

ITEM 1
COVER PAGE

Part 2 of Form ADV: Firm Brochure

DragonBack Capital Limited

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This brochure (the “Brochure”) provides information about the qualifications and business practices of DragonBack Capital Limited (“DragonBack” or the “Investment Adviser”). If you have any questions about the contents of this brochure, please contact us at +852 2528 2899. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

DragonBack is registered as an investment adviser with the SEC. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Additional information about DragonBack also is available on the SEC’s website at www.adviserinfo.sec.gov.

ITEM 2

MATERIAL CHANGES

DragonBack Capital Limited ("DragonBack") is required to identify and discuss any material changes made to its Brochure since the last annual update. This Brochure is DragonBack's first Form ADV Part 2A submitted to the SEC pursuant to amendments made to certain rules promulgated under the Investment Advisers Act of 1940, as amended (the "Advisers Act"), and the form formerly known as Form ADV Part II.

Accordingly, there are no material changes to report.

If DragonBack makes any material changes to this Brochure, this section will be revised to include a summary of such changes.

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ITEM 4 ADVISORY BUSINESS

A. General Description of Advisory Firm

DragonBack Capital Limited (“DragonBack Capital”), a Hong Kong Limited Company registered with the Securities and Futures Commission, is an investment adviser founded in 2006. Philip Tye and Robert Lance are the principal owners of DragonBack Capital through DragonBack Capital Management (Cayman) Limited.

DragonBack Capital serves as an investment adviser to three management companies and the funds they manage: Double Haven Capital Management Limited, Sharp Peak Capital Management (Cayman) Limited and Tempus Capital Management Limited (together, the “Management Companies”). Through a series of investment management or advisory agreements with the Management Companies, DragonBack Capital and the Management Companies are considered to be a single organization under Hong Kong regulation operating as “DragonBack.”. In addition, DragonBack Capital has a proprietary risk team that has full discretion to intervene at any time to ensure that each investment strategy complies with its investment restrictions as well as risk guidelines maintained by DragonBack Capital. For purposes of this Form ADV Part 2A, all references to “DragonBack” shall mean DragonBack Capital and the Management Companies, collectively.

B. Advisory Services

DragonBack provides investment management services (including risk management) to private investment funds (the “Funds”). Securities of the Funds are offered to investors on a private placement basis. DragonBack provides advice to the Funds across a wide range of investment strategies fully described in Item 8. The fees paid to DragonBack are allocated between DragonBack Capital and the Management Companies through revenue-sharing agreements. A complete explanation of the fees and expenses is contained in the offering documents of each Fund.

C. Availability of Customized Services

DragonBack's investment decisions and advice with respect to each Fund are subject to each Fund's investment objectives and guidelines, as set forth in its offering documents.

D. Wrap Fee Programs

DragonBack does not participate in wrap fee programs.

E. Client Assets

DragonBack manages approximately \$219,402,581 as of 30 December, 2011 on a discretionary basis.

ITEM 5 FEES AND COMPENSATION

A. Fees and Compensation

The fees applicable to each Fund are set forth in detail in each Fund's offering documents.

1. Management Fees

Management fees charged to the Funds range from .75% to 2% annually, which is typically based on the net asset value of the Fund. The management fees are generally paid monthly in arrears.

DragonBack may waive or reduce management fees for certain classes or investors, including employees and affiliates of DragonBack, in its discretion.

2. Incentive Fees

Incentive fees and incentive allocations generally are charged at year-end at a rate of up to 20% of net annual profits to each Fund, or to capital accounts maintained by the Funds for their investors. For this purpose, net profits generally include both realized gains and losses and unrealized appreciation and depreciation of securities held in the Funds' portfolios.

Upon the complete or partial redemption by an investor other than at the end of a fiscal year, an incentive allocation, if any, will be made with respect to the amount being redeemed.

B. Payment of Fees

Fees and compensation are generally deducted from the assets of each Fund. As discussed above, management fees are generally deducted on a monthly basis and performance compensation is generally deducted on an annual basis.

