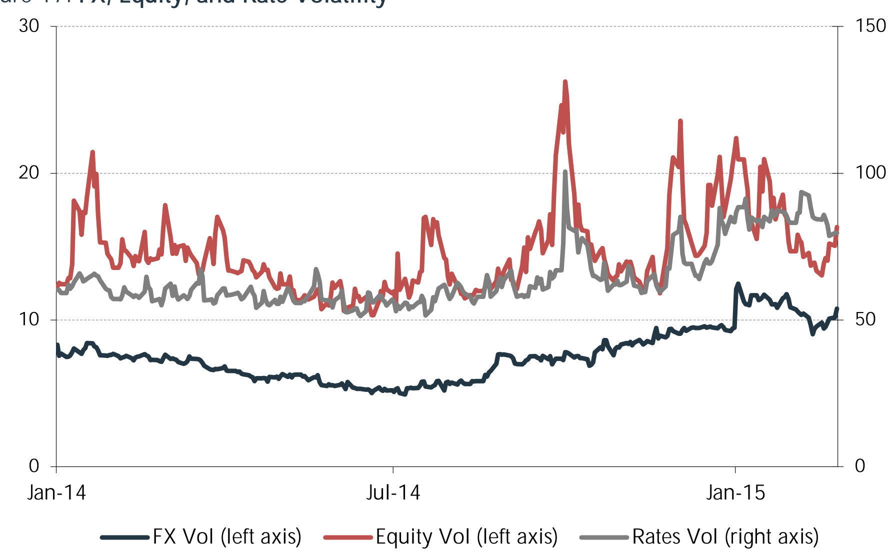
Quantitative Equity

- We expect the market environment of 2014 to continue (generally contained volatility with episodic spikes, alongside reasonable dispersion) which makes the case for a diversified program compelling. Programs not inherently constrained against common risk factors are likely to experience challenges during the aforementioned episodes, periods during which faster-moving stat arb strategies tend to serve as diversifiers.

Is It Going to be a Bumpy Night?

- Despite the higher frequency of sharp moves in equities over the past six months, implied volatility on the S&P 500 has remained mostly range bound. Pricing of fixed income and FX volatility continues to increase, with the latter jumping significantly on the SNB announcement, though retreating somewhat afterwards. Greater central bank divergence and uncertainty should be supportive of higher implied volatility (and higher volatility of volatility) in fixed income and FX, which is broadly positive for volatility strategies. However, much of the resulting volatility thus far has been chunky, which has proven somewhat difficult for managers to monetize.

Figure 17: **FX, Equity, and Rate Volatility**



Source: Aksia, Bloomberg

TACTICAL TRADING

Commodities – Clipping the Light Contango

- Oil markets have been a particular focus of ours in recent months as we have been looking for ways to extract value from the recent market volatility. Our research into physical market strategies to exploit the contango with a "cash and carry" arbitrage trade (i.e. take delivery, store the oil, sell deferred futures, and deliver into the contract) led us to discussions with several large trading houses. Our conclusion was that anyone who owns storage capacity (e.g. supertankers) is aware of the opportunity and is charging accordingly for time charters. Nevertheless, we still see strong opportunities for spread traders in oil futures, while directional trading is more of a guessing game in such a geopolitically-prone market. A time spread paired with a crack spread does not constitute a complete investment strategy. We prefer diversified commodity relative value strategies that size their positions small enough to give them staying power and avoid the pitfalls of path dependence.

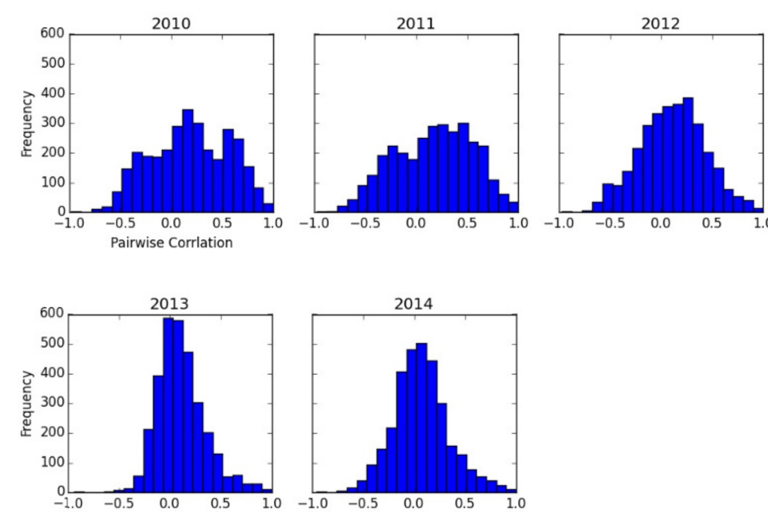
Macro Topics – Trying to Find Space in a Crowded Room

- Though increased market volatility and divergence between policymakers seem to have improved the opportunity set for developed markets macro managers, certain themes remain somewhat crowded. Long USD and long European periphery are prime examples, as are short front-end U.S. rates–particularly for managers who are looking for a hike in June, which is the "consensus" view again after the employment numbers released in March. We are still positive on EM macro, as fundamental factors such as balance of payments and commodity reliance have been strong drivers of economic and asset price divergence. Looking forward, our medium term outlook is a "bipolar" market – average overall volatility, with bouts of risk on/risk off behavior.

CTA Beta and Correlation Trending Upward

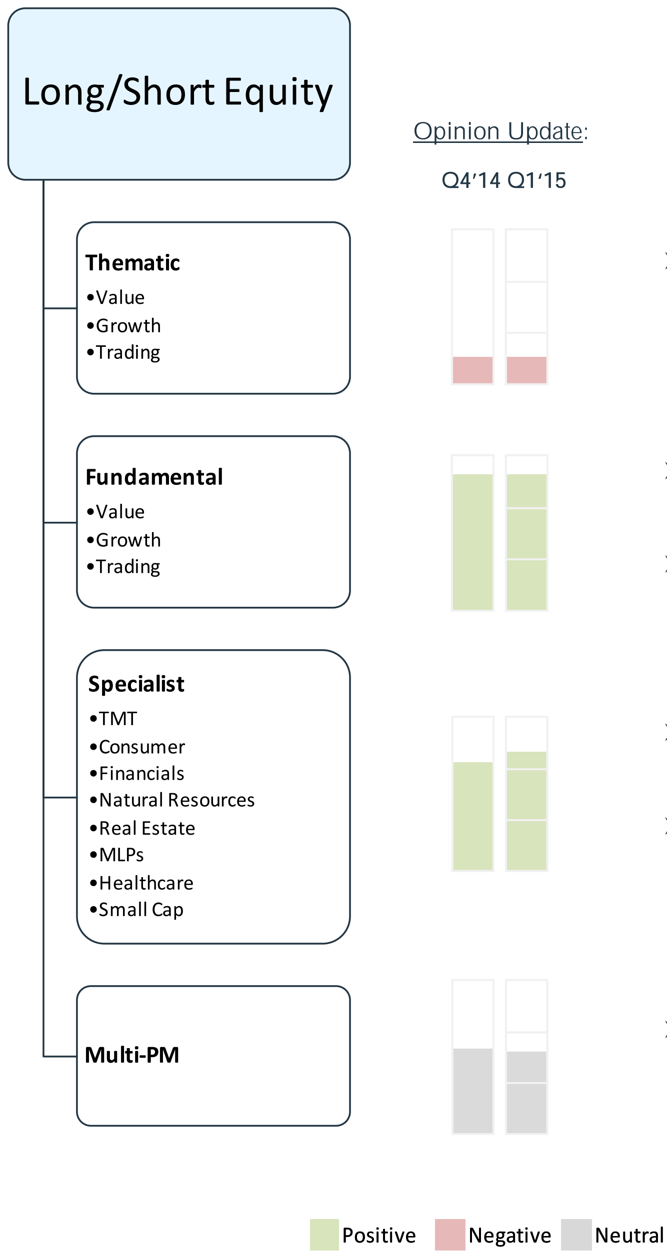
- Based on Aksia's analysis of commonly traded markets (an investment universe of 80+), correlation characteristics have notably improved since 2010. The histograms below highlight the frequency of pairwise correlations (count of ~3200). The more normal appearing distribution of the plot in 2014 exhibits a better environment for CTAs, as pairwise correlations have crowded around zero. This depicts more independent movement of markets (i.e. idiosyncratic trends across markets), which we view as a positive environment for the strategy. The 2013 environment had a skew to the right, which in hindsight, was partly driven by the sharp reversals of May and June 2013.

Figure 18: CTA Pairwise Correlation 2010-2015



Source: Aksia, Bloomberg

STRATEGY VIEWS



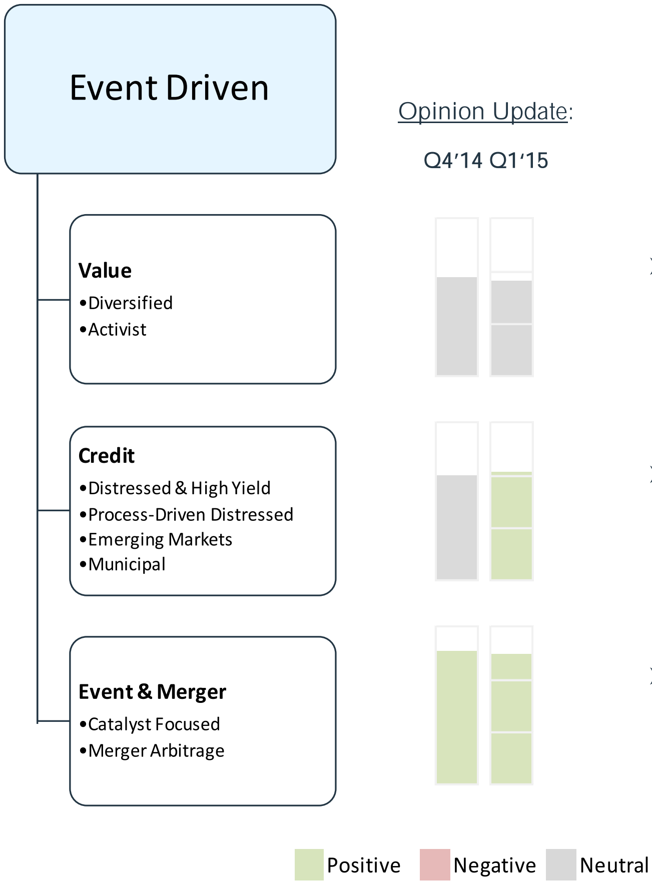
- We remain less constructive on thematic L/S Equity, especially given the volatile nature of the current market. The strategy is inherently exposed to macro shocks without leaving a margin of safety in individual holdings, rendering it susceptible to changes in market sentiment in any particular industry or country.

- We continue to favor strategies focused on bottom-up, fundamental investing, and those that seek to create robust books on the long and short side. Strategies that invest in a number of market cycles are particularly attractive, and should find compelling investment opportunities in the current environment.
- We maintain a bias towards value and believe that over the long-term these strategies have a better chance at outperforming their peers. We have become more constructive on dedicated short-sellers given the changed dynamics in today's environment and the broadened opportunity set for these managers after multiple up cycles in the domestic market.

- We believe that an emphasis on a bottom-up approach presents a great opportunity to take advantage of dislocations occurring throughout the energy value chain. We are optimistic that doing rigorous fundamental analysis will identify compelling opportunities both long and short in the sector.
- Healthcare continues to face a changing regulatory and heightened M&A environment, compelling some to incorporate top-down themes into their portfolio construction process. While investors like to focus on opportunities in the biotech sector in particular, we believe that interesting opportunities continue to exist across the healthcare sector on both sides of the portfolio.

- We are seeing an increase in competition for talented sector PMs, with new multi-PM firms being launched and incumbents raising assets. This is a definite change from the post-Volcker rule period, where, in general, it has been easier to attract and retain good investment staff. We remain moderately constructive on the strategy, which tends to benefit from increased market volatility, but we are also monitoring this issue as a long-term concern.

STRATEGY VIEWS



- Though some moderate macro volatility has shaken some things loose, global markets continue to trade near or at all-time highs. We question whether global QE has been priced into markets at this point. On the positive side, we have seen a significant number of spinoffs announced since the beginning of the year, creating the opportunity for managers to buy into dislocated situations.

- Our outlook for credit strategies is mostly unchanged, although the increase in distress in commodity-related and emerging markets issuers should provide additional opportunities for distressed-oriented firms.

- We continue to believe in a strong opportunity set for Event & Merger, underpinned by many of the factors that we have previously identified – low rates, slow growth, open capital markets, etc. Recent movements in macro factors (currencies, commodities and rates) open up a completely new set of potential deals and events, and assuming the moves remain somewhat acute, we still have high conviction in managers that pursue these strategies.

STRATEGY VIEWS

Relative Value

Opinion Update:

Q4'14 Q1'15

Quantitative Strategies
- Diversified
- Statistical Arbitrage
- Fundamental Market Neutral

➢ We maintain conviction in diversified programs, especially in an environment expected to consist of increased dispersion with episodes of volatility.

Long/Short Credit
- Hedged
- Credit Arbitrage
- Convertible Arbitrage

➢ There has been a healthy start to the convertible market this year, offering the chance to buy many primary issues at good levels. The ability to express fundamental views in European credit diminished the expected beta-driven rally would make it difficult to distinguish between credit characteristics of specific corporates.

Structured Credit
- Diversified
- Mortgage
- Corporate

➢ We continue to believe that structured credit strategies offer value versus certain corporate strategies, although we expect greater dispersion among structured credit funds going forward.

Fixed Income Arbitrage
- G10
- Mortgage Arbitrage

➢ Stepped up central bank activity with some degree of uncertainty around implementation across the board, (especially the ECB, BOE, and Fed), will likely benefit fixed income arbitrage strategies.

Insurance Linked
- Non-Life
- Life
- Diversified Insurance

➢ Investors should maintain exposure to reinsurance due to its lack of correlation to other investments and the importance of having relationships for when events do occur. However, based on an investor's target allocation range to the strategy, it is currently appropriate to size such an investment on the low end.

Volatility
- Long-Biased
- Short-Biased
- Variable

➢ The frequency of sharp (albeit small) selloffs in equity markets has increased, geopolitical concerns remain omnipresent, and regardless of whether the Fed or BOE actually hike rates in 2015, speculation has driven implied volatility in fixed income steadily upward.

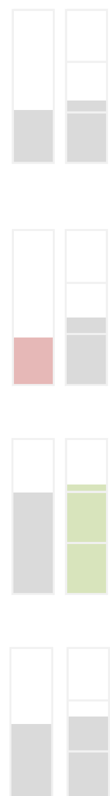
Positive Negative Neutral

STRATEGY VIEWS

Tactical Trading

Opinion Update:

Q4'14 Q1'15



Discretionary Commodities
- Long-Biased
- Relative Value Focused

➢ We suggest a cautious approach to discretionary commodities with consideration limited only to our few higher-conviction managers in the space.

CTA
- Multi-Process
- Short-Term
- Trend Following

➢ Correlation across asset classes has decreased with markets moving independently relative to prior years, which does tend to be a more favorable environment for CTAs.

Global Macro
- Diversified
- Concentrated
- Emerging Markets
- Systematic

➢ The opportunity set seems to be more attractive than in the past couple of years, as QE3 has wound down in the U.S. while ramping up in Europe, and central bank policy divergence may drive more market volatility. There is an excitement around certain FX trades, and rates trading opportunities exist in the US, Australia, and Brazil.

Risk Mitigators
- Tail Risk
- Short-Biased Credit
- Short-Biased Equity

➢ In a period with upward trending volatility and increasing central bank divergence, tail risk strategies may be more attractive as long as they are in line with portfolio objectives.

Positive Negative Neutral

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Strategy Outlook

Q4 2014

599 Lexington Avenue, 46th Floor
New York, New York 10022

Strategy Outlook

Q4 2014

Report as of: December 15, 2014

HEDGE FUND INDUSTRY COMMENTARY

Hedge Fund Performance & Perspectives

Event Driven
@Të SVc h Rd R ^ ` _eY f _]ZV R_j h V-gV dVV_ in quite some time. A handful of idiosyncratic trades went wrong within a short period. Other contributors to poor performance included widening credit spreads, the energy selloff, concerns over economic growth, and rapidly declining oil prices. The more successful managers were those that avoided the €permanent impairment, trades and refrained from de-risking at the worst time, but positive returns for October were few and far between. November was a bit friendlier as certain merger spreads tightened and some widely held hedge fund equities rallied from their October lows.

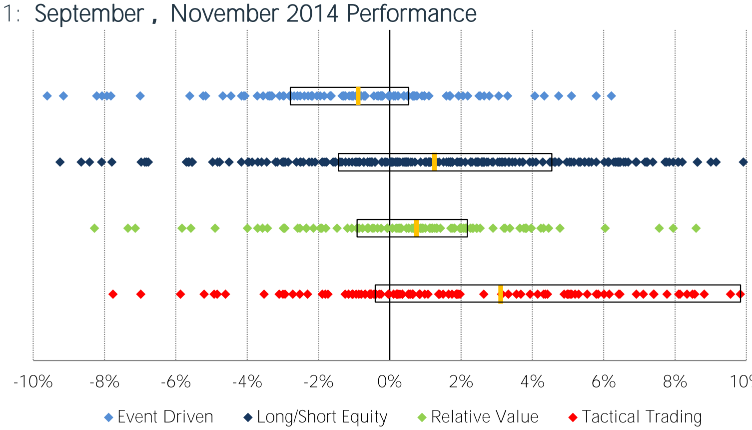
Long/Short Equity
Though stock return dispersion has remained relatively low, there have been pronounced divergences by market cap (large cap over small) and sector (e.g., healthcare over energy). Many heavily owned hedge fund names have outperformed the S&P 500 year-to-date, though a number of potholes along the way have blunted Q4 performance. Some managers struggled during the energy rout, while others were tripped up by the broader volatility in October. It was notable that during the September/October selloffs, managers who maintained or added to their core holdings based on their conviction in fundamental value performed meaningfully better than those who reduced risk ` c €Uj _R^ ZTR]]j YVUXVU, Z_ cVda` _dV è g` ]ReZ]Zej Ł eYf d Tg deR]ZkZ_X ]` ddVdŽ EYV exceptions were multi-PM managers, many of which made targeted risk reductions but were diversified and nimble enough to recover.

