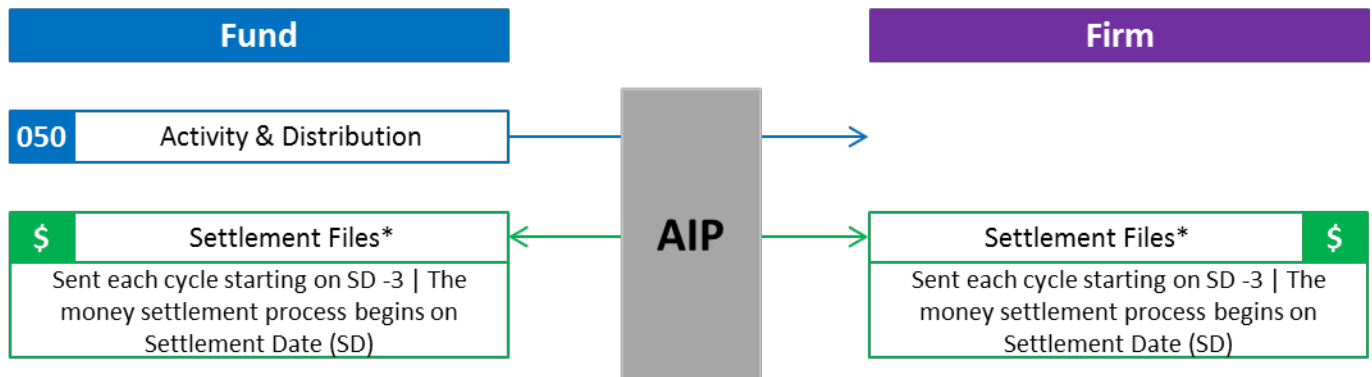


ALTERNATIVE INVESTMENT PRODUCTS TRANSACTION FLOW

ACTIVITY & DISTRIBUTION

PASS THROUGH



*Settlement files are only sent if the transaction is settling or if the Settlement Date is populated on non-settling transactions

ACTIVITY & DISTRIBUTION – PASS THROUGH

The Activity & Distribution record acts as a daily reconciliation of activity affecting the shares and account balance of an account. The Firm will be aware of any changes that are made to a customer's account at the Fund and this record allows the Fund to report both financial and non-financial transactions that occur on customer controlled accounts. Distribution information such as dividends or capital gain transactions can also be communicated at the account level, which is similar to the Networking Dividend File for mutual funds.

Pass Through Transactions

Pass Through transactions are transmitted directly from Fund to Firm and do not require acknowledgement or confirmation. These transaction can be settling or non-settling. Settling transactions will have money settled via AIP even though there is no acknowledgement or confirmation. Non-settling transactions are considered a book entry and if the participant does not want the transaction on their books, they can ignore them.

Transaction Flow Details for Activity & Distribution – Pass Through Transactions

- The Fund transmits the Activity and Distribution (050) to AIP
- AIP will validate the file for syntax error (format, values, and conditions)
 - If the file is not in good form, AIP will 'reject' the file back to the Fund
 - If the file is in good form, AIP will transmit the Activity & Distribution file to the Firm
- Settlement files (070, 071, 072)
 - Settling Transactions – AIP will transmit settlement files to both parties starting 3 AIP business days prior to the Settlement Date (SD) and will be included in each cycle on SD-3, SD-2, SD-1 and SD for trades that are confirmed and ready to settle
 - Non-Settling Transactions
 - If the Settlement Date is populated, AIP will transmit settlement files to both parties starting 3 AIP business days prior to the Settlement Date (SD) and will be included in each cycle on SD-3, SD-2 and SD-1 for trades that are confirmed and 'ready to settle'
 - If the Settlement Date is not populated, AIP will not transmit settlement files
- If Settlement is indicated, it will occur on the Settlement Date (SD) and with the details indicated on the Activity & Distribution record

Note: Acknowledgements and Confirmations are not required for Pass Through transactions

Important Information for Activity & Distribution – Pass Through

All non-settling Activity & Distribution records are 'Pass Through' transactions regardless of Activity Transaction Type. For settling Activity & Distributions, the following transactions do not require a response and should use this 'Pass Through' transaction flow:

Activity Transaction Types That Are Pass Through	
02 = Direct Redemption	39 = Hot Issue Realized Gain/Loss
03 = Holdback Payment	49 = Dividend
07 = Dividend Adjustment	50 = Closing balance record
12 = Reinvest from other Fund/DRIP	55 = LTG Reinvest
26 = Gain On Collectables Adjustment	56 = LTG Cash
27 = Section 1202 Gain Adjustment	57 = STG Reinvest
28 = Un-recaptured Section 1250 - Gain Adjustment	58 = STG Cash
29 = Dividend Reinvestment	59 = Dividend Cash
34 = Realized Net Short Term Capital Gain/Loss	60 = Stock Dividend
35 = Realized Net Long Term Capital Gain/Loss	63 = Penalty Withholding for Reinvested Accounts
36 = Unrealized Short Term Capital Gain/Loss	64 = Escrow Redemption
37 = Unrealized Long Term Capital Gain/Loss	65 = Interest Income Reinvested
38 = Other Income/Loss	66 = Escrow Purchase
	67 = Final Fund Purchase