C. Additional Fees and Expenses

Each Fund may bear the following expenses: legal, auditing and accounting fees, tax preparation expenses, investment expenses and all other expenses of each respective Fund, including, without limitation, custodian fees, taxes on securities transactions, brokerage fees and commissions and any other similar fees, research services, consulting expenses and other third party research-related expenses, clearing expenses, government registration fees, fees to an administrator, entity-level taxes, organizational expenses and other similar or extraordinary expenses related to the operation of the respective Fund. Such expenses are generally shared on a pro rata basis by all of the investors in a Fund.

D. Prepayment of Fees

Please see responses to 5A above.

E. Additional Compensation and Conflicts of Interest

See Item 12 for further discussion with respect to fees associated with brokerage practices. Neither DragonBack nor any of its supervised persons accepts compensation (e.g., brokerage commissions) for the sale of securities or other investment products.

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

DragonBack accepts performance compensation from every Fund. Because DragonBack is offering multiple Funds, it may face certain conflicts of interest. With multiple products, divergence in investment returns between products can result in conflicts. In situations where certain Funds are below a high water mark and others are not, the below-water Fund will pay less or no performance fees. This fee divergence can be an incentive for an investment adviser to favor those Funds that pay higher performance fee/allocations, for example, through its allocation of investment opportunities to a product that is already performing or by "steering" investors to one product as opposed to another

based on fees generated to the investment adviser. To the extent that DragonBack would receive less in overall compensation from certain Funds, it may divert resources from such funds, and any such diversion may be an additional conflict.

To seek to mitigate this inherent conflict of interest, DragonBack maintains information barriers (discussed more fully in Item 12B) and each DragonBack investment strategy is intended to have low to no correlation with the other strategies, thus mitigating the opportunities for direct conflict.

In general, the use of performance-based fees/allocations as compensation may be deemed to create a conflict of interest for an investment adviser, as there can be an incentive for DragonBack to make investments that are riskier or more speculative to increase performance returns and thus compensation to the investment adviser. Such incentives would not exist in the absence of a performance fee/allocation. Moreover, because net capital appreciation generally includes unrealized appreciation of Fund assets, it may result in DragonBack receiving more incentive income than if net capital appreciation were based solely on realized gains.

The portfolio strategies DragonBack and its affiliates use for certain Funds could conflict with the transactions and strategies it employs in managing other Funds and may affect the prices and availability of the securities and other financial instruments in which Funds invest. There may be certain situations in which a Fund has a specific geographical, sector or strategy focus, such that investment opportunities that may be appropriate for one Fund are first referred to and/or allocated to another Fund, with any remaining portions allocated to other Funds, as appropriate.

ITEM 7 TYPES OF CLIENTS

DragonBack provides investment advice to the following types of clients:

- Pooled investment funds structured as limited partnerships
- Cayman Islands Exempted Companies
- Other management companies

The underlying investors in pooled vehicles may include some or all of the following types of investors: high net worth individuals, endowments, foundations, charitable organizations and other sophisticated investors.

The constituent documents for each Fund may set minimum amounts for investment by prospective investors. DragonBack has waived, and reserves the right to modify or waive, the minimum new investment commitments for the Funds from time to time. Minimum investment amounts for managed accounts will be determined on a case by case basis. No investment into either a Caymans Islands exempted company nor a pooled investment fund may be made prior to the acceptance of completed subscription documents.

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

The investment strategies the Investment Adviser pursues are speculative and entail substantial risks. Investors should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any investor will be achieved.

A. Methods of Analysis and Investment Strategies

DragonBack currently manages three distinct investment strategies: Asian credit (marketed as “Double Haven”), Asian volatility (marketed as “Sharp Peak”), and Asian long/short equities including Japanese equities (marketed as “Tempus”). Each of the strategies is subject to a risk management process that is designed to ensure the Funds invest within agreed upon risk parameters.

Double Haven Asian Credit Strategy

1. Investment Objective

Double Haven’s primary investment objective is to achieve an absolute target return by investing in debt instruments to take advantage of the mispricing of credit in the Asia Pacific Region.

DragonBack believes that the opportunity is apparent in both investment grade and sub-investment grade credit, offering significant carry and potential for further price appreciation. Investment grade credit spreads are still in the range which was once considered high yield and there are some good quality sub-investment grade credits yielding 10% to 20% and above. The corporate balance sheets in the Asia Pacific Region are not as stretched as comparables around the globe and are in much better shape than during the Asian Financial Crisis of 1997/98. In addition, the market has witnessed a very healthy bout of corporate debt buybacks further cementing our view that credit in the Asia Pacific Region is mispriced.