Relative Value
Fixed Income RV managers were mostly flat or slightly up from September through November, with relatively low volatility in October despite the mid-month flash crash. Quantitative managers performed well, although there was considerable intra-month volatility in October. Of note is the slight outperformance of fundamental-based strategies relative to shorter-term, technical programs. The U.S. hurricane season was largely uneventful, which bodes well for industry returns, although another round of price cuts is expected in January.

In contrast to corporate credit, structured credit has largely performed well in the latter half of the year. Headline yields on most legacy assets have tightened considerably and, with some exceptions, trade in the mid-to-high single digits. Alongside higher prices are generally better underlying fundamentals.

Tactical Trading
September saw initial strong macro performance thanks to consensus long USD positions and U.S. rates payers. Many gave back profits as U.S. rates, short Yen and short Euro positions all retraced in the first half of October, culminating in the infamous bond market flash crash. This triggered risk reductions, causing many managers to miss out as their favorite trades recovered from the back half of the month through November. CTAs performed well on the back of long fixed income positioning and shorts in the Yen, Euro, and energy. Decreasing oil prices drove down broad commodity indices, masking significant volatility in a host of other sectors (e.g., agricultural commodities and U.S. natural gas). Commodity managers failed to generate profits despite opportunities presented by strongly trending and volatile markets.

Figure 1: September , November 2014 Performance



Source: Aksia Tracked Funds
Note: Each point dVadVdV_ed` _V W_U-d Tf ^ f]ReZgV aVdWc^ R_TV Uf cZ_X eYV dVWdV_TVU period. Rectangles span the middle 50% of returns, with the gold line representing the median return. Returns outside of -10% to 10% range are not pictured.

HEDGE FUND INDUSTRY COMMENTARY

Wakeup Call

October was an illuminating month. While most hedge funds ended the month with only small losses, this masked dramatic mid-month price action. Crowded hedge fund trades in liquid markets fell faster than the markets in general. The speed with which many crowded hedge fund trades fell was remarkable given that no major exogenous shocks hit the markets. Yes energy prices continued their slide, but besides that economic news was generally neutral or slightly positive. The FNMA preferred shares court ruling was a random idiosyncratic event and should not have caused any contagion. The AbbVie/Shire breakup rightfully caused contagion as it showed that the U.S. government would use its soft powers to discourage tax inversion mergers. But AbbVie/Shire should not have affected non tax inversion deal spreads.

For me, October felt like a wakeup call about too much hedge fund capital piling up in three areas:

- Merger-related Event Driven equities (particularly large & mid-caps)
- North American Long/Short Equity with a consumer discretionary bias
- Global Macro strategies focused on U.S. & Euro interest rates and the major FX pairs

(I did not list developed markets credit above because price action there was more normal in October and because electronic trading is less prevalent in the credit markets.)

Hedge fund crowding is nothing new but it may be more dangerous these days. Liquid markets are less able to supply the risk capital that can offset selling by a crowd of hedge funds. Dealer balance sheets used to be huge opportunistic liquidity providers. Positions could sit in dealer inventories for weeks, months, and sometimes years. Today there are drastically reduced dealer inventories and fewer banks running large sales/trading businesses. Instead, more and more markets are going to electronic execution and prices are being set by computer algorithms designed to not expose the market maker to large risks or overnight inventories. Anonymous computer market makers are probably not worried about long-term client relationships.

Crowding may also be more dangerous now due to lackluster hedge fund returns. During October, our monitoring calls picked up many managers agonizing over decisions to either sell down positions and protect their TR]V_URc j VRc-d cVef c_dL` c Y`]U ` _ è Z_gVde^ V_ed eYVj SV]ZVgVU Z_Ž 4R]V_URc year returns determine performance fees which determine investment staff compensation in a talent marketplace that also works on a calendar year hiring basis. If you fail to pay your more talented staff decently, a swarm of headhunters will gladly connect them with someone else who will.

The Glass Box

€6RdV ` WR]]` TReZ_X, Zd ` \_V cVRd` _ h Yj d` ^ f TY TRaZeR] Zd Tc` h UVU Z_è eYV aforementioned three areas. For each, there are numerous managers available that meet the highest standards of institutional due diligence and are conveniently located in or near New York or London. Around our office I use eYV ^ ` \_ZVc €X]Rdd S` i, Wc eYVdV d` ced ` W^ R_RXVcdL R] ` dV UVWZ\_ZeZ ` _ SVZ_X that they:

- trade securities (as opposed to transforming securities or assets);
- are based in the typical hedge fund neighborhoods;
- are covered by hedge fund coverage desks at the big banks/brokers;
- recruit from the same talent pools (and use the same headhunters);
- have a managing partner from a large hedge fund or bank; and
- have nice (and typical) hedge fund offices.

Nothing wrong with the above, but going forward I believe spreading out a bit will help portfolios. This means allocating to managers that are not as easy to allocate to. For example, instead of a nice clean management structure it may be a multi-strategy platform with a complex structure or an investment team sitting next to a larger business platform.

Hedge Fund Industry Commentary

Below are some areas that you might consider if you do not already have exposure, along with the reason they are not in the glass box:

- Complex Multi-strategy funds *(heightened leverage and compliance risks)*
- China Long/Short Equity *(manager and analysts located in China, typically Shanghai)*
- Statistical arbitrage *(high fees and big quality drop below the top few)*
- Commodities funds linked to physical trading houses *(possible conflicts and reputational risks)*
- Emerging markets macro or opportunistic credit *(liquidity trap risks)*
- Securities transformation *(less liquidity and capital markets freeze risk)*
- Fixed income arbitrage *(leverage/derivatives and often a short volatility profile)*
- Mortgage credit strategies *(large basis risks on shorts)*
- Bank disintermediation and transformation *(long-biased)*
- Reinsurance *(currently at a less interesting part of cycle but should come back)*

Aksia Top Down Themes

Theme #1 , Spread Out: Reduce Sum of Event Equities, North American Long/Short Equity, and Developed Markets Macro

If your portfolio does not have a large concentration in the above areas (e.g., 40% or more), this theme does not apply to you. If it does, please think about adding smallish allocations (e.g., 4% to 9%) to areas that get you away from the big pools of crowded hedge fund capital. Spreading out should make your portfolio more resilient during risk reversals and should lower the equity beta of your portfolio. I am not advocating risk reduction though and the trick is to diversify your strategies without lowering expected returns. Spreading out away from credit strategies is not something I recommend. Credit strategies, while certainly not liquid, are not exposed to the flash crashes and large moves that are occurring in electronic execution markets. Also, most credit strategies tend to have less position turnover and less of a manager propensity to cover risk quickly on a reversal. And distressed debt managers will find much more to do if the price of oil remains depressed in 2015 and 2016. Anyway, we spent quite a bit of time at our most recent portfolio review day working on this theme and have actionable ideas ready to go.

Hedge Fund Industry Commentary

Theme #2 , Make Mixed Equity/Credit Event Driven Strategies the Dominant Return Driver Portion of Your Portfolio

We are sticking with this theme despite the bruising in October, but are lowering its weights a bit in our Model Portfolio. The world is still awash in both liquidity and bouts of risk-off and illiquidity popping up in varied industries and regions. Also, corporate deal volumes remain high and show no signs of abating. We like managers that are not tied to any one approach and can play credit or equities as situations arise. October drove home that crowding is a problem, so we would suggest looking closely at your Event Driven manager lineup and thinking about ways to reduce position overlaps and not to let mid/large capitalization merger deals be a large part of your exposures.

Theme #3 , Activist Equity Strategies

No change here. Activist managers are still finding plenty to do and the receptiveness of long-only institutional investors to activist campaigns is only getting better. Our one pause is that activist strategies typically have plenty of beta, and reducing equity beta is probably a good idea now. But we would suggest paring back equity beta elsewhere before you trim your activist exposure.

The CTA aversion theme, which worked so well for the past three years, became dead wrong over the past four months. The strong recent trends down in energy prices and up in the U.S. dollar and government bonds have produced large gains at most CTAs. We have retreated from this theme but we do not recommend trying to short-term time CTAs. In 17 years in the hedge fund research and investing business, I have never met anyone who could successfully time them. CTAs tend to perform poorly in normal markets when prices instantly adjust to new information. CTAs tend to perform best when a market move creates something in the real world that then causes the market to move more in the same direction. This seems to happen best when someone is feeling pain. The flight to quality rallies in government bonds in 2008/2009 and the painful (for some) oil price declines this year have been money makers for CTAs. Predicting when the next bout of pain will come is nigh impossible. We relent, but suggest keeping weightings within reason (e.g., max 5%-ish in a typical portfolio), as trend followers are generally still long equities and bonds and as such will compound headaches in a declining equities and rising rates scenario.

HEDGE FUND INDUSTRY COMMENTARY

Alignment of Interests Association

EYV 2]ZX_^V_e`W_eVcVded 2dd`TZReZ_ ı€2@:,/ ^RUV _Vh d Z_ VRcjj 5VTV^SVc with the release of best practices with regard to the alignment of interests between hedge fund managers and investors.

We think AOI is a breath of fresh air because it consists entirely of investors and is not funded by hedge fund managers. Heretofore the most prominent deR_URcUd Xc`fa YRd SVV_ eYV 9VUXV 7f_U DeR_URcUd 3`RcU ı€9 7D3,/Ž H V _VgVc cVR]]j S`f XYe Z_e` 9 7D3-d dYeZT\ SVTRfdV they are funded by hedge fund ^R_RXVcdŽ 2]] `W9 7D3-d €Wf_UVcd, RcV YVUXV W_U ^R_RXV^V_e T`^aR_ZVd R_U R_j ^R_RXVc TR_ SVT`^V R €dZX_Re`cj , Sj aRj Z_X R WVV h YZ]V ReeYV dR^V eZ^V gZ]ReZ_X ıRd WRc Rd h V TR_ eV]]/ R_j `W9 7D3-d eVc^d dZ^a]j Sj ]ZdeZ_X Vi TVaeZ _dıR_U eYV Vi TVaeZ _dL`WT`fcdV-RcV _`e]ZdeVU`_ 9 7D3-d h VSdZeVŽ

AOI is an organization Aksia has been actively involved with for years thanks e` DZ^`_ 7]fUXReV dYRcZ_X YZd eY`fXYed Re 2@:-d ^V^SVc ^VVeZ_XdŽ 2@: Zd probably most similar to eYV :_deZefeZ _R] =Z^ZeVU ARce_Vcd 2dd`TZReZ _ ı€=A2,/ in the private equity industry. ILPA is controlled by limited partners (managers cannot join), and ILPA has over the years done a good job of producing educational materials, standardized reporting templates, and member-only T`_WcV_TVdŽ @fcY`aV Zd eYRe 2@: Xc`hd f a e` SV :=A2-d dec`_X T`fdZ_ Z_ eYV hedge fund industry.

We encourage you to join AOI and endorse their principles, which can be found at www.altaoi.org.

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Event Driven

Shire Straits

For several quarters, we have discussed the opportunities and risks in merger arbitrage. We gV SW_ positive on the opportunity set, as we felt the conditions were in place for a pickup in deal activity. However, we also felt that market participants were underappreciating and underpricing the political and regulatory risks. In October, news that AbbVie abandoned its plan to acquire Shire sent shockwaves through the Event Driven community. This was a T` ^ ^ ` _]j YV]U ^ VcXVc RcSZecRXV a` dZeZ _ł R_U Wc eY` dV eYRe UZU_e Y`]U Ze directly, general spread widening as a result of the break caused losses across portfolios. We consider the breaking of the Shire-AbbVie deal to be one data point in a series of data points which, when considered in aggregate, cause us to question whether the regulatory and political regime has shifted in a way that the market has yet to price in.

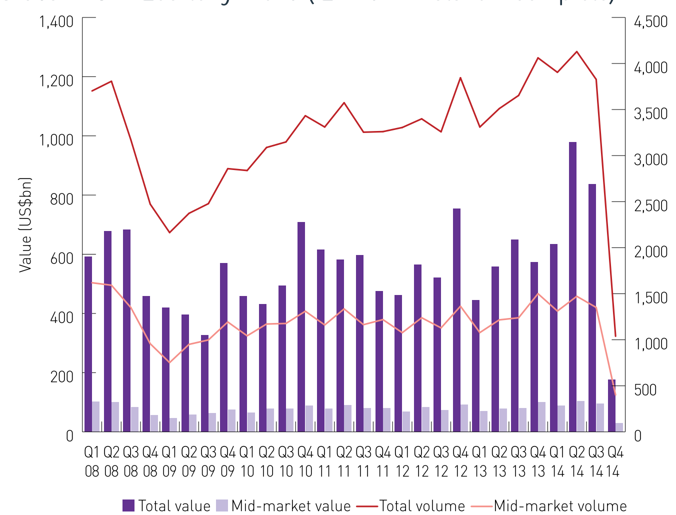
An increasingly important part of the analysis of mergers seems to be the extent to which a corporate action is susceptible to politicization. We worry that whatever edge hedge fund managers may have in analyzing or advocating for corporate activity may erode with eYV dY ZWe Z_ h YRe Zd T` _dZUVcVU Wair and RTTVaeRS]V, Z_ eYV Vj Vd` WeYV XV_VcR] a` af]RTVŽ The narrative of protecting the average person moves to the forefront when conducting this kind of analysis... how will the average voter view a particular deal? Will geopolitics play a role in the approval process?

If in fact things have changed, and the approval criteria for corporate activity becomes more arbitrary than it has been in the past, we wonder how investors TR_ SV Vi aVTeVU e` acZTV €]VeV ZW]U cZd\ł ` c eYV TYR_TV eYRe d` ^ VeY Z_X ` _V YRd_ethought of occurs. If this risk feels more real after a month like October, and the goal going forward is to mitigate this risk, investors should seek to both avoid position overlap across managers, and consider managers that invest in smaller deals, whiTY ^ Rj SV gZh VU Rd]Vdd €dZX_ZZTR_e ı^ R\Z_X eYVZc outcomes more predictable with thorough fundamental analysis).

Conditions Still Ripe for Continued Merger Activity

This has been a big year for announced deals, and many of the pillars supporting the corporate event market are still in place as we enter 2015: low growth, low interest rates, the potential for accretive acquisitions, and the ability to use equity as currency with stocks near their highs. Most events are pro-growth or pro-cyclical in nature, and given that merger arbitrage (and equities in general) remains a significant allocation in many portfolios, economic risk becomes an important part of the equation as we turn the calendar.

Figure 2: Global M&A Quarterly Trend (Q4 2014 Data is Incomplete)



Source: Mergermarket

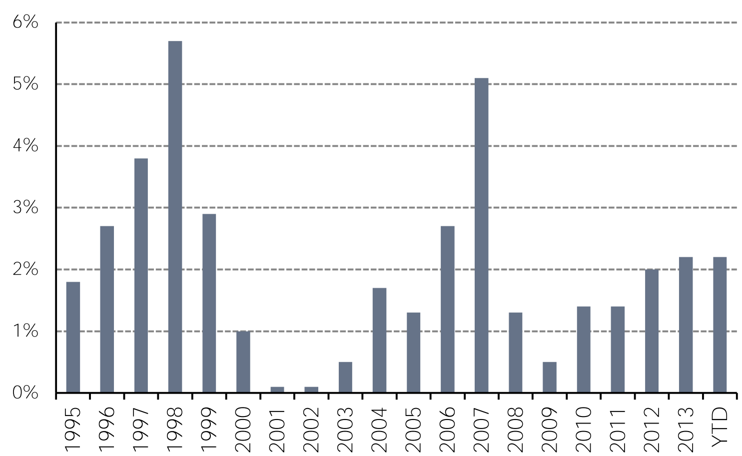
Event Driven

Turn in the Credit Cycle?

At first, credit markets looked as though they would sustain their initial recovery after the dramatic energy-led selloff in U.S. and European high yield and leveraged loans in October. Following the rapid bounce-back during the second half of the month, however, corporate credit markets continued to perform poorly through November. Volatility, while declining, remained elevated over levels seen earlier in the year. Concerns around the strength of global demand, continued loosening in underwriting and the decline in oil prices are arguably the drivers of spread widening and volatility. These concerns have prompted questions about whether the credit cycle has turned and about what the volume of U.S. defaults will be if oil remains at current levels.

It is not surprising that after years of what certainly felt like favorable terms for creditors, a sustained rise in spreads and poor low-quality credit performance would begin to raise the issue of a turn in the cycle. While lower quality issuance has been elevated for the past few years, it has not hit levels seen in 1998 and 2007 that preceded major default cycles.

Figure 3: Aggressive Issuances



Source: J.P. Morgan
Note: Aggressive issuance includes lower rated securities, excluding refinancing, plus Wireline Telecommunications issuance. Source material dated December 1, 2014.

We have been seeing various signs of a later-stage credit cycle. Dividend deals, PIK-deals and covenant-lite issuance have become far more common. Companies have increasingly used creative financing structures. In addition, CCCs recently began widening relative to higher quality credits, another often-cited indicator of a turn in the cycle.

However, there appear to be generally stable fundamentals underpinning these deteriorating liability structures, which lead most to conclude that, without an exogenous shock, defaults will not rise substantially in 2015. In addition, credit remains widely available and demand appears strong. The exceptions to a potentially benign default environment are the over-leveraged pre-2008 buyouts, which are widely expected to default at some point, and commodity sensitive names. The most likely near term default candidate is Caesars, which many expect to restructure imminently.

Figure 4: Spread Differential between CCC Rated and BB Rated Bonds

Source: Aksia, Citigroup Global Markets
Note: Chart shows OAS to Treasury, HYM, CCC rated , OAS to Treasury, HYM, BB Rated.