Rules for Pass Through Transactions:

- AIP will not transmit reminders for Pass Through transactions
- No response (acknowledgement or confirmation) is needed for Pass Through transactions
- If an acknowledgement or confirmation is transmitted, AIP will still accept the records
- The recipient cannot transmit an Activity Reject (055) to reject a non-settling transaction
- AIP will always default Transaction Type (50 = Closing Balance) to non-settling, regardless of the settlement indicator that is populated

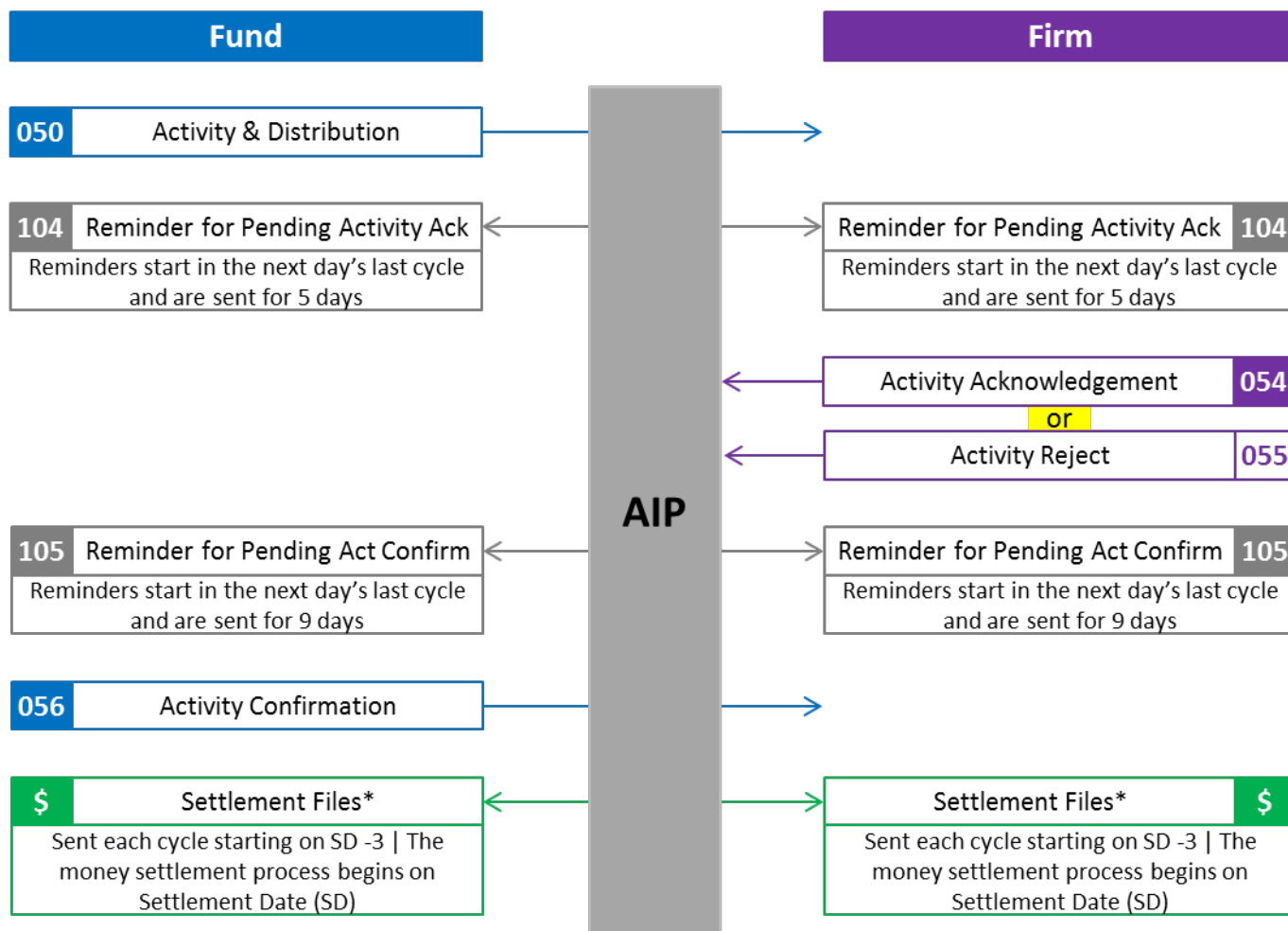
Important Information for Activity & Distribution – Pass Through Settlement

The Activity & Distribution record has a required field called 'Settlement Indicator'

- The 'Settlement Indicator' determines if the 'Transaction Type' requires settlement
- The settlement options are: 1 = Settling or 2 = Non-Settling
- Transactions that are marked as 'Settling' will settle via the AIP application
- **If the 'Debit/Credit indicator' is marked as '1=Debit Firm/Credit Fund', the transaction will debit the Firms settling bank account on settlement date without an Acknowledgement or Confirmation**
- Transactions marked as 'Non-Settling' will be handled outside of the AIP application

ACTIVITY & DISTRIBUTION

RESPONSE REQUIRED



*Settlement files are only sent if the transaction is settling or if the Settlement Date is populated on non-settling transactions

ACTIVITY & DISTRIBUTION – RESPONSE REQUIRED

The Activity & Distribution record acts as a daily reconciliation of activity affecting the shares and account balance of an account. The Firm will be aware of any changes that are made to a customer's account at the Fund and this record allows the Fund to report both financial and non-financial transactions that occur on customer controlled accounts. Distribution information such as dividends or capital gain transactions can also be communicated at the account level, which is similar to the Networking Dividend File for mutual funds.