While there is no question that the Asia Pacific Region has been impacted by events elsewhere in the world, the amount of leverage at a sovereign, a bank, a corporate and household level within Asia is significantly lower than elsewhere in the world. However Asian credit spreads remain wider than for example, their US counterparts.

The strategy intends to focus on opportunities arising in the following areas:

- Investment grade bonds – both secured and unsecured bonds issued by sovereigns, financial institutions and corporates rated BBB- or above by S&P and Baa3 or above by Moody's.
- Sub-investment grade bonds – both secured and unsecured bonds issued by sovereigns, financial institutions and corporates rated BB+ or below by S&P and Ba1 or below by Moody's.

The strategy will be heavily weighted towards investment grade credits for the following reasons:

- to provide investors with a more liquid credit product; and
- the Investment Manager believes that there is more opportunity in the investment grade space relative to the risk one is taking compared to the broader sub-investment grade universe.

The strategy may invest in debt instruments including bonds, notes, floating rate notes, convertible bonds and credit default swaps through both primary and secondary market assets. The strategy will invest in US\$-denominated assets or other currencies which can be efficiently hedged back to US\$.

In addition, the strategy may invest in derivatives in relation to such securities. It may also invest in currencies of the countries of the Asia Pacific Region and derivatives in relation to such currencies.

The strategy may take short positions in both cash bonds and derivatives in relation to such securities and currencies of the countries of the Asia Pacific Region. The strategy will also take short positions in sovereign issued debt such as US Treasuries to hedge interest rate risk.

The strategy will look to take advantage of mispriced credit which exists in the Asia Pacific Region following the economic and financial turbulence experienced in the fourth quarter of 2008. Following this period, it is believed that many credits in the Asia Pacific Region offer returns in excess of their risk due to technical pressures from many financial institutions forced to reduce their exposure and from a fundamental perspective as credit in the Asia Pacific Region is an under-researched asset class.

In addition to the credit strategy described above, Double Haven will also seek to meet an absolute target return by investing in secured debt securities issued by companies in the Asia Pacific Region, or by companies with material business interests in the Asia Pacific Region (i.e., companies which have at least 10% of their turnover or profits or assets invested in the Asia Pacific Region). In addition, a Fund may invest in derivatives in relation to such securities. It may also invest in currencies of the countries of the Asia Pacific Region and derivatives in relation to such currencies. The investments will be predominantly through new primary issues, although secondary market assets may be employed from time to time.

Debt instruments may include both performing and non-performing bonds, floating rate notes, loans, and credit default swaps.

The strategy will focus on self-originated deals.

- Our experience has shown that in times of stress, strength of the relationship between the borrower and lender is crucial for a higher recovery rate. Deals syndicated by investment banks can very often lose this link making recovery/restructuring more difficult.
- Also, self-originated deals generate fee income.

The strategy will have low tolerance for private CB/pre-IPO structured deals. We look towards cash flow from operations to repay us along with security over the assets producing the cash flows, rather than relying on an external market to which we have no claim.

Although high yield bond issuance has been at record levels, there has developed a niche in the market to fund companies which do not have access to conventional sources of capital, the requirements of which companies may be expansion, refinancing or acquisition. This market exists since banks are either too slow in their credit process, are unable to understand the credit quality of the borrower, have full lending lines or are just simply not in a position to conduct credit analysis on new borrowers.

In order to implement its investment objective, and when deemed appropriate by DragonBack and at all times in accordance with the Articles, a Fund may borrow (including the power to borrow for the purpose of redeeming Shares) and utilize leverage and short sales in its investment strategy to try to increase the overall return of the Fund. In connection with this, a Fund may give security for and issue collateral security for any debt, liability or obligation of the Fund.