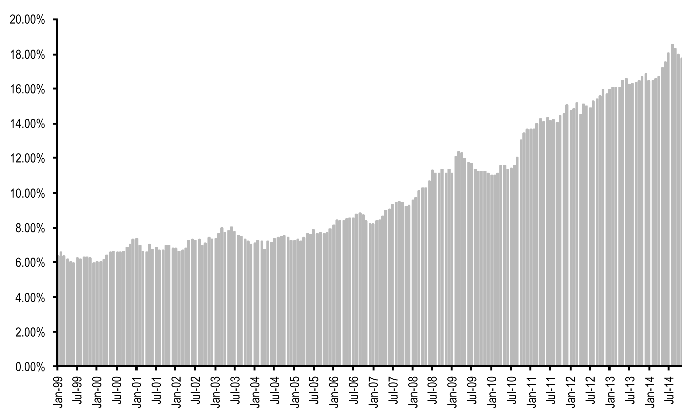
Event Driven

Oil Spills into High Yield

As U.S. oil prices began declining in July, spreads on energy-related high yield began widening alongside broader high yield, and they continued widening even more substantially in October and November, reaching approximately 831bps as of December 12th per J.P. Morgan (versus the index at 608bps). The year-to-date total return on that part of the JPM index stood at -10.25% as of the same date. E&P credits were down even more. This price movement led investors to begin contemplating a rise in defaults in energy in 2015, in turn pushing overall default rate forecasts slightly higher. It also led to comparisons with telecom in the late }90s, given that energy issuers as a percentage of the index have reached similar levels.

Some estimates for cumulative high yield energy default rates at $65 oil are as high as 30% (on approximately $200 billion in outstanding) per J.P. Morgan. While sell-side forecasts vary, it seems clear that at sustained oil prices of $65 to $75, the industry will undergo some restructuring. When considered alongside a somewhat shakier corporate credit market, the opportunity set in U.S. corporate stressed/distressed has begun to look marginally better.

Figure 5: J.P. Morgan High Yield Energy Index as % of Total High Yield Index



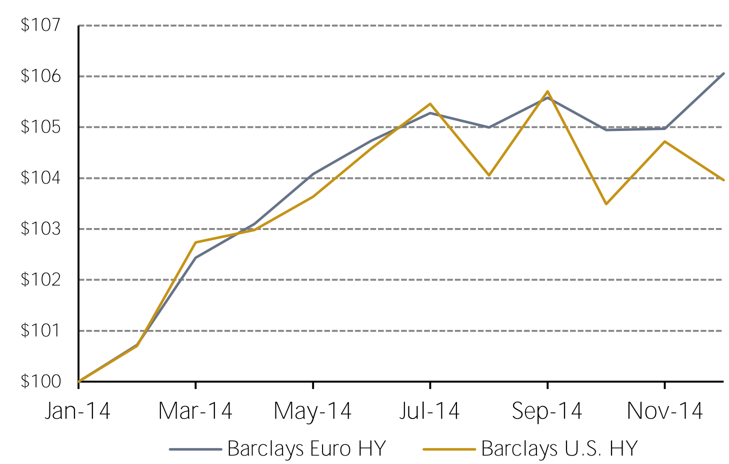
Source: J.P. Morgan

European Corporate Credit

European high yield credit has outperformed U.S. high yield in recent months, though this was largely driven by risk free rates and higher quality issues as opposed to a like-for-like comparison. Even more so than in the U.S., absolute spread levels look unattractive. The focus of most managers we cover is away from more on-the-run high yield and towards stressed loans that are slowly finding their way off bank balance sheets. While the largest and most widely auctioned parts of these markets continue to be aggressively bid, smaller and directly sourced loans appear to offer value.

The other focus in Europe is in financial credit. Investors generally increased investments outside of core Europe in 2014 as the ECB came closer to its role as the EU banking supervisor. This resulted in losses in the case of Banco Espirito Santo, but the expansion of ECB power is generally seen as supportive for the strategy as banks look to adjust their capital structures to a new regulatory regime. It bears repeating, given recent concern over potential political stress in Europe, that many of these credit strategies assume continued political stability and an ECB put. This is particularly relevant for long-biased stressed/distressed strategies with longer investment timelines.

Figure 6: Recent Outperformance of European High Yield vs. U.S.



Source: Aksia, Bloomberg

LONG/SHORT EQUITY

October Pop Quiz

It has been sobering this year to write about two equity market rotations, the most recent of which dwarfed B #-d momentum/growth reversal on several fronts. The synchronicity of seemingly unrelated events, coupled with a low dispersion environment, led to mid-month October drawdowns for most Long/Short Equity managers. While month-end numbers varied, the intra-month dip nevertheless served as an important litmus test for manager discipline and risk management.

H V YRgV]` _X V^ aYRdZkVU eYV gZefVd` W^ R_RXVcd eYRe €deZT\ è eYVZc _ZeeZ_X, in difficult environments, preferring those that react to volatility in a manner consistent with their risk framework. Our views were tested in early October as global equities pulled back rapidly and indiscriminately. Several managers dialed down exposures mid-month despite their bottom-up, fundamental frameworks dictating otherwise. Such managers were not rewarded for their haste, as they missed the ensuing rebound or were left putting out fires caused by poorly timed hedges. Managers that weathered the storm, on the other hand, generally ended the month flat to positive (except those with outsized energy or event-driven positions). We reiterate our preference for managers who are able to take advantage of market corrections to buy into weakness.

Figure 7: Oct. Worst Performing Long/Short Equity Managers~Net Exposure Change

Source: Aksia
Note: Chart shows the month-over-month change in net exposure during October for the ^`_eY-dVZgV h`cdeaVcWc^Z_X^R_RXVcd hZeYZ_2\dZR-d^` nitored universe.

Regulatory Hotbed for Financial Institutions

Financial institutions have borne the brunt of a series of regulations over the past few years. Large banks in the U.S. and Europe have been slapped with fines by regulatory authorities relating to FX market manipulation, the mortgage crisis, and transactions with economically sanctioned countries. Further, we have seen specific regulatory actions, such as Basel III and AQR, targeted at Z_TcVRdZ_X TRaZeR] cVbfZcV^V_ed Re Z_deZefeZ_d UVV^VU €e` SZX e` WRZ]., EYV results from AQR appeared positive, with only 25 failures (half of which had reportedly already taken steps to remedy capital shortfalls) out of the 130 banks stress tested for an adverse scenario. Southern Europe is particularly troubled, and time will tell whether the tests will improve stability and credit flows in the region, given that many of the banks only barely passed.

The spotlight has not been limited to banks, with some non-bank financial institutions called into question publicly for fraudulent practices and currently facing regulatory scrutiny. Crowded hedge fund names that come to mind are Ocwen, American Realty, and their related companies. Ocwen has been fighting an uphill battle against Benjamin Lawsky (?Vh J`c\ DeReV-d Superintendent of Financial Services), who began scrutinizing the firm and its related parties at the beginning of the year. CVR] VdeReV ^`Xf]?ZT\ DTY`cdTY-d American Realty Capital Properties (ARCP) and RCS Capital (RCAP) have also been the focus of the SEC, after ARCP admitted to misreporting its financials. Although two separate businesses, both are now likely to remain under regulatory scrutiny. Such events may create forced sellers and mispricings, and we prefer managers who are thoughtful about regulatory impact yet willing to invest with a margin of safety in situations with €regulatory hair.,

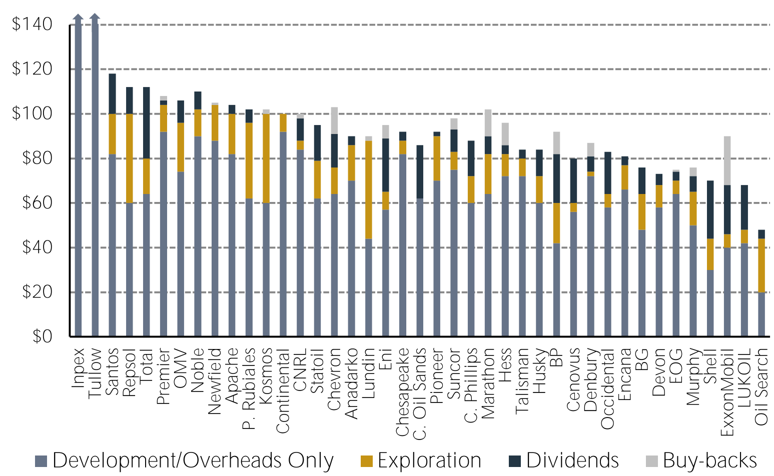
LONG/SHORT EQUITY

Energy Shakeup

The energy sector was the belle of the ball up until this summer. After Brent crude prices began to dip, a downward spiral ensued with knock-on effects rippling across the broader energy market. Long/Short managers were jolted by the surge of volatility in October, and we saw different reactions, with some managers winding down exposures and others buckling up and enjoying the ride. Many crowded hedge fund names (e.g., Cheniere, Anadarko, and Williams) sold off sharply and have yet to recover.

There has been stark performance divergence among energy-focused managers this year, with performance ranging from down -15% to up 20%. We remain constructive on a select number of low net, energy focused managers that have demonstrated a nuanced approach to investing in energy production and services. We believe these managers are equipped to navigate the rapidly changing dynamics underway within the sector. Further, we suspect lower oil prices will drive a wedge between companies in terms of free cash flow, leverage, and cost efficiency, creating opportunities for fundamental managers.

Figure 8: Brent Price Required to Retain Current Net Debt Levels 2015-2016



Source: Wood Mackenzie

Bargains & Behemoths

With the exception of a handful of holdouts, it seems as if the 2% & 20% fee model is finally crumbling within Long/Short Equity. After yet another year in which hedge funds failed to keep pace with the continued bull market in U.S. equities, managers are facing mounting pressure to reduce or restructure their fees. The proliferation of liquid R]eVc_ReZgV }40 Act funds, which charge only a fixed fee, has further exacerbated this tension. In some instances, managers are lowering management and incentive fees outright, while in others, they are taking a more creative approach, often by incorporating performance hurdles above a benchmark. We fully support this behavior, especially as it relates to performance fee hurdles, as we feel managers should not be entitled to collect incentive fees on lackluster returns. Further, newer and smaller launches are having a difficult time raising capital without offering founders share classes at reduced fees. WV-gV YVRdU WC^ ^R_j eYRe eYV WR^ ZJZRc d f cTVd Wc dVVU investments are not as forthcoming as they once were.

Interestingly, we are seeing this dynamic play out against an unexpected backdrop of all-eZ^V 2F > YZXYd Re €_R^ V ScR_U, Vbf Zej ^R_RXVcd Rd h ell as a handful of prominent multi-PM launches that began investing at day one with large asset bases. Part of this can be attributed to tepid returns, as investors flock to better-known industry behemoths or their pedigreed spinouts in search of demonstrated, stable track records. Another element of this divergence relates to increasingly complex hedge fund regulations and the shrinking pool of managers equipped to comply with them. We continue to monitor these pockets of constrained capacity closely.

Long/Short Equity

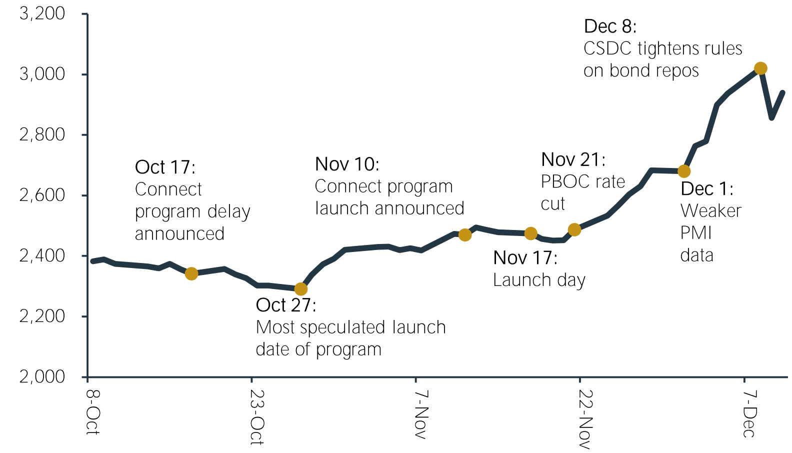
China Long/Short Equity

The Shanghai-Hong Kong Stock Connect program finally launched on November 17th, after delays caused by the Occupy Central protests in Hong Kong. The initial market response was not as elevated as expected, and for the first two weeks of the program, aggregate quota usage was only 15% for northbound A-shares and 1% for southbound HK shares. Hedge fund managers dominated early stage participation as they continued to benefit from the price convergence of A- and H-share listings. 7` ]]` h Z_X eYV AV` a]V-d 3R_\ ` W4 YZ_R-d earlier than expected asymmetrical interest rate cuts, the A-dYRcV ^ Rc\Ve cVS` f_UVU dec` _X]j Ł]VU Sj eYV €cReV dV_dZeZgV,]RcXV-cap, blue chip names such as financials and steel. Managers who held these stocks on easing expectations benefited from the rally. To some extent, they also benefited from undervalued consumer-related stocks that were dual listed with limited capacity in Hong KongŽ EYV €_Vh VT` _` ^ j , dVTè cd eYRe ^ R_RXVcd favored in recent years like (e.g., internet, e-commerce, and alternative energy) remained muted, and managers appear to have rotated from these names to other more macro-sensitive stocks in the mainland.

In recent months, we have seen China-focused Long/Short Equity managers steadily increase their exposures to the A-share market, and we would not be surprised to see this trend continue. China managers have expressed strong interest in participating in the Connect program, and there are certain stocks we believe are likely to become crowded longs, inflating share prices. From a risk perspective, the managers that are more active in A-shares are becoming even more long-biased, while those focused on Hong Kong shares have remained relatively low net.

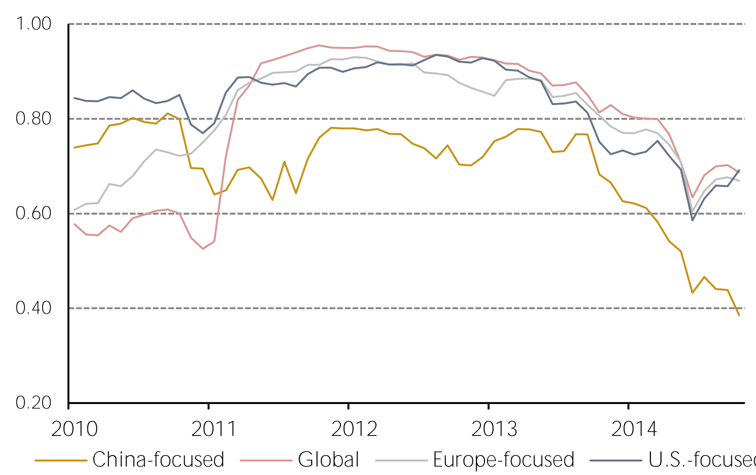
While we believe the additional liquidity provided by China to open up local markets to foreigners is a long-term positive in terms of market development, the additional liquidity will leave markets more exposed to volatility and reactions to macro events. The recent sharp reversal of the Shanghai Composite Index, caused by a large sell-off by retail investors, reminded us that China markets are sentiment-driven in addition to macro policy-driven, and that managers require the ability to manage drawdowns while being directional. We are cautious with respect to changes in market sentiment, and prefer managers that build positions based on a fundamental framework, using both a top-down and bottom-up approach.

Figure 9: Shanghai Stock Exchange Composite Index



Source: Aksia, Bloomberg

Figure 10: Correlations of Regional Hedge Fund Managers to Global Equity Markets



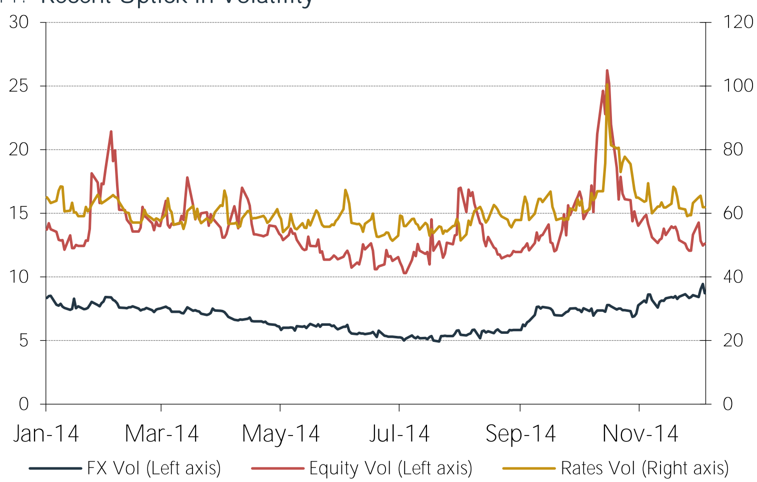
Source: Aksia
Note: Each line represents the correlation of an equal-weighted composite of funds monitored by Aksia to the MSCI ACWI. To increase sample size of the China-focused composite, a broader universe of tracked funds was included.

RELATIVE VALUE

Volatility: Will it Stay or Will it Go Now?

For the first time in the last few years (since QE3), rises in implied volatility across FX, equities, and rates feel as though they may persist, though they remain near early-year levels. FX volatility has trudged steadily higher since July, with the oft-pontificated dèRœ` WR €Tf œV_Tj h Rc, becoming a more real possibility. For volatility managers, FX and equity options in Asia may have their chance to shine, as historically such options have been priced lower than elsewhere. While realized volatility has also been low historically, some managers see greater possibility of higher magnitude moves out of the region. Elsewhere, managers that have incorporated soft macro views into their portfolio have generally performed well, and this theme seems poised to continue given the current political environment.

Figure 11: Recent Uptick in Volatility



Source: Aksia, Bloomberg

E` B 6W_Zej t R_U 3Vj ` _Uò

Fixed Income RV managers have almost universally pointed to QE3 as having suppressed the opportunity set in the U.S. Looking forward, while the market environment should improve in the U.S., the global picture is murkier. The attractiveness of trading in Europe may decrease depending on the form and implementation of ECB policy, with manager sentiment in recent weeks moving toward higher likelihood of QE. While lower fixed income volatility may be detrimental, it could be offset by uncertainty around messaging and execution. Opportunities have been selective in the U.K., and in Japan, managers seem to be relatively concentrated in a few themes predicated on BOJ flow. Overall, we believe the balance of probability globally should be accretive to fixed income RV strategies, with the most improvement in the U.S.