Response Required Transactions

'Response Required' transactions have a bidirectional transaction flow meaning they are not just pass through transactions. Acknowledgement and Confirmation records are the responses required to complete the transactions. 'Response Required' transactions only apply to settling transactions with the Activity Transaction Types specified below.

Transaction Flow Details for Activity & Distribution – Response Required Transactions

- The Fund transmits the Activity and Distribution (050) to AIP
- AIP will validate the file for syntax error (format, values, and conditions)
 - If the file is not in good form, AIP will 'reject' the file back to the Fund
 - If the file is in good form, AIP will transmit the Activity & Distribution file to the Firm
- If accepted by AIP, the Firm must transmit an Activity Acknowledgement record (054) to the Fund or the Firm can transmit an 'Activity Reject' (055) if they opt not to accept the transaction
 - An 'Activity Reject' can only be transmitted if an Acknowledgement has not been transmitted
- If an Activity Acknowledgement is not received by the beginning of the next day's cycle, AIP will begin to transmit Reminders – Pending Activity Acknowledgement (104) records to both parties for 5 AIP business days
- If AIP does not receive a response after 5 AIP business days, the Activity & Distribution record will be converted to a 'closed' status
- Once the Firm transmits the Activity Acknowledgement, AIP will validate the file for syntax errors and if correct, AIP will then transmit the Activity Acknowledgement back to the Fund
- The Fund must then transmit an Activity Confirmation (056) to finalize the transaction
- If AIP does not receive the Activity Confirmation, AIP will begin to transmit Reminders – Pending Activity Confirmation (105) records to both parties beginning on the next day's last cycle and continue for 9 AIP business days. If the Settlement Date is shorter than 9 days, the reminders will start immediately in the C98 End of Day Cycle
 - If there is no response by the last cycle of SD-1, AIP will close the transaction
- Once AIP receives the Activity Confirmation from the Fund, AIP will transmit the Activity or Distribution to the Firm for processing
- Settlement files (070, 071, 072)

- Settling Transactions – AIP will transmit settlement files to both parties starting 3 AIP business days prior to the Settlement Date (SD) and will be included in each cycle on SD-3, SD-2, SD-1 and SD for trades that are confirmed and ready to settle
- Settlement will occur on the Settlement Date (SD) with the details indicated on the Activity & Distribution record

Important Information for Activity & Distribution – Response Required Transactions

The following transactions require a response only when money is being settled via AIP and should use this ‘Response Required’ transaction flow:

Activity Transaction Types Requiring a Response from Recipient when Settling	
01 = Direct Purchase	25 = Redemption Cancellation
04 = Interest on Holdback Payment	30 = Net Profit
05 = LOI Adjustment	31 = Net Loss
06 = Side Letter Adjustment	32 = Performance Fee
08 = Long Term Capital Gain Adjustment	33 = Ordinary Income
09 = Fund Price Adjustment	40 = Clawback Provision
10 = Exchange/Switch Fee	41 = Assignment
11 = Fiduciary Fees	42 = Rebate (always in the form of shares)
13 = Direct Transfer In	43 = Management Fee
14 = Systematic Withdrawal Plan	44 = Administration Fee
15 = Investor Servicing Fee	45 = Swap In
16 = Direct Transfer Out	46 = Swap Out
17 = Sidepocket Transfer In	47 = Pledge
18 = Sidepocket Transfer Out	48 = Unpledged
19 = Series Creation	51 = Share Class Exchange Out
20 = Series Rollup	52 = Return of Capital
21 = Share Adjustment	53 = Capital Call
22 = Share Class Exchange In	54 = Capital Call for Management Fees
23 = Fund Merger Activity	61 = Holdback Fee
24 = Purchase Cancellation	62 = Redemption Fee

Important Information for Activity & Distribution – Response Required Settlement

The Activity & Distribution record has a required field called ‘Settlement Indicator’

- The ‘Settlement Indicator’ determines if the ‘Transaction Type’ requires settlement
- The settlement options are: 1 = Settling or 2 = Non-Settling
- Transactions that are marked as ‘Settling’ will settle via the AIP application
- If the ‘Debit/Credit indicator’ is marked as ‘1=Debit Firm/Credit Fund’, the transaction will debit the Firms settling bank account on settlement date once the transaction is Acknowledged and Confirmed
- Transactions marked as ‘Non-Settling’ will be handled outside of the AIP application