2. Investment Restrictions

Diversification will maximize the range of opportunities and minimize the level of risk in any single security. Each of the individual Double Haven strategies have individual investment restrictions disclosed in their offering documents. Generally the Double Haven strategies will adhere to some of the following restrictions:

- No more than 15% of the value of a strategy's gross assets may be invested in the securities of any one issuer at book cost.
- The maximum gross and net exposure (after accounting for any leverage) are 350% and 175%, respectively.
- No more than 20% of a strategy's gross assets may be invested in assets denominated in currencies that cannot be efficiently converted back into US Dollars.
- No more than 30% of the value of a strategy's gross assets may be invested in any one industrial sector at book cost.

Sharp Peak Volatility Strategy

1. Investment Objective

The primary objective of the strategy is to achieve capital appreciation that is uncorrelated to, or negatively correlated with, the global equity markets. DragonBack expects that Sharp Peak will maintain a long convexity bias while also pursuing other strategies intended to produce positive returns. The aim of this approach is to realize significant returns in periods of high volatility while seeking also to realize positive returns during periods of lower volatility.

The core strategy of the strategy is to establish positions that are long volatility in the equity markets in the Asia Pacific Region, including, but not limited to, Australia, Greater China, India, Japan, Korea, Malaysia, Singapore and Thailand.

Generally, volatility is the degree to which the daily movements of a financial asset deviate from its mean. The higher the volatility of an asset, the riskier its return stream is thought to be. Therefore, the higher the volatility, the more uncertain it is that an option will finish “in-the-money,” and the more of a risk premium is placed on holding that option. Historical or “realized” volatility is the volatility of a financial instrument based on historical returns. This phrase is used particularly to distinguish between the actual volatility of an instrument looking backward, and the future volatility predicted or “implied” by the market. Similarly, credit spreads are, in the opinion of Sharp Peak, strong proxies for volatility, as they represent the market’s assignment of a risk premium with respect to the issuer’s ability to make all coupon payments and repayment of principal under the relevant debt obligation, and tend to increase along with volatilities in times of market distress.

The curvature of the function that relates the value of an investment position to a random variable will determine how the mean and the variance of the random variable affect value. A function that curves upward, where the value of the positions tends to increase as volatility increases, is said to be convex. For example, a long position in an option on a stock has positive convexity while a short option has negative convexity. The phenomenon of convexity means the value of a position depends on the variance of a random variable. This variance is referred to as volatility and a trader that holds positions with positive convexity will be said to be long volatility.

Although the core strategy is long volatility, strategy may also pursue a number of other strategies intended to provide positive returns in various market conditions. Such strategies include volatility arbitrage, relative value trading and index arbitrage trading.

The objective of a volatility arbitrage strategy is to take advantage of perceived inefficiencies in the price of volatility implied in the pricing of different but related derivatives or as reflected in credit spreads. Sharp Peak will base its assessment of implied volatility on a variety of proprietary trading tools. Generally, a Fund’s volatility trading strategies seek to profit from differences between the Sharp Peak’s assumption of the theoretical price of an option (mainly dependant on Sharp Peak’s implied volatility assumption), the price of the option in the marketplace and Sharp Peak’s assessment of how events in the near future are likely to affect the relationship between those two factors.

Index arbitrage involves taking a position both in the stock index through a derivative product and taking a related position in certain of the equities included in the index in an attempt to profit from perceived mispricing of the index.

Other delta one strategies may be employed by Sharp Peak to take advantage of relative values across listed equities in the Asia Pacific Region.

The strategies described above are only examples. Sharp Peak may not necessarily employ these strategies nor may it be limited to trading only within these strategies. Sharp Peak intends to add new strategies and delete or modify existing strategies as it sees fit. Sharp Peak expects to use a diversified range of strategies, in addition to the core long volatility strategy, but there can be no assurance that there will be any level of diversification at any given time.

The Fund is expected to invest in equities of companies in the Asia Pacific Region but may trade equities of other companies. The Fund may also trade other equity-based products in the exchange traded and over-the-counter markets. These may include futures contracts, options and other derivatives. Derivatives may be used both to take positions and to hedge exposures. In addition, the Fund may use financial instruments based on global indices, fixed income instruments, foreign currencies, commodities and credit.

The Sharp Peak strategy is not limited in the amount of leverage it may use. Leverage may be used both to fund investment positions and to fund redemptions. Leverage magnifies both gains and losses and will cause the Fund to incur related costs.