The Quant for Red October

As we have stated in prior Strategy Outlooks, the case for a diversified quantitative program remains compelling in a market environment with episodes of volatility. October saw liquidations targeting specific sectors, which affected quantitative programs due to the severity of moves, regardless of sector neutrality. August 2007 has been brought up as a comparison, although the October moves were more targeted and within a 3-5 standard deviation band for equities. As risk factors recovered in the latter half of the month, fundamental models generally recovered ahead of faster-moving, price-based signals.

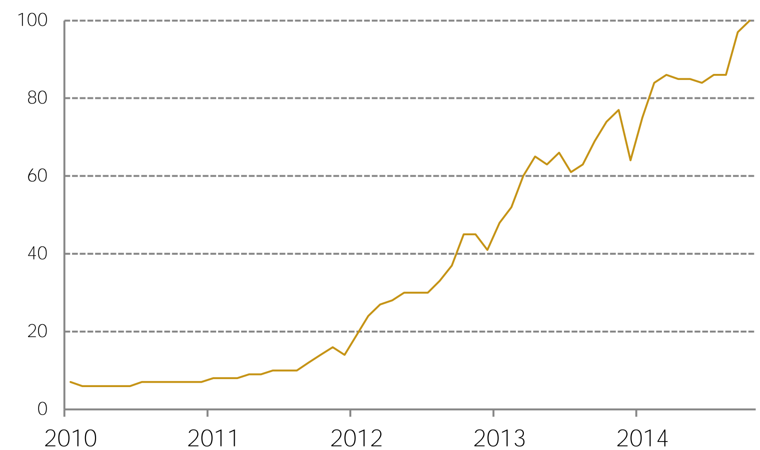
RELATIVE VALUE

Do You Even Machine Learn?

You would be hard-pressed to attend a meeting with systematic managers without their flaunting of efforts in big data and machine learning intended to oohh and aahh investors. It seems everyone is claiming to perform next level research in these areas (and competing with the likes of Google for talent). In reality, there are few firms in the industry with the wherewithal to actually perform meaningful research in these areas and attract talent (even then, it is still a very small part of risk). At its core, machine learning is the creation of computerized models that can adapt to the complexity of €Sig data,, which may or may not have patterns and hidden relationships. Despite claims of headway, it is a field that is very much a work-in-progress, not only as applied to finance, but also to other industries. Some of the purported pioneers even admit as much, due to the complexity of available data that results in too much noise. At its simplest form, even Bayesian statistics can be classified as machine learning, but few firms are actually taking part in innovative, actionable ideas, so be skeptical.

As an eye test, investors wanting to weed out firms partaking in machine learning and big data dY` f]U T` _dZUVc VZc^ d~ eVTY_` ]` XZTR] infrastructure and personnel. Ignoring the research aspect (mathematical and algorithmic applications used to isolate patterns with predictive power), it is a huge endeavor in and of itself to prepare data, from collecting and standardizing across formats to storing, mining, processing, and visualizing. There is a reason tech firms have armies of dedicated data scientists and make significant reinvestments into data infrastructure.

Figure 12: A`af]RcZej `W3``X]V DVRcTYVd Wc €3ZX 5 ReR,



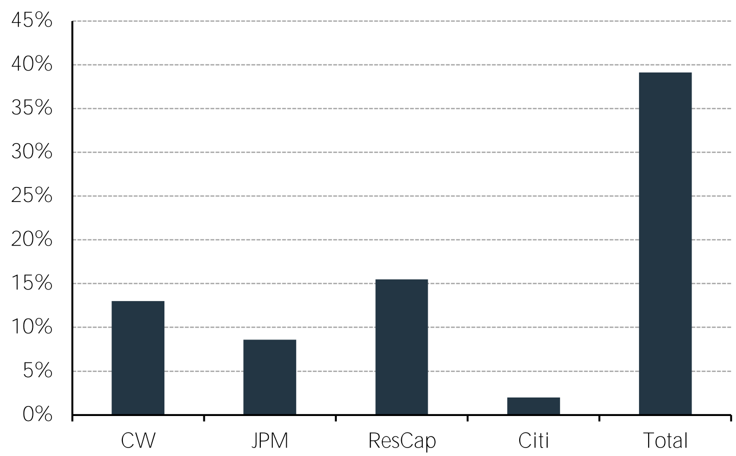
Source: Aksia, Google
Note: The numbers on the graph reflect how many searches have been done for eYV aYcRdV €SZX UReR, cV]ReZgV e eYV e eR] _f^ SVc` WdVRcTYVd U` _V`_ Google over time. They do not represent absolute search volume numbers, because the data is normalized and presented on a scale from 0-100. Each point on the graph is divided by the highest point and multiplied by 100.

RELATIVE VALUE

Structured Credit

Structured credit managers have performed well this year and largely avoided the second half drawdown experienced by many corporate credit managers. Managers also benefitted from generally being long structured credit assets and short U.S. corporate credit indices. The difference in performance between structured credit funds and corporate credit funds is unlikely to persist indefinitely, and certainly not across such a wide range of managers. We expect dispersion within structured credit strategies to increase as broad fundamentals stabilize and bond-specific events…such as representation and warranty settlement proceeds in RMBS and the outcome of loan liquidations in CMBS…become more likely to have a larger impact on returns.

Figure 13: Percentage of Non-Agency Universe with R&W Claims

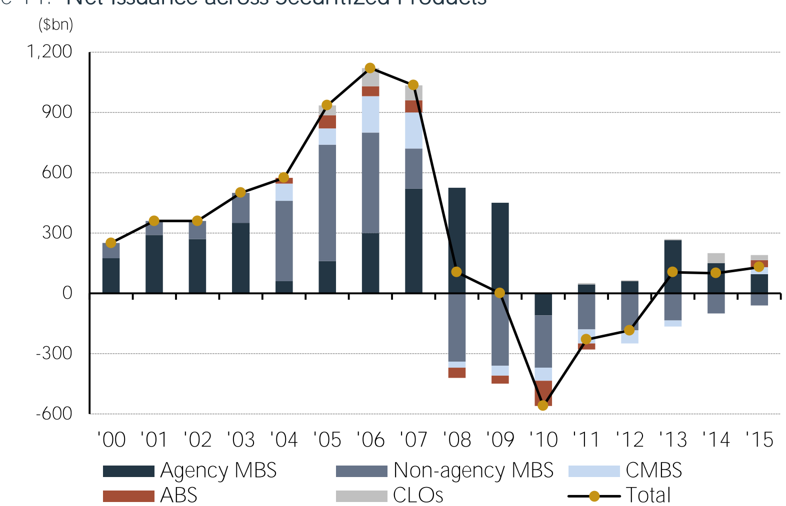


Source: Credit Suisse, LoanPerformance, Intex

New issue performance has been mixed in recent months as agency risk transfer deals, lower-rated new issue CMBS, agency derivatives, and CLO mezzanine all widened while legacy markets generally outperformed. The lower price stability of new issue may be due in part to longer spread duration versus shorter legacy assets, a leveraged buyer base, and better liquidity. Of the parts of new issue supply that have widened, arguably the most substantial and persistent has been in CLOs. The entire liability structure in new issues has widened to the point that it may begin to pressure the attractiveness of expected equity returns. This largely appears to be the result of the substantial increase in CLO supply this year and the expectation for this to continue into early 2015.

New origination and loan aggregation strategies continue to be a point of focus for many managers as they look to replace legacy assets and for a source of returns above 15%. Loan type, underwriting capability, and having the right asset/liability structure matter tremendously here and we believe the ability of managers to execute loan aggregation strategies successfully varies greatly.

Figure 14: Net Issuance across Securitized Products



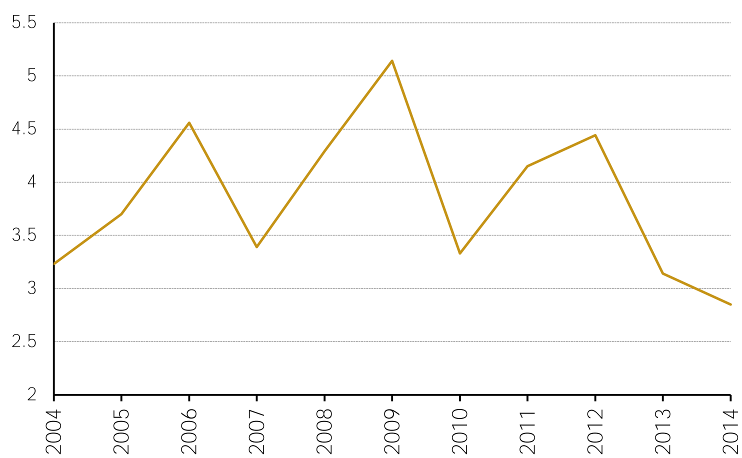
Source: J.P. Morgan
Note: Figures for 2014 and 2015 are projected.

RELATIVE VALUE

Reinsurance+3fj Vc-d > Rc\Ve4` _eZ_f Vd

Following yet another benign U.S. Hurricane season (ironically two hurricanes made landfall in Bermuda), the industry expects another round of price cuts in the upcoming January renewals. Not much has changed from our recent views of the asset class and participants... it cV^ RZ_d R Sfj Vc-d ^ Rc\Ve h ZeY acVdf cVd felt across the board... and both buyers and writers of protection are coming to accept the new regime. A point of focus for us has always been to determine the extent to which participants~ business models evolve, including the stickiness of their relationships, the consistency of underwriting standards, and whether they have been proactive or reactive in adapting.

Figure 15: Catastrophe Bonds and ILS Average Multiples



Source: Artemis

Reinsure, Why not?

A number of hedge fund managers have entered the Bermuda-based reinsurance industry and the rationale and structural differences between these managers and more dedicated structures (e.g., ILS funds, sidecars, quota shares, etc.) are important to note. We believe that many of these managers have established hedge fund-sponsored reinsurers (which pay hedge fund fees) primarily to raise more permanent capital for their core hedge fund businesses due to the long-term nature of reinsurance contracts. Additionally, the hedge fund-sponsored entities plan to enhance the return on premiums received from reinsurance contracts by investing in a strategy that generally runs pari-passu to their existing hedge fund. This contrasts with dedicated reinsurers, which invest premiums received in liquid, secured assets such as government bonds, although there has been a search for float yield recently among some rated firms.

The hedge fund backed reinsurer route may be a viable option to enhance returns for investors that have a positive long-term outlook for the offering ^ R_RXVc-d hedge fund strategy. However, we do not consider most hedge fund-backed reinsurers to be pure play reinsurers, as we believe these structures are generally indicative of an ancillary strategy raising additional assets for the flagship, tax benefits, or bypassing certain domestic regulations.

Tactical Trading

The Flash Crash: What does it Mean Going Forward?

To the extent that October was a portent of things to come, we think that fortune favors the bold in trading and allocating to global macro. Explanatory narratives surrounding the morning of October 15th abound, but we are less interested in speculating on causes than on what it means for global macro, trading styles, and specific managers. Several thoughts come to the fore.

Firstly, crowded positioning is a systemic risk for macro. The markets confirmed for us that leveraged rates and FX investors were crowded into the same few themes. In such a scenario, losses in any one theme can trigger reactive, portfolio-level VaR reductions, inflicting contagion unwinds on loosely related and even unrelated trades. Put differently, greater consensus in macro positioning leads to a more negatively skewed return distribution, at least in the short run.

Secondly, stop-loss regimes matter. Multi-PM firms with complex, levered portfolios and correlation risk across PMs now dominate the macro strategy. The first line of defense against these risks is typically a set of automatic risk reduction triggers and stops applied at the PM level. No two managers are alike in their implementation of these rules, as they vary in the tightness of their stops and the actions triggered (e.g., liquidation, risk reduction, or a discussion with the risk officer or CIO). Our process has always paid attention to how managers aim to deal with drawdowns, believing that there is not any one right answer. However, in our Volckerized, Dodd-7dR_\ h ` c]Uł h V TR_-e help but wonder if we are going to see more events like those of October 15th, when insufficient risk-taking capacity on the street leads to sharp, V-shaped moves.

Such an environment would argue for a tilt towards managers who employ wider stops or prefer a more consultative approach that weighs the opportunity cost of liquidating a position against the short-term desire to mitigate drawdowns. This would favor funds with a single risk taker and multi-PM funds with a manageable number of risk takers over very large managers that typically over-allocate capital (or risk) 2.5-3x, necessitating tight, mechanistic stops. Additionally, in this environment, multi-asset absolute return funds that take positions on a 2- to 3-year horizon look incrementally more attractive relative to large, multi-PM trading funds.

Thirdly, we believe that new macro launches will continue to struggle. No matter their stated drawdown management approach or personal willingness to accept volatility, newly launched macro managers often cannot tolerate the business risk of even a moderate drawdown. Being well aware of the path dependence inherent in the first couple of years of performance, PMs inevitably manage their risk tightly. Established firms that enjoy investor goodwill are at an advantage in this regard, as they have more degrees of freedom.

Figure 16: Recent U.S. 10-Year Yield Activity

Source: Aksia, Bloomberg

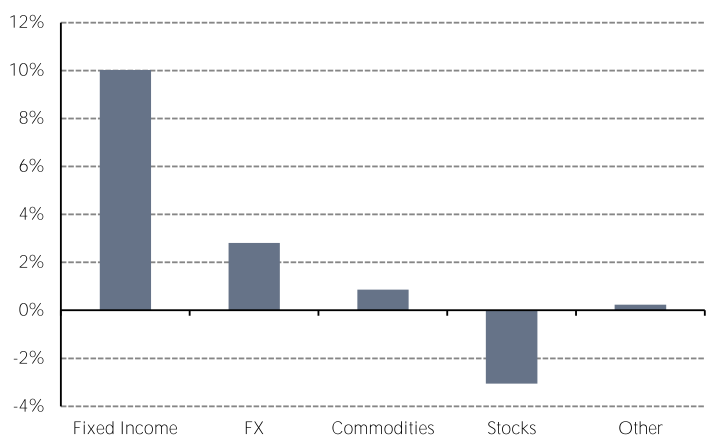
TACTICAL TRADING

CTA Thoughts

CTAs have welcomed decreased correlations across asset classes with strong performance across the board led by fixed income, and notable dispersion in currencies and commodities (equities have generally detracted YTD through October). Overall, managers remain highly correlated to each other.

There is a fine line between dogma and over-fitting in research. While you do not want research professionals looking into irrelevant ideas, you do want some degree of outside-the-box thinking. For CTAs, the argument can be made that spending the majority of time on trend research is unwarranted, as incremental improvements will not significantly enhance what should be already robust models. For instance, if the model already captures 85% of trends, as measured by correlation to an internal benchmark, does it make sense to spend half the research effort to capture an additional 5%? There should be some prioritizing of research into non-trend models or non-price based time series. Additionally, teams should understand the intertwined nature of alpha, risk, and execution research for systematic programs, and allot resources accordingly. That said, keeping style drift in mind, managers should not be substantially changing the profile of their programs by branching out into areas that offer little outside of generic exposures.

Figure 17: CTA Performance Attribution by Asset Class (YTD)

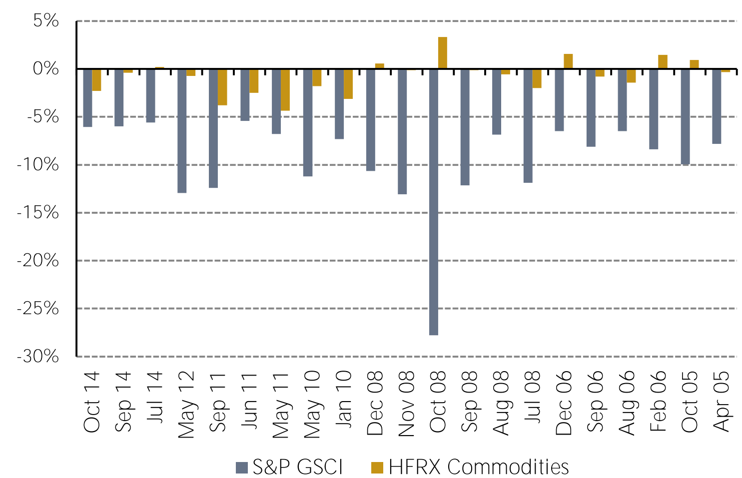


Source: Aksia
Note: Based on average performance attribution data obtained for six large, well-known CTA funds (YTD through October).

Bear Market for Commodities

Commodities, as measured in S&P GSCI, officially entered a bear market (defined as -20% from peak) in October, and it remains ongoing as of this writing. The GSCI has had five bear markets in the last decade, and commodity-focused hedge fund managers have struggled to make money in these periods. The HFRX Commodity index has annualized at 4% since its inception in January 2005, but is down more than -3% during months associated with bear markets. We expect commodity hedge fund managers to continue bleeding assets, and in some cases, throw in the towel. We maintain a favorable disposition to managers that do not trade from a structurally long bias, particularly those affiliated with large trading houses.

Figure 18: Performance of Commodity Hedge Funds in Bad Commodities Months



Source: Aksia, Bloomberg
Note: All months in which the S&P GSCI was down -5% or more since the inception of the HFRX Commodities index are included.

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For a description of the risks associated with a specific private investment fund, investors and prospective investors are strongly encouraged to review each private investme_e Wf_U-d`WWVcZ_X ^ReVcZR]d hYZTY contain a more specific description of the risks associated with each private investment fund. Offering materials may be obtained from the fund manager.

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Strategy Outlook

Q3 2014

599 Lexington Avenue, 46th Floor
New York, New York 10022

STRATEGY OUTLOOK
Q3 2014

Report as of: September 30, 2014

HEDGE FUND INDUSTRY COMMENTARY

Hedge Fund Performance & Perspectives

Event Driven

Performance over the summer was mixed as corporate credit spreads widened and certain widely held positions performed poorly. While certain situations seem to indicate some complacency (e.g., BES), others appear more likely to have been simply unfavorable outcomes. Equity exposure continues to rise in many credit-oriented funds and, while generally a contributor to performance, added to volatility in recent months. Poor performance in certain merger names, including those related to tax inversions, detracted from performance for a number of equity-oriented Event managers.

Long/Short Equity

Despite a decent start to the year, managers have had mixed performance over recent months, leaving many only slightly positive on the year. Value-oriented managers tended to do better, especially those short high-flying growth stocks. Multi-PM managers also performed relatively well despite maintaining low net exposures. Directional, growth-oriented managers tended to lag, with many still flat to down on the year. While gross exposures have generally increased, we have observed a marginal reduction in net exposures. Managers have cited a more balanced opportunity set across longs and shorts, a change from a couple of years ago when opportunities were skewed dramatically toward longs. We have also noticed a shift towards event-driven ideas and corporate action themes, even in the portfolios of fundamental bottom-up stock pickers.

Relative Value

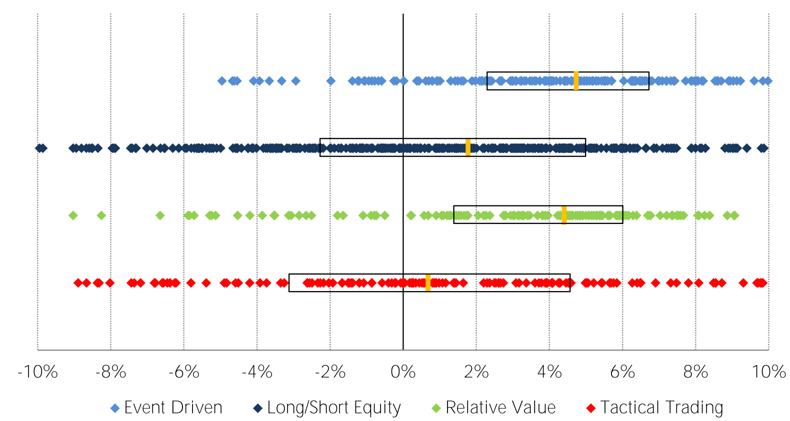
Fixed Income RV managers have performed reasonably well over recent months, with most managers on track for mid-to-high single digit returns. Quantitative strategies have performed significantly better following the March/April difficulties, though this may be due to residual equity beta exposure from certain risk factors. A renewal of the Russia-Ukraine conflict and weak economic data in Europe hurt managers with short equity volatility exposure. Structured credit strategies performed well over the past few months as trading volume continued to be strong, spreads have mostly tightened or remained stable, and non-structured credit hedging strategies have generated positive P&L. In reinsurance, absolute returns are down, though a benign hurricane season so far has resulted in no-loss portfolio returns.

Tactical Trading

Developed markets macro managers broadly muddled along from June through August, pursuing the same developed market themes they had emphasized in the first half of the year: long USD (vs. EUR, JPY, and CAD), short U.S. rates, long European front-end rates, and long Nikkei. In recent weeks, many of these themes have begun to translate into significant P&L. In emerging markets, managers made money on Brazilian receivers but several gave back gains on tactical trading in Russian FX and sovereign CDS, as well as their positions in untendered Argentine bonds. CTAs have performed well on the year, driven by long fixed income and equities exposures.

In commodities, large directional moves drove returns in agriculture and energy. Wheat, corn, and soybeans all sold off persistently on benign weather conditions that led to upward revisions in yield estimates. Oil markets shrugged off geopolitical tensions and tumbled on perceptions of weak global demand and slower Chinese growth. Hedge funds aggressively monetized the move in agricultural commodities but were caught on the wrong side of the oil market.

Figure 1: January , July 2014 Performance



Source: Aksia Tracked Funds
? ` éV+6RTY a` Z_edVadVdV_ed` _V W_U-d Tf ^ f]RegV aVdWc^ R_TV Uf cZ_X eYV dVWdV_TVU
period. Rectangles span the middle 50% of returns, with the gold line representing the median return. Returns outside of -10% to 10% range are not pictured.

HEDGE FUND INDUSTRY COMMENTARY

Aksia Top Down Themes

All but one of the five top down themes outlined in the past two Strategy Outlooks are working. Given the subdued level of hedge fund returns so far in 2014, the differences between following our top down themes, or not following them, have not been large. Nevertheless, we are patient and maintaining our views.

=Rde bf RcVc h V RUg` TReVU €Moving to the Middle., EYV ZUVR h Rd eYRe Z_ R world with both elevated valuations and no near-term market collapse risks, we prefer more of a middle risk/middle beta portfolio. Investors with high beta portfolios should trim higher equity beta strategies. And investors with low beta portfolios dominated by a narrow range of defensive strategies should increase risk a bit and broaden strategy exposures.

2d R dZ^ a]V eVde` WE> ` gZ_X e eYV > ZUU]V,, h V d` ceVU R]] YVUXV W_Ud ecRT\VU by Aksia into quartiles based on their 2013 betas to MSCI ACWI. We then compared how the outer quartile funds have performed so far in 2014 vs. the middle quartiles.

Figure 2: 9 Rd €> ` gZ_X e eYV > ZUU]V, H ` c\VUO

	Average Return 2014 YTD (July)
#! " $-d Middle 50% Beta Funds	3.05%
#! " $-d Top and Bottom 25% Beta Funds	2.13%

Source: Aksia Tracked Funds
Note: Returns are collected by Aksia and not from databases, which reduces data biases.

EYV €^ ZUU]V, Zd Z_UVVU U` Z_X SVeeVc. Sf e h V h ` f]U]ike to see the 92 bps difference increase.

Food for Thought: Focus on More Transformational Strategies

For a moment, forget all the normal hedge fund monikers used to distinguish between different types of hedge funds. Forget words like sector, strategy, style, beta, risk profile, size, etc. Instead, think about grouping hedge fund strategies into two types of strategied+€EcRUZ_X, R_U €EcR_dWc^ Z_XŽ

Trading strategies are the textbook examples of managers going long and short securities, be they equities, credit, rates, commodities, etc. Managers try to build a smart portfolio and then wait for (hope Wct) eYV ^ Rc\Ve-d acZTVd e come to them. Time horizon can be anything from seconds (statistical arbitrage) to months (typical equity and credit portfolios) to years (deep value strategies).

Transforming strategies are those in which an asset is purchased by a manager and then transformed into a different type of asset. Then the changed asset is disposed of.

We like transforming strategies in this environment because:

- EYVj RcV _` e Rd UVaV_UV_e ` _ R ^ R_RXVc-d gZdZ _ Wc €^ Rc\Ved SVT` ^ Z_X more rational., Small or medium moves in markets or liquidity should not have much of an impact upon returns.
- They are insulated from the deluge of money flowing into 1940 Act alternative mutual funds that spills into the more liquid equity, event, and credit trades.

Few managers engage only in transforming strategies (but there are some). More typically, it is a mix of transforming and trading strategies. On the other hand, most managers only engage in trading strategies, waiting and hoping for markets to revalue their portfolios to the upside.

HEDGE FUND INDUSTRY COMMENTARY

The risk with most transforming strategies is a shut down in the capital markets (a la 1998 or 2008). An inability to sell or transform assets in an environment of mistrust of anything financially complex is painful. But we do not currently regard this as a high risk thanks to 2008's cleaning out of many excesses, and encourage our clients to work with our research folks to look at funds that incorporate these sorts of strategies. Examples include:

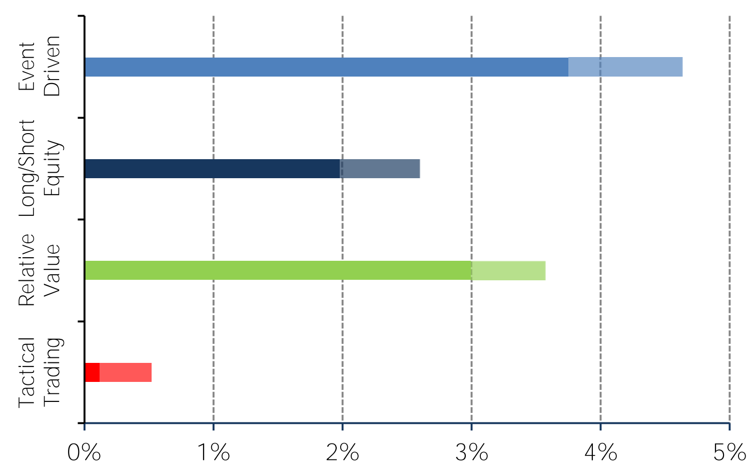
- Tier 2 Capital Exchanges – Buy the alphabet soup of pre-2008 hybrid capital instruments and approach issuers to negotiate buy-backs, and then issue securities that work under the new capital rules.
- Process Driven Distressed – Buy the fulcrum debt piece of the capital structure at a discount, try to run the creditors' committee, renegotiate the liability side of the balance sheet, and exit with new equity instead of old debt.
- Activist Equity Investing – Buy a lot of a company's stock, convince management to do something to fundamentally change the company, hold the equity until the change is complete, and then sell.
- Mortgage Whole Loans – Buy mortgages and loans that do not today have characteristics required for securitization, and then renegotiate/restructure with borrowers, reissue more conforming debt, and securitize.
- Synthetic Capital Relief Trades – Structure a first- or second-loss piece on a pool of loans on a bank's balance sheet with rules on loan pools (B-loan limits, geography limits, replenishment rules, etc.)

Theme #1 – Make Mixed Equity/Credit Event Driven Strategies the Dominant Return Driver Portion of Your Portfolio

We are not budging on our #1 theme. The Event Driven sector pulled a bit more ahead of the other main hedge fund sectors in recent months (and by our measurements, outperformed last year as well). The broad conditions that support Event Driven strategies are still in place, namely:

- Equity capital markets are "open" (i.e., secondaries, spin-offs, hostile bids, leverage buyouts, and dividend re-caps can happen).
- Credit markets are open and the CLO machine is humming.
- "Cov-lite" loan issuance is strong and Debt/EBITDA ratios of buyouts are high.
- Corporations are cautious, but assertive about growth, market share, and efficiencies.
- No bouts of risk-on/risk-off rattle the markets.
- Economies are growing, however slowly, in most developed economies.

Figure 3: 2014 Hedge Fund Sector Performance through July



Source: Aksia Tracked Funds
Note: Lighter shades represent June/July contribution to performance.

HEDGE FUND INDUSTRY COMMENTARY

2\dZR-d Model Portfolio has had a 35% weighting to Event Driven for the past few quarters. From industry conversations, we are aware that some folks have weightings of up to 50% or 60% in Event Driven. If you want to maximize your chances of top quartile performance, 50% or 60% is in the right neighborhood. But we think that having more than 50% in Event Driven in a multi-strategy portfolio is too much beta risk. Volatility has been low so far in 2014, but eventually there will be shocks, and the tendency of Event Driven managers to pile up in similar trades will cause betas to rise when positions come under pressure. WV h ` f]U acWWc è dWV ` f c T]ZV_ed-a ` ceW]Z d h ZeY R WRZc amount of diversification.

Theme #2 , Moderate Net Long/Short Equity

We like moderate exposure Long/Short Equity both as a return driver and as a way to diversify strategy risks in a hedge fund portfolio. Unfortunately, returns have been subdued year-to-date for the strategy, especially as compared to 2013. Moderate beta Long/Short Equity managers have outperformed their higher beta brethren, but the difference is slight and less relevant than the generally lackluster returns of Long/Short Equity this year.

Figure 4: 2014 YTD Long/Short Equity Returns by 2013 Beta Quartile

	Average Return 2014 YTD (Aug)
#! " $-d Highest Beta Quartile	1.85%
#! " $-d Middle Two Beta Quartiles	2.07%
#! " $-d Lowest Beta Quartile	1.75%

Source: Aksia Tracked Funds
Note: Returns are collected by Aksia and not from databases, which reduces data biases.

HEDGE FUND INDUSTRY COMMENTARY

We think the main headwinds for Long/Short Equity have been:

- Poor market timing. Many managers cut positions in March/April just before the indices and many widely held positions rebounded in May/June.
- Manager crowding into consumer discretionary equitiesŁ eÝZd j VRc-d h ` cde performing U.S. market sector.
- Consumer discretionary historically has been fertile ground for managers, as there tends to be a lot of single stock dispersion. So far in 2014, equities dispersion has been muted, and consumer discretionary has had one of the lowest dispersions of returns across all sectors.

Figure 5: Consumer Discretionary as Headwind to Performance

Hedge fund positioning

Sector	Net Weighting
Consumer Discretionary	22 %
Energy	16
Information Technology	14
Financials	11
Industrials	11
Health Care	13
Materials	7
Consumer Staples	4
Telecom Services	1
Utilities	(0)
S&P 500	**100 %**

Stock return dispersion

Sector	Historical %ile
Telecom Services	71 %
Energy	46
Consumer Staples	23
Utilities	6
Health Care	4
Materials	2
Information Technology	2
Industrials	2
Financials	0
Consumer Discretionary	0
S&P 500	**0 %**

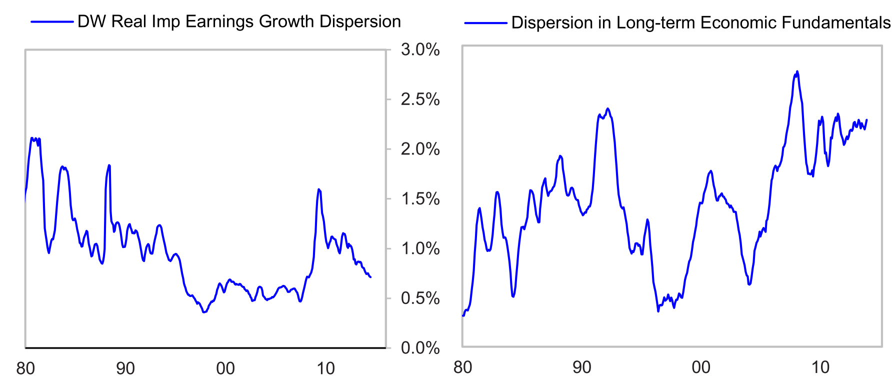
Performance

Sector	YTD Return
Materials	13 %
Utilities	12
Consumer Staples	12
Energy	9
Information Technology	9
Health Care	5
Telecom Services	5
Financials	4
Industrials	2
Consumer Discretionary	1
S&P 500	**7 %**

Source: Lionshares via FactSet and Goldman Sachs Global Investment Research
Note: Positioning as of June 30, 2014; returns as of August 15, 2014.

Nevertheless, we are sticking with this theme for two reasons. First, markets are cyclical and we do not believe that low equities dispersion can last too much longer. Ample liquidity has probably been the main culprit lowering dispersion. When dispersion increases it will probably be in a risk-off environment, and that is when the single stock short books of many of the moderate exposure managers should kick in. Second, with the paydowns of the large post-2008 distressed situations and a more challenging environment for the large Global Macro managers, we feel that Long/Short Equity provides important strategy diversification to a portfolio. We would just avoid the higher beta managers at this juncture.

Figure 6: Earnings Growth Dispersion Shrinks Despite Diverging Fundamentals



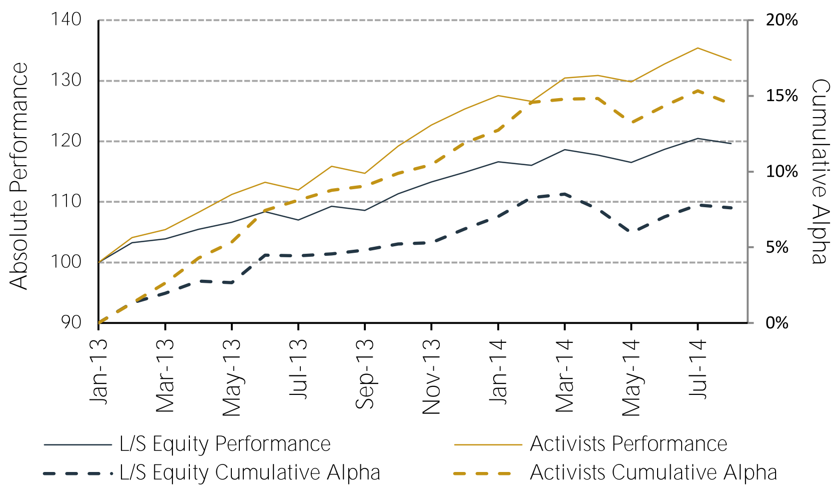
Source: Bridgewater Daily Observation, Sept. 12, 2014
Note: Charts show that the dispersion in the real earnings growth rate priced into equity markets across countries is at a post-crisis low, while divergences in economic fundamentals across countries are at near highs.

HEDGE FUND INDUSTRY COMMENTARY

Theme #3 , Increase Weightings to Activist Equity Strategies

Activist managers have continued to perform well. Of course, when I point that ofe: fdfR]]j XVeeYV WZc cVe ce` Wedf cVL Sfe RTeZgZded YRgV R ]`e WSVeR., Yes, they do have beta. So]Ved compare the beta-adjusted performance of activists versus Long/Short Equity funds. The chart below shows both absolute performance as well as beta-adjusted performance. On a beta-adjusted basis, we still find that activists have outperformed. While we do suggest trimming YZXYVc SVeR a` dZeZ _dLh V-U R]d df XXVde daV_UZ_X R portion of your beta budget on activists.

Figure 7: Performance of Activists vs. Long/Short Equity Managers since January 2013



Source: Aksia Tracked Funds
Note: Monthly alpha = Strategy monthly return , (Strategy beta x MSCI ACWI monthly return).