2. Investment Restrictions

The Sharp Peak strategy, in normal circumstances will adhere to the following guidelines:

- (a) The Fund's exposure to volatility (vega) will not normally exceed 2.5% of the Fund's Net Asset Value.
- (b) The Fund's overall gross exposure (delta adjusted) in instruments relating to the Asia Pacific Region will be at least 80% of the Fund's Net Asset Value.
- (c) The Fund's overall gross exposure (delta adjusted) in equity related investments will be at least 80% of the Fund's Net Asset Value.

For the avoidance of doubt, the above investment guidelines apply at the time the relevant investment is acquired. Investment guidelines will not be deemed to have been breached as a result of changes in the price or value of investments occurring at any time after their acquisition. However, where an investment guideline has been breached, no further relevant investments may be acquired until the relevant guideline is again complied with. If any of the above guidelines are breached or exceeded as a result of market forces or movements, DragonBack will take steps to regularize the investment activity in question and conform it within the limits set out above, as soon as reasonably practicable.

Tempus Asian Long/Short Equities

1. Investment Objective

The principal investment objective of this strategy will be to achieve absolute returns and capital appreciation. Tempus will seek to achieve this objective by employing a long / short equity strategy investing in Asian listed equities, including Japanese, Indian, Taiwanese, Korean and Australian equities but with a strong focus on Chinese (including Hong Kong) listed equities.

A company generally is considered to be located in China if, as determined by Tempus:

- it is organised under the laws of China or Hong Kong or maintains a principal office there; and/or
- its securities trade principally in China or Hong Kong; or
- although located in another country, it derives at least 50% of its revenues or earnings, from goods or services sold or produced in China and/or Hong Kong, or has at least 50% of its assets there. The Investment Manager currently believes such companies will have their securities listed in the markets of the United Kingdom, the United States and Luxembourg.

Investments in companies based in China may be made in "A" shares or "B" shares of Chinese companies listed on the stock exchanges of Shanghai and Shenzhen respectively or "H" shares of Chinese companies listed on the Hong Kong stock exchange. "B" shares and "H" shares are denominated in Renminbi but traded in HK dollars or US dollars, while "A" shares are denominated and traded in Renminbi. Under the prevailing rules and regulations in China, only certain qualifying

foreign institutions that have been approved as Qualified Foreign Institutional Investors (“QFIIs”) may invest in China “A” shares through quotas which have been granted by the relevant Chinese authorities. The Company will not satisfy the criteria to qualify as a QFII itself and therefore may only invest via quotas which are granted to third party QFIIs. The Company may invest in the “A” share market indirectly through equity linked notes, participation notes and other similar instruments issued by QFIIs. Investments by the Company in “A” shares in future may be held through the quotas of third party QFIIs. As a result of the restrictions (such as minimum investment holding period and rules on repatriation of principal and profits) imposed by the current QFII regulations, it should be noted that there are certain risks associated with investment in “A” shares through QFIIs. The Chinese government may relax the QFII regulations over time, and the Company may consider investing in Chinese securities directly when this is possible in the future.

The investments for this strategy are intended to result in “absolute returns” whereby performance is measured on an absolute return basis as opposed to a market or index benchmark, and uses a top-down approach matched with bottom up stock picks. This strategy will principally employ long/short investment investments.

Tempus may use exchange traded index futures in order to manage net exposure. The strategy may also from time to time deploy off-exchange contracts, such as swaps, as hedging tools. The strategy may also invest assets in a range of other investment products including, but not limited to, equity swaps, contracts for differences, futures, options (potentially including uncovered options), credit derivatives, other derivative products, warrants, exchange-traded funds, debt securities, global depositary receipts and American depositary receipts, cash and cash equivalents, treasury bills and money-market securities. More generally, this Strategy may invest in listed and unlisted and rated and unrated investments.

The portfolio should comprise approximately forty to fifty long positions a variable proportion of which may be short positions at any given time.

The strategy may hold substantial amounts of its assets in cash or cash equivalents should DragonBack deem such strategy to be prudent over any time period.