Theme #4 , Opportunistic Strategies and Co-Investments

We still like niche and opportunistic private credit strategies. Unfortunately, mR_j `WeYV SZX €eYV^ ReZT, `aa`cef_ZdeZT eRUVd YRgV a]ayed out. Structured credit (RMBS and CMBS) has rallied as real money investors entered the market, and the credit pipes are wide open and flowing for bank direct lending to upper-mid and larger corporates. This makes the playing field for opportunistic strategies more niche and idiosyncratic. For example, areas we like include:

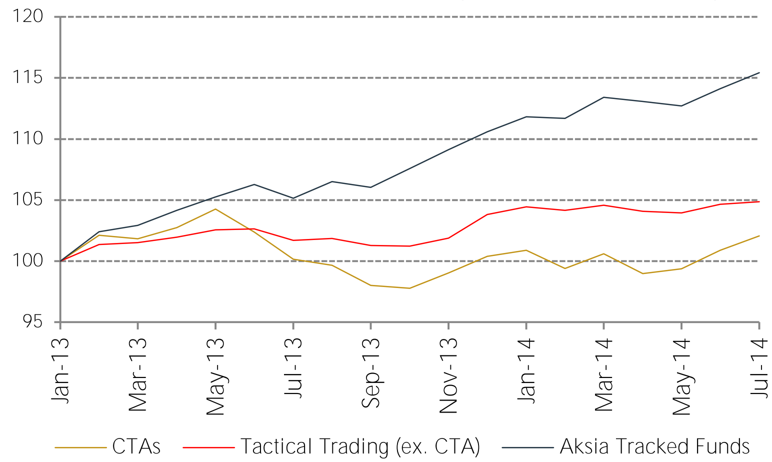
- Consumer finance, including mortgages, especially in the U.S. where regulations leave unmet needs
- Real estate mezzanine lending, especially in Europe, since banks are incentivized to provide senior loans but penalized for LTVs above ~55%
- Lower middle market direct lending, especially in Europe, which lacks a deep shadow banking system (in particular deals with hair on them as banks are sticking closely to their underwriting standards)

HEDGE FUND INDUSTRY COMMENTARY

Theme #5 , Still Negative on CTAs/Trend-Following Tactical Trading, But 5`_eEYc`h @feeYV 3RSj hZeY eYV 3ReYh ReVc (EM Macro)

CTA returns have lagged in recent years and at some point, and it may be happening now, CTA returns will improve. When that happens our theme will look wrong, but we will probably stick with it.

Figure 8: Performance of CTAs vs. Tactical Trading Peers and Broad Manager Universe



Source: Aksia Tracked Funds

Why? Because the risk profiles of many CTAs are now additive to the risk of a typical hedge fund portfolio. Most CTAs are now long equities, long bonds, and long FX carry, resulting in CTAs adding to, and not subtracting from, portfolio risk. We cannot illustrate this using fund risk exposures due to confidentiality agreements, but a returns-based risk-sizing model makes the same point:

Figure 9: Risk Contribution of CTA Allocation in a Diversified Hedge Fund Portfolio

	Hypothetical Allocation	Risk Contribution
July 2013 , June 2014	6%	10.4%
July 2011 , June 2013	6%	-0.5%

Source: Aksia Monitored Funds
Note: Based on a hypothetical portfolio with allocations of 6% CTAs, 30% Event Driven, 25% Long/Short Equity, 9% Multi-strategy, 20% Relative Value, and 10% Tactical Trading (excluding CTAs). A composite portfolio track record was created and risk contribution calculated using historical volatility and correlations.

To be fair, the trend following nature of most CTAs would cause risk exposures to flip around in a prolonged markets downturn. But we would recommend waiting and avoiding what we believe will be an initial drawdown hitting CTAs if markets drop.

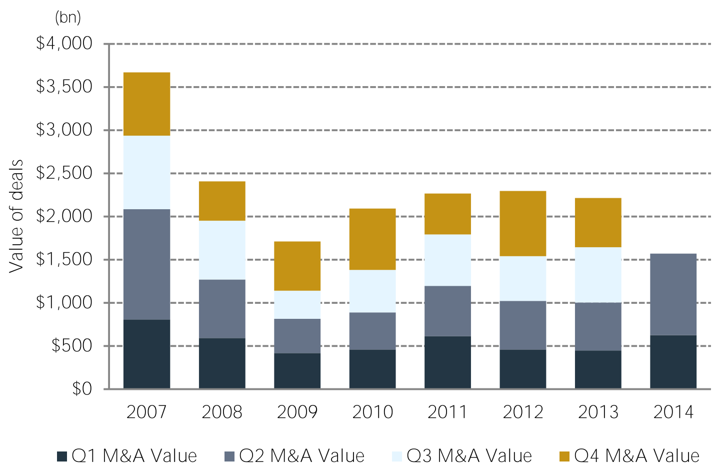
t ;Z^ G`d

MARKET UPDATE

After Arb-ageddon

- The substantial pace of merger activity has continued, with nearly \$1.6 trillion in deals globally, up 56% from the first half of last year. The second quarter alone saw \$945 billion in total deal value, which was the third highest quarter on record. TV_ €^ VXR UVR]d, ı˚"! S_fV have been announced thus far in 2014, of which five were cross-border.

Figure 10: Global M&A Volume



Source: Mergermarket M&A Trend Report: H1 2014

- We believe that conditions remain positive for continued strategic deal making given current market conditions: low interest rates, scant economic growth, and generally positive shareholder sentiment. The U.S. has been the dominant driver of the pickup in M&A, though a number of managers expect activity in Europe to pick up in the next 6-12 months. Current deal flow has been concentrated in certain industries, namely pharmaceuticals and media.

- In early August, two deals broke (FOXA-TWX and S-TMUS), an anticipated inversion transaction was called off (WAG), and anti-inversion rhetoric h Rd dR^ aR_eŽ :e dVdf]eVU Z_ R URj TR]]VU €2cS-ageddonŽ 5 VdaZeV eYV UdRT`_ZR_ Z^ a]ZTReZ _dL €2cS-RXVUU`_, YRU only modest impacts on month-end manager returns (perhaps masking intra-month volatility). Managers mitigated some of the losses through trading, the use of derivatives, and avoidance.

- Most managers do not expect congressional action on inversions before the end of the year. However, we have seen the U.S. Treasury take action on practices such as "hopscotch loans" and other tax-minimizing activities. While eYV EdVRdf g -d actions do not outlaw inversions, the intention is to remove some of the economic benefit of the deals. Consensus among managers is that the existing deals are still accretive despite the new rules, and, barring any further regulatory changes or developments, they expect them to be completed.

- A distant, but potentially emerging risk is an introduction of other types of regulation that would affect management decisions to engage in tax-optimizing business restructurings. MLPs, REITs, and HoldCo/OpCo corporate structures are becoming increasingly popular options across industries. This is a risk because many event-driven trades are based on tax optimization, and many of these structures are inherently pro-cyclical and dependent on growth.

Figure 11: Large Pending Deals

Target	Acquirer	Annualized Spread	Deal Size
Time Warner Cable	Comcast	13.7%	\$68bn
Covidien	Medtronic	19.1%	\$46bn
Shire	AbbVie	29.9%	\$32bn
Lorillard	Reynolds American	16.6%	\$27bn

Source: Bloomberg
Note: Spreads as of 9/23/2014. Assumptions were made where no closing date was provided.

MARKET UPDATE

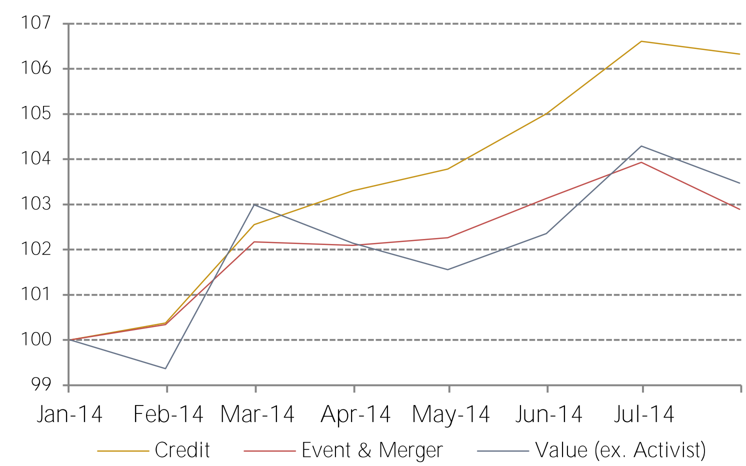
Distressed Managers Finding Ways to Keep Busy

- Distressed credit in the U.S. continues to be limited to a handful of widely followed large capital structures (e.g., TXU, TOYS, Caesars), with a similar story in Europe (e.g., IVG in particular). Certain names appear to have rewarded managers with dedicated sourcing efforts, but supply appears relatively limited despite optimism that it will grow. While corporate credit spreads have widened, performance among a broad set of credit managers has continued to be driven by idiosyncratic events. Certain non-distressed subordinated capital trades in European financials have performed well over the past few months, although Banco Espirito Santo (BES) and Co-Op bank were notable and widely held underperformers, due to poor news on fundamentals (fraud in the case of BES).

- While many of the industries that European distressed/stressed investors are focused on have been well telegraphed for some time (e.g., shipping, media, real estate), in the U.S. the met/thermal coal industry and the offshore rig industry are more recent areas of focus. In less traditional distressed areas for many investors, Argentina (both the sovereign and certain corporates) has come into focus following Judge 8 cZVdR-d cf]Z_X R_U Af Vœ CZT` YRd dW_ R _f ^ SVc` WF .S. hedge funds add to positions across various entities, most notably the power authority, PREPA.

- The intervention by hedge funds in corporate capital structures (i.e., arranging/pushing for new financing or attempting to quicken default) designed to benefit an already established long (or short) position in CDS markets has been a notable post-2008 phenomenon. The most af S]ZT Vi R^ a]V h Rd 8 D@-d Z_g` ]gV^ V_eZ_ 4` UVcVŁ Sf e^ ` cV cVTV_e]j Ł RadioShack has emerged as a likely candidate among distressed investors. The increase of such activity is perhaps due to the decline in cash market liquidity, the growth in hedge fund capital, and a decreasing number of large distressed corporates.

Figure 12: YTD Performance of Event Driven Strategies



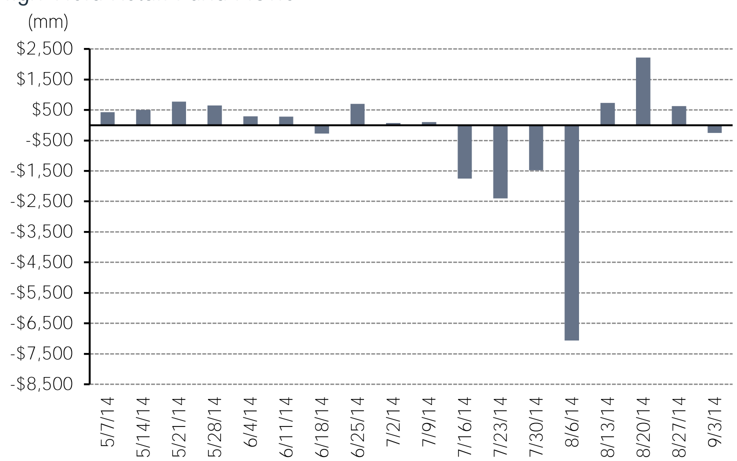
Source: Aksia Monitored Funds

MARKET UPDATE

August High Yield Outflows, Does the Tail Wag the Dog?

- The high yield sell-off over the summer, which appeared to be largely driven by interest rate concerns and retail flows, impacted some managers. During one week in early August, high yield mutual funds saw outflows of $7 billion, more than the $5 billion of outflows in all of 2013. High yield funds subsequently saw mild inflows but did not recoup total outflows. Loan outflows have continued since the beginning of net redemptions earlier this year and have been almost consistently negative on a weekly basis since the end of the first quarter.

Figure 13: High Yield Retail Fund Flows



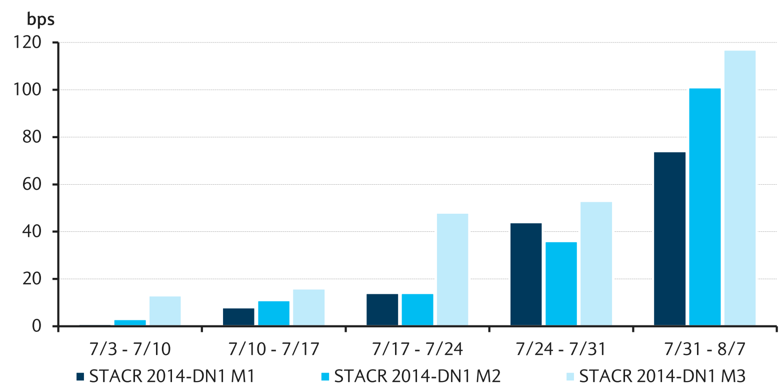
Source: Lipper, Forbes

Structured Credit Continues to Perform

- Structured credit in the U.S. and Europe generally performed well over the summer and declines have been limited to specific sub-sectors and individual situations. For instance, a widely held position in short agency basis did not perform well, as despite Fed tapering, the basis moved mostly sideways. Managers are also moving away from credit sensitive bonds in CMBS and subprime auto as underwriting standards continue to loosen.

- U.S. residential non-performing loans have seen prices appreciate alongside increased volume, with the emergence of new entrants and an increased availability of financing. The Lonestar bid in the recent HUD auction reset expectations and appeared to have been set to a low-to-mid single digit IRR. The most pronounced weakness in U.S. residential credit was in agency CRT bonds (STACR/CASS) where bonds widened substantially in what appeared to be a deleveraging induced sell-off. These bonds are mezzanine securities used by the GSEs to transfer credit risk to private investors. The sell-off resulted in losses for a number of structured credit hedge fund managers that viewed these bonds as cash-like defensive assets.

Figure 14: Cumulative Spread Widening across STACR 2014-DN1 Tranches



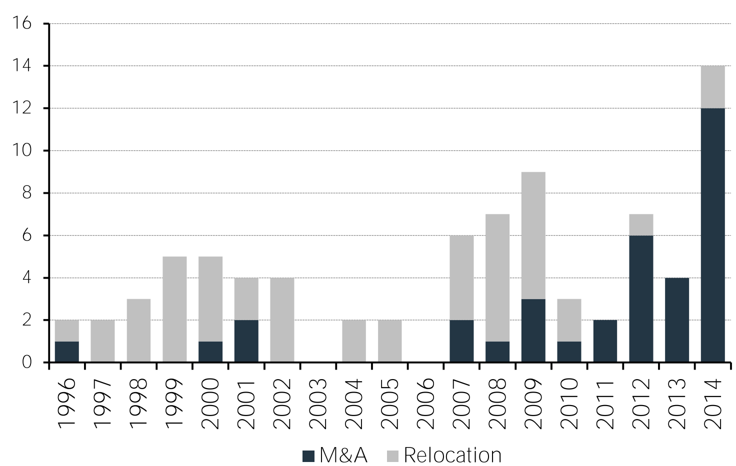
Source: Barclays Research

MARKET UPDATE

Long/Short Equity Managers Trading Around Events

- Over the past year, tax inversions have made their way back into the public eye. The most publicized deals have occurred between pharmaceutical companies, many of which hold large cash reserves outside the U.S. and are unwilling to pay the taxes necessary to repatriate. We have noticed a number of Long/Short Equity healthcare and generalist funds trying to play these inversion deals alongside their core investment strategy. Despite recent regulatory efforts to slow the pace of such transactions, drastic changes appear to be unlikely in the near term. Activist funds have been keen to exploit these loopholes while they last by urging companies to consider mergers with attractive foreign targets.

Figure 15: Tax Inversions by Year



Source: Bloomberg, Washington Post, Congressional Research Service, Credit Suisse M&A Advisor Research

- There has also been a pickup in other corporate actions (e.g., IPOs, spinoffs, share repurchases, debt issuances, and MLP/REIT conversions) in the presence of low rates, abundant capital, and the pressures of shareholder activism. A number of Long/Short Equity managers are pursuing event-driven ideas with purportedly near-term catalysts or structural changes in the industry. While we believe in the opportunity set and potential for mispricing to exist, we are cautious of the crowdedness and reflexivity of some of these trades. We favor managers that focus on fundamental business valuations and that demand a margin of safety that may protect the downside.

- Valuations are higher across the board in U.S. equities, implying increased risk and lowered expected return for long-only strategies. Though high quality activists continue to find opportunities, we believe such managers willing to sit on cash or return capital to investors when opportunities do not present themselves are a safer bet in this environment, as they are less likely to disregard valuation simply to put capital to work.

MARKET UPDATE

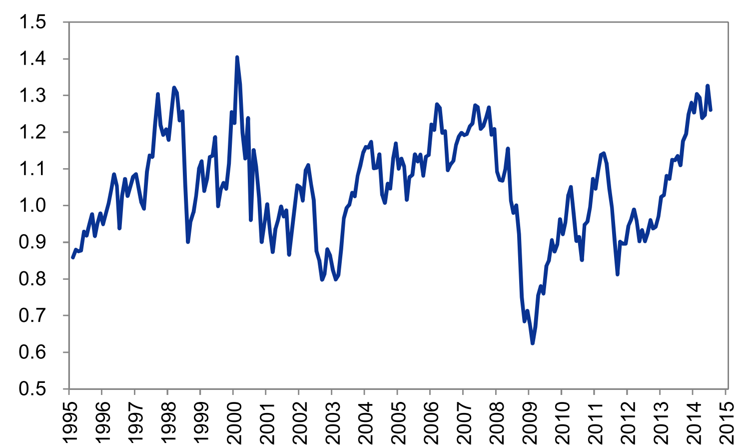
- There has been a pickup in activist managers launching co-investment vehicles or offering investors in their flagship funds the opportunity to co-invest directly alongside the fund. The upside to these investments is that they are typically lower fee and focused ` _ ^ R_RXVcd~ highest conviction ideas. Further, they may increase the ^ R_RXVcd~ leverage on board decision making by increasing ownership size. The major downside, however, which is often overlooked, is that co-investments take important portfolio management decisions out of the hands of the manager. Although there are certainly exceptions, we tend to prefer Z_gVdeZ_X UZcVTej Z_ R a`ceW]Z W_U R]` _X h ZeY R 4:@žA> -d ` h _ wealth, so that position sizing decisions are based on the risk/reward of all the opportunities the CIO/PM sees (i.e., based on opportunity cost) rather than based simply on capacity/liquidity.

Small-Caps Richly Priced Despite Choppy Performance

- Small-caps have remained in the limelight following the April/May rotation R_U J V]]V_-d cVTV_e cV^ Rc\d regarding €deVeTYVU, gR]f ReZ _d Z_ growth sectors. We sounded the alarm in Q3 2013 and have since seen the spread between small-cap and large-cap pricing continue to widen. The sector rotation earlier this year, while painful, merely tapped on the brakes.

- In light of lofty valuations and choppy performance, a handful of managers have struggled to maintain their small-cap shorts, further exacerbated by a pick-up in the M&A environment. We have generally seen either a reluctant shift toward index hedges or an effort to move up the market cap spectrum. On the long side, we have watched as seasoned small-cap value managers have gently declined capital, citing more selling than buying in overpriced markets. We continue to favor managers able to demonstrate thoughtful stock picking in this environment, and are constructive on those able to isolate concentrated long or short opportunities in the small-cap space.

Figure 16: Russell 2000 Enterprise Value/Sales Implies Steep Small-Cap Valuations



Source: Compustat and Goldman Sachs Global Investment Research
Note: As of 7/7/14. Excludes financials.

MARKET UPDATE

Shanghai-Hong Kong Stock Connect

- As part of the initiative announced by Premier Li Keqiang early this j VRc è `aV_ fa 4YZ_R-d TRaZeR] ^Rc\VedL eYV 4YZ_R DVTf cZeZVd Regulatory Commission (CSRC) and the Securities and Futures Commission (SFC) announced in April the approval for the UVgV]`a^V_e `WR aZ]`e ac`XcR^ TR]]VU €DYR_XYRZ-Hong Kong Stock Connect., EYV ac`XcR^ -d Z_eV_e Zd to establish mutual stock market access between mainland China and Hong Kong, and may launch as early as mid-October. Although there will be various limits and restrictions on the eligible stocks, investors, and investment quotas in the early stages of the program, it is a big move in expanding cross-boundary investment channels and in enhancing the competitiveness and efficiency of both markets. Currently, foreign investors are only allowed to trade the China A-share market via the QFII/RQFII quota, while domestic investors can only access overseas markets (including Hong Kong) via the QDII quota.

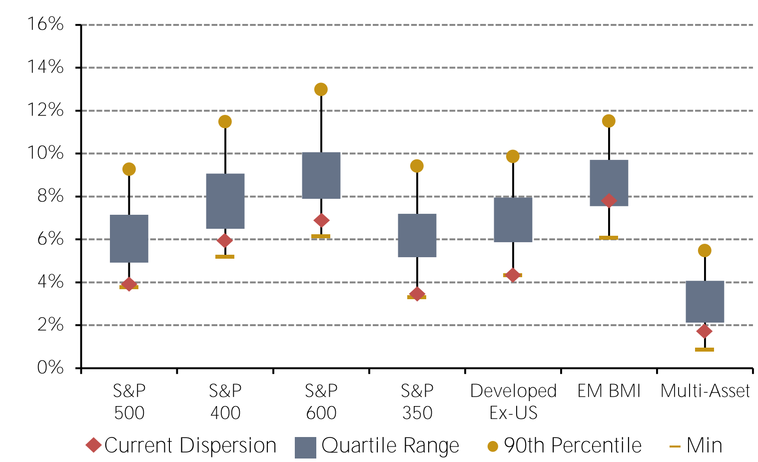
- Latest market consensus is that the northbound trading link to the A-share market is more attractive than the southbound trading link to Hong Kong for a number of reasons. For instance, the A-share market more accurately represents the Chinese economy, it is more diversified across sectors, and the overall market valuation is cheaper. Among all the trading strategies and ideas, the A/H premium/discount play seems to be most popular among the hedge fund community, with managers looking to go long cheap A-shares and short expensive H-shares, expecting spread compression going forward.

- For overseas managers currently trading the A-share market via third aRcej Sc`\Vcd~B 7:: bf`eRs, the program would lower costs from more than 1.5% per annum to just 0.3%. As such, managers with exposure to China are closely watching progress of the program, hoping to participate when launched. However, with the lack of clarity surrounding the tax implications of transactions conducted through the program, we would not be surprised if the program-d launch is delayed.

Equity Dispersion Near Historical Lows

- Much has been made of the decrease in pairwise correlations in equities, which should create a more favorable environment for market neutral equity strategies. However, this is just one component that contributes to the efficacy of such strategies. A less discussed variable is equity dispersion, which has been at historical lows, contributing to a more difficult environment. To an extent, this is exacerbated by volatility and volume, two well-publicized components that are also at low points post-crisis.

Figure 17: Dispersion Levels vs. Historical Ranges



Source: S&P Dow Jones Indices LLC and/or its affiliates as of 9/2/2014

- The less favorable opportunity set, as depicted by dispersion, volatility, and volume, brings into question how much of the recent performance is due to exposure to common risk factors (the momentum risk factor has recovered since the first half of the year, with value generally being the most stable) and subsequent residual equity beta exposure.

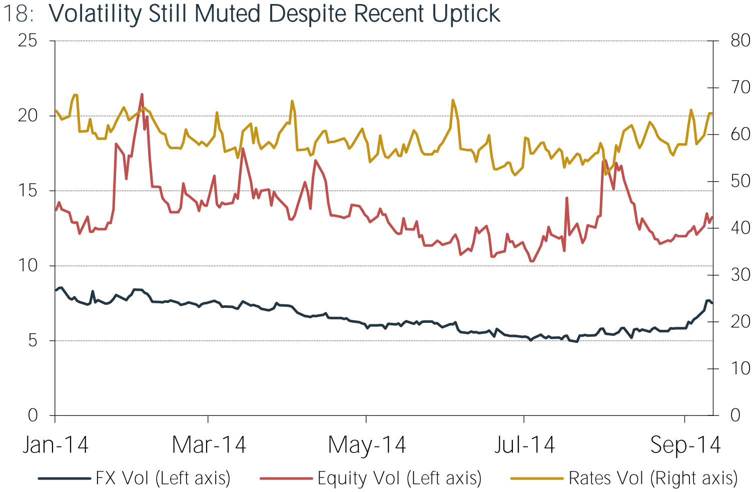
MARKET UPDATE

Slight Pickup in Volatility

- Implied and realized volatility rose across rates, equities, and commodities during the quarter, though they are still below early year levels. Equities in particular have been more news sensitive of late, between continued geopolitical events, weak economic data, and the accompanying uncertainty around ECB action out of Europe. In the short-term, there is potential for the modest rise in volatility to continue, though that is dependent on mostly binary events (e.g., poor TLTRO results).

- Even as overall fixed income volatility rose only modestly, over recent months there seem to have been more (or at least, more impactful) sharp rates moves at certain points on the curve, particularly in Europe. This is, as far as we can gather, unrelated to the media hubbub around rising repo failure rates, which reportedly has had limited impact thus far (though 10-years went through the penalty for a couple of days in September). The dwindling of QE should strengthen the opportunity set in the U.S., though the ECB and probable divergence in policy between G7 central banks are likely to be greater drivers.

Figure 18: Volatility Still Muted Despite Recent Uptick



Source: Aksia, Bloomberg

Reinsurance: A Game of Chicken

- Come January renewals, pricing pressures will continue. With the balance sheet strength of rated (re)insurers and active third-party capital (and arguably more opportunistic capital on the sidelines), we envision it will take industry losses of $100+ billion to materially affect pricing. The buyers of protection clearly hold the cards, slashing pricing on contracts rolling off in the face of ample capital supply. Certain reinsurers are undercutting even this reduced pricing, forcing participants to either underwrite at an unfavorable loss ratio or walk away from long-term relationships. On the plus side, we have observed protection providers return capital or walk away from deals this year.

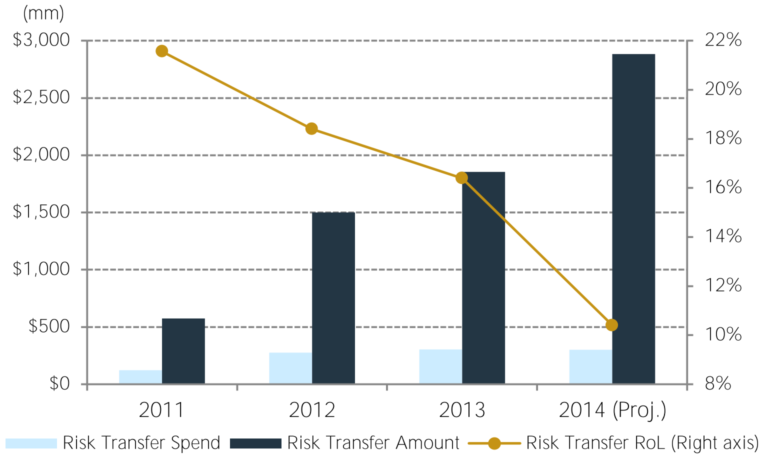
- Whether the market has structurally changed from the historically predictable cyclicality of reinsurance rates has yet to be determined. Given the evolution in the types of capital now available, the argument can be made that future hard markets may be shorter-lived as capacity enters more quickly, which makes it even more important to maintain relationships. Nevertheless, potential catalysts (outside of a large event) for the industry over the next 12-18 months include:

    - Political implications of Florida‑d gubernatorial elections on Citizens and state reinsurance policies
    - Florida reinsurance opportunities decreasing due è 4ZzkV_d~ increasingly going more direct and the questionable sustainability of take-out firms, which offload portfolio risks largely to reinsurers at favorable pricing (though the vice versa is not true, i.e., reinsurers are not solely dependent on take-out firms to underwrite protection, as Lloyds in particular is more important)
    - Downgrades of reinsurers by ratings agencies, triggering collateral requirements
    - A sharp rise in rates, which would not only impact the investment portfolios of reinsurers but potentially shift the institutional investor appeal of reinsurance, which in part has been attractive due to the search for yield in a low rate environment

MARKET UPDATE

- An event resultZ_X Z_ T]RZ^ d UZdaf eVd SVeh VV_ €_Vh , capital and traditional insurers, or basis risk prevalent in a contract which was structured otherwise
- Significant shifts in modeling assumptions, driven by RMS/AIR or another external party (e.g., NOAA)

Figure 19: Citizens Total Risk Transfer



Source: Citizens 2014 Risk Transfer Analysis

Macro Topics

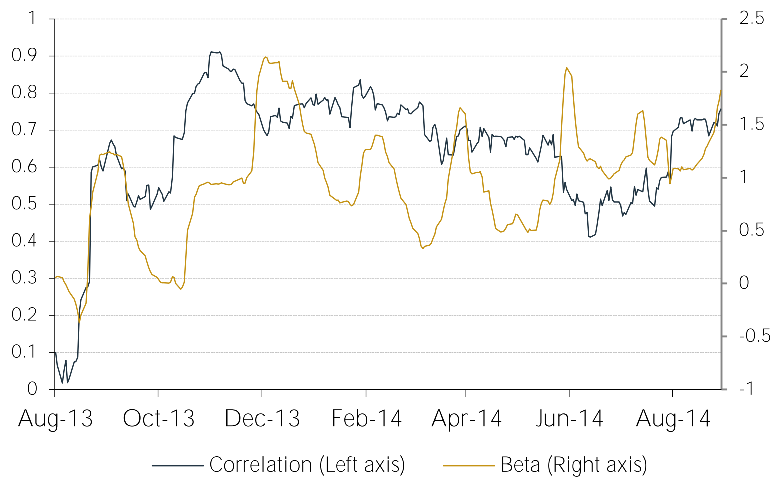
- Short U.S. rates continues to be the dominant consensus theme in developed macro, and managers have recently been recouping some of the losses sustained earlier in the year. Nonetheless, fixed income T`_eZ_fVd e eRUV Rej ZV]Ud d]ZXYe]j SV]`h eY`dV Z^a]ZVU Sj eYV 7VU-d €U`ed forecast, which some have attributed to a global yield grab stemming from Treasuries looking increasingly attractive relative to European bonds, whose yields have ground inexorably lower.
- Emerging markets macro managers are keeping a close eye on Brazil, where Marina Silva is challenging incumbent Dilma Rousseff in a likely @Te SVc #' cf_`WW DZ]gR-d VT`_`^ZT a]ReWc^ `W TV_eR] SR_\ independence, price stability, and privatization is seen as a positive for both local debt and risk assets. Regardless of the outcome, hedge fund managers see a strong opportunity in 2- and 5-year rates. Even without a Silva victory, 4.8% 2-year real yields in the inflation-linked market are believed to be unsustainably high.

MARKET UPDATE

CTA: Beta and Correlation Trending Upward

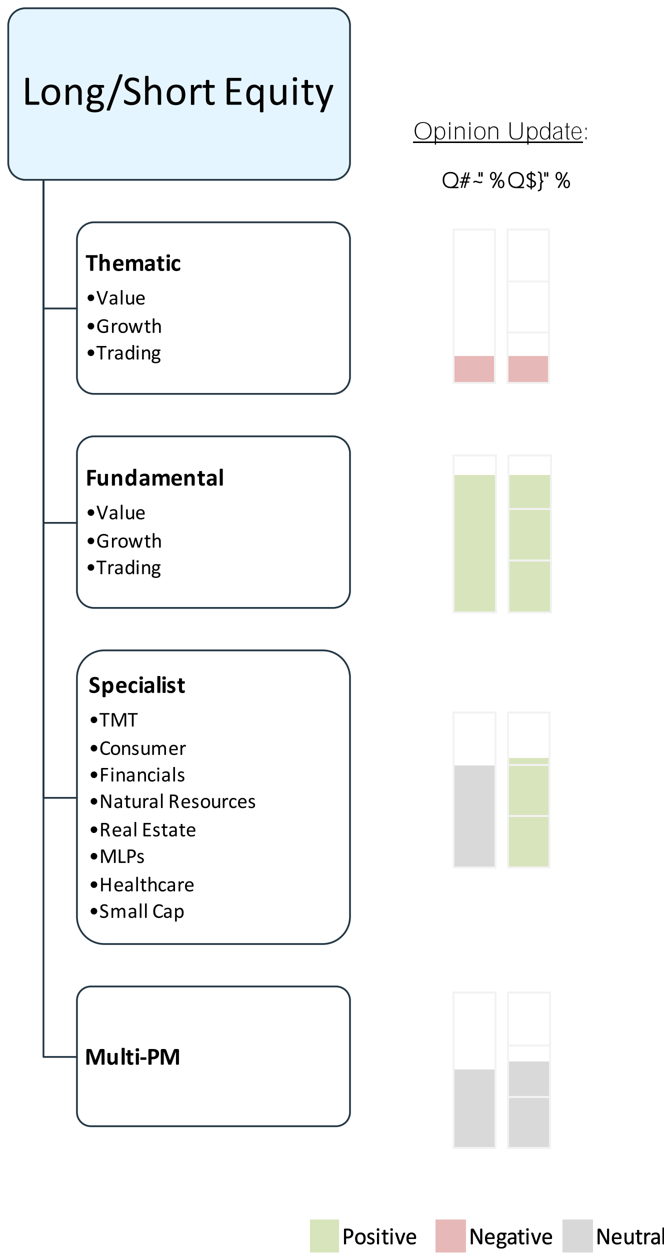
- As mentioned earlier in the Outlook, CTAs do not offer short-term diversification benefits in portfolios given substantial long tilts to fixed income and equities. The risk of reversals is very much present, especially with managers running a fixed high volatility target with risk signals reacting to short-term correlation shifts.

Figure 20: Beta and Correlation of Trend-Following Strategies to Equities



Source: Aksia, Bloomberg
Note: Based on rolling 30-day correlation and beta of the Newedge CTA Trend index to the MSCI World index.

STRATEGY VIEWS



- We continue to shy away from thematic Long/Short Equity managers as individual stock pickers with a longer-term outlook may be more discerning.
- Thematic managers have tended to have higher net exposures, leaving them more exposed to market shocks, sometimes without a margin of safety in their individual holdings.

- We continue to favor managers that stick to bottom-up fundamental investments, particularly those with the experience and ability needed to maintain prospectively attractive short books. The divergence in valuation within and between industry sectors is creating opportunities, both long and short.
- Value-focused managers have been outperforming their peers on a risk-adjusted basis, particularly those that have been willing to short the frothier growth stocks this year. While short selling has continued to be difficult, the environment appears to have incrementally improved.

- We remain constructive on healthcare managers that are able to construct hedged books and take advantage of shifting regulatory regimes as well as a heated M&A environment. Additionally there appear to be short selling opportunities within biotech from which some managers may be able to profit.
- We are also constructive on some low net energy-focused managers that can identify misvaluations as there is a shift in the means of production and transmission of energy. We think such managers have specific expertise in resource-related businesses and in the energy production and services chain.
- Over the past year, we have made an effort to identify some high quality TMT-focused managers. TMT has been a very active area for many hedge fund allocators, and while our preference has been more towards generalists with the ability to do TMT when opportunities arise, we have found a few TMT-dedicated managers that can add a lot of value to a more developed portfolio.

- Multi-PM managers have maintained short exposure and performed reasonably well recently. While we are weary of high gross exposures, we like the commitment to the short side given the market opportunity today. While there are some new entrants, the universe of high quality Multi-PM funds has shrunk. We look for investable players with seasoned teams, strong compliance, and a reasonable fee structure.

STRATEGY VIEWS

Event Driven

Opinion Update:

Q#-" % Q$}" %

Value
- Diversified
- Activist

- We continue to believe in our activist theme and have observed activists outperform their more traditional long/short peers. We believe managers willing to sit on cash or return capital to investors when opportunities do not present themselves are a safer bet in this environment, as they are less likely to disregard valuation simply to put capital to work.

Credit
- Distressed & High Yield
- Process-Driven Distressed
- Emerging Markets
- Municipal

- Despite considerable tightening in 2013, spreads and yields in credit have continued their descent this year, albeit with more volatility in July. It may be difficult to deploy large amounts of capital in this space given that U.S. high yield and Europe crossover bonds are priced to reflect almost no probability of defaults over the next five years. However, more nimble managers can still identify idiosyncratic opportunities in smaller issues.