2. Investment Restrictions

The Directors have resolved that the following investment guidelines shall be applied to the strategy:

- the strategy must maintain a minimum of ten different portfolio positions at any time;
- the funds executing this strategy must hold readily realizable assets (being, for this purpose, assets DragonBack believes are realizable within 2 trading days, based on average traded volume over the last 20 trading days) equal to at least 80% of latest available Net Asset Value;
- funds may not invest more than 10% of latest available Net Asset Value in any one company and this limit shall refer to both long and short positions;
- no fund may have a controlling stake in any entity in which it invests; and
- no fund may not invest more than 33% of the latest available Net Asset Value in investments comprising part of any one industry group as defined by the Global Industry Classification Standard as produced by Morgan Stanley Capital International and Standard and Poors.

The foregoing limits shall not be treated as being exceeded if exceeded as a result of movements in the relative value of investments after their acquisition or the exercise of rights arising in respect of such investments but in such circumstances, DragonBack will take steps to reduce such holdings so that the foregoing limits are not exceeded. If there is a breach of any of the above limits, DragonBack shall as soon as reasonably practicable inform the Directors of the relevant fund and take such steps to

remedy the breach as it considers appropriate, having regard to the interests of a fund's shareholders, but shall not be under any further liability in respect of the breach.

Risk Management

DragonBack maintains the ultimate responsibility in defining and maintaining the risk control framework for each investment strategy, setting the appropriate risk parameters and continuously monitoring compliance of the each investment portfolio with its unique investment policy and the risk parameters set forth therein. The risk team continuously monitors each portfolio for its investment restrictions and has the power to intervene to ensure that investment limits and risk limits are maintained.

A comprehensive risk policy has been put in place which deals with issues such as stop loss and VaR allocation, and prescribes the mechanism whereby limit excess, stop loss and VaR triggers are dealt with. The policy also sets out the methodologies used for risk measurement, monitoring and reporting as well as dealing with operational risk issues.

Risk analysis is performed on two levels:

- Desk Level where the portfolio managers perform their own risk assessment at the trade and strategy level. This level of analysis involves setting of risk budgets, risk/reward analysis, country/sector/stock concentrations, liquidity analysis and stop losses allocation.
- Higher Level performed by the DragonBack risk control group ("Risk Control"). Risk Control is achieved under the auspices of the Risk Control Committee ("RCC"). The head of Risk Control chairs the RCC, which meets regularly to appraise the risks facing each of the portfolio strategies. The RCC has responsibility, through the head of Risk Control, for all aspects of risk policy including limit setting and policies and procedures. All members of the RCC and all portfolio managers receive a daily report showing VaR, stress loss estimates, country/sector/stock concentrations and liquidity concentrations. Moreover, senior management also receives frequent risk commentary and subjective assessment of each portfolio's risk profile.

There is a two-tier mechanism in place with respect to limits:

- Portfolio managers set their own limits and apply them to individual positions and strategies within their fund.
- Risk Control guidelines apply at the fund level and the head of Risk Control would not be expected to get involved should a portfolio manager breach his own on-desk limits. It is only if fund level guidelines are breached or expected to be breached that the head of Risk Control gets involved.

Risk exposure is measured and monitored by DragonBack's independent Risk Control Function with guidelines set for stop loss, VaR, liquidity, sector/stock concentration, borrow etc. Stop loss and VaR is monitored at fund level with trigger levels in place at 50%, 75% and 95% of guidelines and with defined action plans as to next steps in the event of a trigger limit breach.

B. Material, Significant, or Unusual Risks Relating to Investment Strategies

Investments in undervalued securities. The Funds may invest in securities that DragonBack believes to be undervalued. The identification of investment opportunities in undervalued securities is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. While investments in undervalued securities offer the opportunity for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from the Fund's investments may not adequately compensate for the business and financial risks assumed. In addition, the Fund may be required to hold such securities for

a substantial period of time before realising their anticipated value. During this period, a portion of the Fund's capital would be committed to the securities purchased, thus possibly preventing the Fund from investing in other opportunities.

Non-Investment Grade Securities. "Non-investment grade" securities (that is, rated Bal or lower by Moody's Investors Services or BB+ or lower by Standard & Poor's) are generally regarded as predominantly speculative with respect to the issuer's ability to pay interest and to repay principal in accordance with the terms of the obligations and involve major risk exposure to adverse conditions. Securities with a low credit rating generally offer a higher current yield than securities with a higher credit rating, but typically involve greater risk, as such securities are especially subject to adverse changes in general economic conditions, to changes in the financial condition of their issuers and to price fluctuations in response to changes in interest rates. During periods of economic downturn or rising interest rates, issuers of securities with a low credit rating may experience financial weakness that could adversely affect their ability to make payments of principal and interest and increase the possibility of defaults. Adverse publicity and investor perceptions, whether or not based on fundamental analysis, may also decrease the value and liquidity of securities with a low credit rating, especially in markets characterised by a low volume of trading.

Use of Borrowed Funds. The Funds may borrow on a secured or unsecured basis for any purpose, including to increase investment capacity, cover operating expenses and make redemption or distribution payments or for clearance of transactions. The interest expense and other costs incurred in connection with such borrowing may not be recovered by appreciation in the investments purchased or carried. Gains realized with borrowed funds may cause the Fund's Net Asset Value to increase at a faster rate than would be the case without borrowings. If, however, investment results fail to cover the cost of borrowings, the Fund's Net Asset Value could also decrease faster than if there had been no borrowings. In addition, unanticipated increases in applicable margin requirements could adversely affect the liquidity of the Fund and therefore adversely affect its performance.

Market Liquidity. A Fund may be adversely affected by a decrease in market liquidity for the instruments traded by the Fund (e.g., by impairing the Fund's ability to adjust its positions, balance sheet and risk in response to trading losses or other adverse developments). The size of the Fund's positions may magnify the effect of a decrease in market liquidity for the instruments traded by the Fund. Changes in the overall market leverage (e.g., deleveraging or liquidations by other market participants of the same or similar positions) may also adversely affect the Fund's positions.

Emerging Markets Risks. The Funds shall predominantly invest into Asian markets. Although market stability has improved and volatility has been reduced since the Asian crisis of 1997, investment into this geographical area still consists of certain risks. The Investment Manager shall undertake best efforts to minimize risks, however, it cannot be forecasted how markets in the Asia Pacific Region will develop. Furthermore, investment in any emerging market carries a higher risk than investment in developed markets; emerging markets may afford a lower level of legal protection to investors; some countries may place controls on foreign ownership; and some countries may apply accounting standards and auditing practices which may not conform with internationally accepted accounting principles, with the result that there may be less publicly available information.

Financial Leverage. The Funds may use financial leverage on their assets. Financial leverage includes buying securities on margin. In addition to direct borrowings from banks, DragonBack may employ strategies that include the use of financial leverage, such as the use of options, futures contracts and other derivative securities, or other forms of leverage or credit. The Funds may also engage in short sales. Short sellers routinely "borrow" securities to effect short sales, using margin accounts. Borrowing money to purchase a financial instrument may provide a Fund's portfolio with the opportunity for greater capital appreciation but at the same time will increase the portfolio's risk of loss with respect to that instrument. Although leverage increases returns to a Fund if it earns a greater return on the incremental investments purchased with the borrowed funds than it pays for such funds, the use of leverage decreases returns to the Fund if it fails to earn as much on such incremental investments as it pays for such funds. Other than any limitations which may be imposed by the

lenders there are no restrictions on a Fund's ability to borrow. A Fund may borrow money for the purposes of financing the satisfaction of a redemption request.

Interest Rate Risk. The Funds will be subject to interest rate risk both in respect of borrowings and any debt instruments in which a Fund may invest. Generally, the value of fixed income securities will change inversely with changes in interest rates. As interest rates rise, the market value of fixed income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed income securities tends to increase. This risk will be greater for long-term securities than for short-term securities. DragonBack may attempt to minimize the exposure of the Funds' portfolios to interest rate changes through the use of interest rate swaps, interest rate futures and/or interest rate options. However, there can be no guarantee that DragonBack will be successful in fully mitigating the impact of interest rate changes any given portfolio.

Financing Arrangements; Availability of Credit. There can be no assurance that DragonBack will be able to maintain adequate financing arrangements under all market circumstances. As a general matter, the dealers that provide financing to the Funds can apply discretionary margin, haircut, financing, security and collateral valuation policies. Changes by dealers in such financing policies, or the imposition of other credit limitations or restrictions, whether due to changed market circumstances or governmental, regulatory or judicial action, may result in large margin calls, the loss of financing, forced liquidation of positions at disadvantageous prices, termination of swap and repurchase agreements and cross-defaults in agreements with other dealers. Any such adverse effects may be exacerbated if such limitations or restrictions are imposed suddenly and/or by multiple market participants at or about the same time. The imposition of such limitations or restrictions could compel the Funds to liquidate all or part of its portfolio at disadvantageous prices. Recently, banks and dealers have substantially curtailed financing activities and increased collateral requirements, forcing many hedge funds to liquidate.