Event & Merger
- Catalyst Focused
- Merger Arbitrage

- An increase in deals, particularly ones that are complex and cross border, has led to an attractive opportunity set in merger arbitrage. Share buybacks and other equity friendly transactions continue at a steady pace.
- While M&A activity has certainly picked up in the U.S. this past quarter, managers expect Europe to follow in the next 6 to 12 months. Systemic risk continues to decline, especially given recent ECB policy, and the prospects for consolidation appear ripe.

Positive Negative Neutral

STRATEGY VIEWS

Relative Value

Opinion Update:

Q#~ % Q$}" %

Quantitative Strategies
- Diversified
- Statistical Arbitrage
- Fundamental Market Neutral

➢ Concentrated strategies faced challenges during spurts of regime shifts and/or shifts in asset allocation, such as equity outflows. There are also contradicting indicators on whether technical or fundamental strategies should be overweight, making the case for diversified programs even more compelling. Portfolios with diversification across regions (including emerging markets) are favored, although EM would not be a material risk allocation in a program due to liquidity, regulatory, and price transparency constraints.

Long/Short Credit
- Hedged
- Credit Arbitrage
- Convertible Arbitrage

➢ Given the rich valuations in credit and some of the lowest new issuance call protection in years, Long/Short Credit managers are presented with an asymmetric shorting opportunity.

➢ Convertible bond issues continue at a robust pace and are likely to match the new issue volume from 2013. With continued lofty equity valuations, companies are taking advantage in order to access cheap capital.

Structured Credit
- Diversified
- Mortgage
- Corporate

➢ Structured credit continues to perform in 2014, with spreads generally tightening across sectors. However, the broader opportunity set is more limited today than it has been in the past several years, though one-off opportunities continue to exist in less liquid issues and non-performing assets.

Fixed Income Arbitrage
- G10
- Mortgage Arbitrage

➢ The dwindling of QE should strengthen the opportunity set in the U.S., though the ECB and probable divergence in policy between the G7 central banks are likely to be greater drivers.

Insurance Linked
- Non-Life
- Life
- Diversified Insurance

➢ Investors should maintain exposure to the strategy due its lack of correlation to other investments and the importance of having an ongoing relationship for h YV_ R_ VgV_eU` Vd` TTf cŽ9` h VgVdSRdVU `_ R_ Z_gVdè c-d eRcXVe allocation range to the strategy, it is currently appropriate to size such an investment on the lower-end.

Volatility
- Long-Biased
- Short-Biased
- Variable

➢ Despite volatility increasing somewhat over the quarter, there would need to be a more sustained or structural rise for the opportunity set to be more robust.

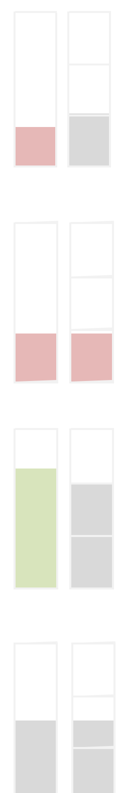
Positive Negative Neutral

STRATEGY VIEWS

Tactical Trading

Opinion Update:

Q#~" % Q$}" %



Discretionary Commodities
- Long-Biased
- Relative Value Focused

- Sizeable directional moves in grains and oilseeds have resulted in dislocations across various spread relationships. We are typically cautious about reversals in such extended, consensus trades. It appears that managers who emphasize RV approaches are well positioned, increasing gross exposure to exploit the opportunities.
- Managers generally tell us that they feel markets are increasingly responding to fundamentals, which is a positive should the trend remain intact.

CTA
- Multi-Process
- Short-Term
- Trend Following

- Our overall view toward CTAs remains negative as portfolio positioning has generally been static. Approaches with some sort of diversification to traditional trend signals are favored.

Global Macro
- Diversified
- Concentrated
- Emerging Markets
- Systematic

- We remain downbeat on the prospects for significant and sustained P&L in developed market rates. We believe the upcoming hiking cycle in the U.S. and U.K. is going to be slower and smaller in magnitude than in past cycles, frustrating traditional implementations of macro that emphasize front end rates trading.
- In Europe, receiving rates has transitioned from a directional bet on the level of rates to more of a boring rolldown trade. Peripheral sovereigns have regained their status as spread product. There is no more easy money to be made Z_ d` gVcVZX_ daVRU T`_gVcXV_TV eRUVd Z_ eYV VcR ` WEh YReVgVc ZeeR\VdZ
- Emerging markets-focused managers continue to present greater opportunity thanks to substantial dispersion across countries in growth and inflation, a pivotal election in Brazil, the ongoing sovereign debt saga in Argentina, and geopolitical unrest in Eastern Europe.

Risk Mitigators
- Tail Risk
- Short-Biased Credit
- Short-Biased Equity

- There are ways to mitigate portfolio risk without allocating to dedicated tail risk managers, though some managers are better than others are at limiting portfolio drag in most environments.

Positive Negative Neutral

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Aksia Model Portfolio Report
1st Quarter 2015

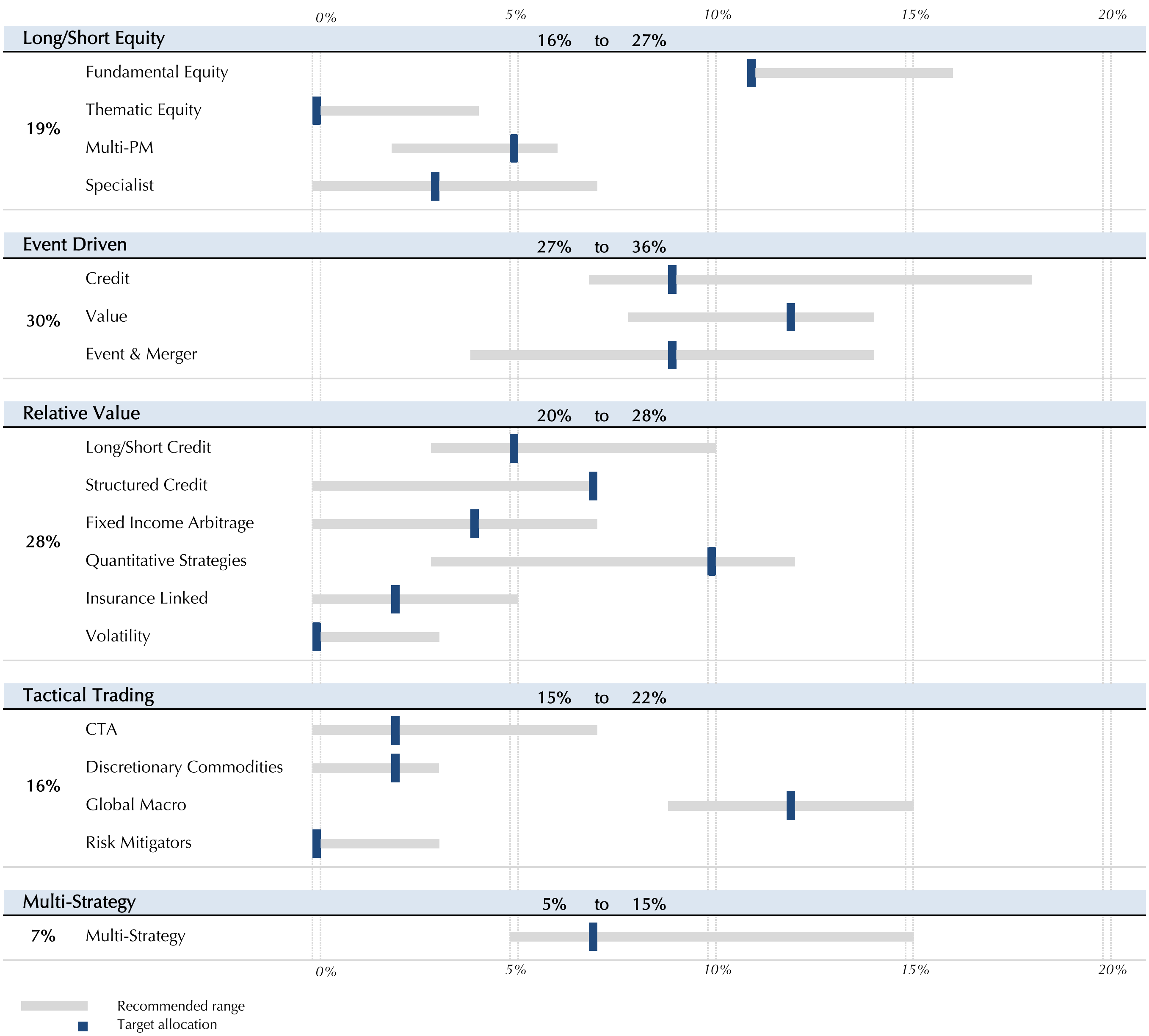
Aksia

599 Lexington Avenue, 46th Floor
New York, New York 10022
(212) 710-5710

Base Case | Strategy Preferences	Model Portfolio Report
	1st Quarter 2015

Ranges and Current Recommended Targets

Expected Beta to MSCI ACWI	.15 to .25
Return Target	T-Bills + 4% to 6%
Expected Volatility	4% to 7%



Aksia

Lower & Higher Beta Portfolios | Strategy Preferences	Model Portfolio Report
	1st Quarter 2015

Diversified Absolute Return Ranges Deviations

Lower Beta *Lower Return Target*		Higher Beta *Higher Return Target*
Below 0.15	*Expected Beta to MSCI ACWI*	Above 0.25
T-Bills + 2% to 4%	*Return Target*	T-Bills + 5% to 8%
2% to 5%	*Expected Volatility*	7% to 10%

	Lower Beta	Strategy	Higher Beta	
	18% max	**Long/Short Equity**	**25% min**	
Low net only		Fundamental Equity	++	
	--	Thematic Equity		
Low net only	++	Multi-PM	-	
Low net only	+	Specialist		
	30% max	**Event Driven**	**30% min**	
	-	Credit		
	-	Value	++	
Avoid long bias	++	Event & Merger	+	
	19% min	**Relative Value**	**24% max**	
	+ +	Long/Short Credit		
Only long/short approaches		Structured Credit	+	Prefer directional funds
RV Only	+	Fixed Income Arbitrage	-	
	+	Quantitative Strategies	-	
	+	Insurance Linked		
		Volatility		
	15% min	**Tactical Trading**	**22% max**	
		CTA		
Avoid unless RV	-	Discretionary Commodities	+	
Caution re: EM Macro	++	Global Macro	+	Prefer directional funds
	+	Risk Mitigators	- -	
	10% min	**Multi-Strategy**	**15% max**	
	+	Multi-Strategy	-	

Note: +/- indicates suggested tilts in strategy weighting to achieve beta target.

Aksia

Appendix E

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STATEMENT OF PROCEDURES FOR
THE VALUATION OF PORTFOLIO SECURITIES
(“VALUATION PROCEDURES”)

Adopted ***March 1, 2007***

Revised as of September 2012

The calculation of the net asset value of the funds underlying the accounts managed by Aksia is performed by third parties. Aksia will rely upon the valuations of these third parties as provided to Aksia by the clients, managers or administrators of the underlying funds held in such client’s portfolio as specified in each client’s Agreement. As part of Aksia’s usual due diligence process, Aksia generally examines the pricing policies of the underlying fund’s manager and administrator. In the event that unusual circumstances are discovered through due diligence, Aksia may seek an independent valuation at the cost of the client. If the client is unable or unwilling to seek such valuation, Aksia may choose to perform its own valuation.

In the event that Aksia must perform its own valuation, it will adopt authoritative guidance under generally accepted accounting principles for estimating the fair value of investments in investment companies that have calculated net asset value per share in accordance with the specialized accounting guidance for investment companies. Accordingly, Aksia will estimate the fair value of an investment in an account using the net asset value of the investment (or its equivalent) without further adjustment unless Aksia determines that the net asset value is deemed to be not reflective of fair value.

When Aksia determines that the net asset value is deemed to be not reflective of fair value, Aksia will look at other inputs including look-through price information associated with the underlying fund’s holdings, volatility statistics, specific and broad credit data, liquidity attributes and other factors to estimate the fair value of the account.

In the event that Aksia utilizes a valuation other than the net asset value, the persons responsible for such valuation procedures will be the Head of Research, the Head of Operational Due Diligence, and any Sector Head or analyst who may be helpful in providing input on the value of such investments. In such cases the fair value and rationale will be documented, and Compliance will be notified.

Appendix F

CONFIDENTIAL

Aksia is a commercial entity whose investment and operational due diligence processes and reports structure and content are highly proprietary and confidential in nature and derive independent economic value from not being generally known to and not being readily ascertainable by other persons and is deemed critical to the firm which, if disclosed, would cause substantial injury to its competitive position. Aksia has taken a number of steps to maintain the confidentiality of this information including limiting the individuals who have access to the information and subjecting third parties with access to the information to nondisclosure agreements (subject to regulation or law). Therefore, Aksia requests exemption from disclosure per 65 P.S. § 67.708(b)(11)on the grounds the information contained in this response constitutes a "trade secret" as defined in 65 P.S. § 67.102.

Note that these appendices have been removed from the redacted electronic submittal required for public disclosure.

Appendix F1 – Sample Investment Review
Appendix F2 – Sample Operational Review
Appendix F3 – Sample Market Risk Factor Analysis
Appendix F4 – Sample Style Factor Analysis
Appendix F5 – Sample Return Statistics and Peer Comparison Report
Appendix F6 – Sample Aksia DDQ

Appendix G

Appendix G1 – PSERS RFP 2015-2 Addendum 1: Questions and Answers

Commonwealth of Pennsylvania

Date:	**April 1, 2015**
Subject:	**Questions and Answers**
Solicitation Number:	**PSERS RFP 2015-2**
Opening Date/Time:	**April 17, 2015 1:30 PM**
Addendum Number:	**1**

To All Suppliers:

The Commonwealth of Pennsylvania defines a solicitation "Addendum"" as an addition to or amendment of the original terms, conditions, specifications, or instructions of a procurement solicitation (e.g., Invitation for Bids or Request for Proposals).

List any and all changes:

1. Attached are the answers to the questions submitted in response to the RFP.

For electronic solicitation responses via the SRM portal:

- Attach this Addendum to your solicitation response. Failure to do so may result in disqualification.
- To attach the Addendum, download the Addendum and save to your computer. Move to 'My Notes", use the "Browse" button to find the document you just saved and press "Add" to upload the document.
- Review the Attributes section of your solicitation response to ensure you have responded, as required, to any questions relevant to solicitation addenda issued subsequent to the initial advertisement of the solicitation opportunity.

For solicitations where a "hard copy" (vs. electronic) response is requested:

- Attach this Addendum to your solicitation response. Failure to do so may result in disqualification.
- If you have already submitted a response to the original solicitation, you may either submit a new response, or return this Addendum with a statement that your original response remains firm, by the due date to the following address:

Except as clarified and amended by this Addendum, the terms, conditions, specifications, and instructions of the solicitation and any previous solicitation addenda, remain as originally written.

Very truly yours,

Name: Terrianne P. Mirarchi
Title: Purchasing and Contracting Manager
Phone: 717-720-4604
Email: tmirarchi@state.pa.us

1. Regarding II-1.A.5 under Mandatory Minimum Qualifications, we provide non-discretionary hedge fund consulting services to several tax exempt clients, including 1 public pension plan. We also advise several public pension plans on alternative assets such as private equity. Would we be excluded from consideration given the criteria?

   Response: Yes, an Offeror that provides non-discretionary hedge fund consulting services to only 1 public pension plan would be excluded from consideration. Section II-1.A.5 requires an Offeror to provide non-discretionary hedge fund consulting services to at least 2 public pension clients each having over $10 billion in total assets.

2. Please describe the decision-making process for selecting an advisor, specifically staff's involvement in the process.

   Response: A committee consisting of PSERS staff and Board members has been selected to review and evaluate proposals meeting the Mandatory Responsiveness Requirements and Mandatory Minimum Qualifications. The evaluation criteria detailed in Section II-4 is used by the committee in evaluating each proposal. Offerors deemed responsible under Section III-5 are ranked according to the overall score assigned to each. The Offeror with the highest overall score is selected for contract negotiations.

3. On page 9, Part II of the RFP states that each proposal <u>shall</u> consist of a Technical, Small Diverse Business Participation and a Cost Proposal. If we do not qualify as a "Small Diverse Business" may we omit from our response the Small Diverse Business Participation submittal without being disqualified?

   Response: Based on Section III-4 C, Priority rank 4, those Offerors who do not submit Small Diverse Business (SDB) participation will not be disqualified but instead will receive 0 points for the SDB criterion, however, Offerors who do not qualify as a small diverse business can still participate in the program under Priority Rank 3. Priority Rank 3 allows for those proposals submitted by non-small diverse businesses as prime contractors, with significant subcontracting commitments to SDBs. For questions concerning small diverse business participation, you may contact Gayle Nuppnau at 717-346-3819.

4. On page 9, Part II of the RFP the "Technical Submittal" is defined to consist of responses to RFP <u>Part II, Sections II-1 through II-8</u> only. Should proposers also include their response to <u>Part IV-2.A</u> (Requirement for Emergency Preparedness) as part of the Technical Submittal? If not, please let us know how PSERS would like proposers to submit their responses to Part IV-2.A.

   Response: Yes, responses to Part IV-2.A (Requirements for Emergency Preparedness) should be included as part of the Technical Submittal.

5. On page 26, Part II, Section II-11 of the RFP indicates proposers can provide a Domestic Workforce Utilization Certification, which is contained in Appendix C of the RFP. Can you confirm submission of the Domestic Workforce Utilization Certification is optional? Should proposers include their response to <u>Part II, Section II-11</u> as part of the Technical Proposal?

Response: Yes, based on Section II-11 and Section III-4D, submission of a Domestic Workforce Utilization Certification is optional. Offerors who seek consideration for Domestic Workforce Utilization must submit the Domestic Workforce Utilization Certification form in the same sealed envelope with the Technical Submittal.

APPENDIX H

Appendix H1 – Aksia Amendments to *Appendix A, Sample Rider Including Terms and Conditions*