Suspension of Trading. Securities exchanges typically have the right to suspend or limit trading in any instrument traded on the exchanges. A suspension could render it impossible to liquidate positions and thereby expose Fund positions to losses.

Risk Control Framework. No risk control system is fail-safe, and no assurance can be given that the risk control framework designed and maintained by the Company will achieve its objective. To the extent that risk limits will be based upon historical trading patterns for the financial instruments in which the Funds trade and upon pricing models for the behaviour of such financial instruments in response to various changes in market conditions, no assurance can be given that such historical trading patterns will accurately predict future trading patterns or that such pricing models will necessarily accurately predict the manner in which such financial instruments are priced in financial markets in the future. Although all theories and valuation models applied are constantly challenged to ensure that the original thesis is correct they may, if proven wrong, not be as quickly discarded as to hinder materially adverse effects of such theories and models.

Counterparty and Credit Risk. To the extent that contracts for investment will be entered into between a Fund and a market counterparty as principal (and not as agent), whereby the financial instruments are not traded on an exchange but are instead traded between counterparties based on contractual relationships, the Funds will be subject to the risk that a counterparty will not perform its obligations under the related contracts. Although the Funds would to enter into transactions only with counterparties which have been approved by DragonBack under its counterparty evaluation process, and will pursue its remedies under any such contracts, there can be no assurance that a counterparty will not default and that a Fund will not sustain a loss on a transaction as a result.

Short Sales. The Funds may make short sales of any of the securities or other investments in which it may invest under the Investment Policy. A short sale is a transaction in which a company sells a security it does not own in anticipation that the price of that security will decline. When a Fund makes a short sale, it may either borrow the security sold short and deliver it to the broker to which it made the short sale as collateral for its obligation to deliver the security upon conclusion of the sale, or

effect the short sale as a sale of the security in the forward market. A Fund may be subject to losses if a security lender demands return of the lent securities and an alternative lending source cannot be found or if the Fund is otherwise unable to borrow securities which are necessary to hedge its positions.

Limitations of Hedging Techniques. The Company will employ various hedging techniques to reduce systematic and unsystematic risks. A substantial risk remains, nonetheless, that such techniques will not always be available and when available, will not always be effective in limiting losses.

Fluctuation in the Value of Currencies. The value of currencies may fluctuate. In certain countries, including many in Asia, the conversion of foreign currencies is based on rates set by the relevant Central Bank. Any significant changes in Central Bank policy or revaluation of the currency in such countries may materially and adversely affect the Funds cash flows, revenues, earnings and financial position, and the value of, and any dividends payable to, Funds. The exchange rates of currencies, particularly in developing economies, can be highly volatile, and the value may decline suddenly and materially as a result of political events, market disruptions, natural catastrophes, or terrorist activities.

Inflation. Some of the countries in which the Funds intend to invest have experienced extremely high rates of inflation for many years. Inflation and rapid fluctuations in inflation rates have had and may continue to have negative effects on the economies and securities markets of certain emerging countries. Therefore, the performance of the Funds could be affected by rates of inflation in countries in which the Funds invest.

Options Trading Involves Certain Inherent Risks. Trading volatility is one of the most complex of all financial strategies and requires significant quantitative and mathematical resources and capabilities. The pricing of options involves a wide variety of factors - including the variability of interest rates, the time to expiry, the price of the underlying, the volatility of the underlying and general market sentiment. Not only will different traders differ among themselves concerning the correct theoretical value for a given option, but also actual and theoretical values may diverge for extended periods of time. Purchasing options involves the systematic risk that the instruments underlying the option will not change price in the manner expected, so that the investor loses its premium. Selling options involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security rather than only the premium payment received, which could result in a potentially unlimited loss. There can be no assurance the DragonBack will correctly value its options positions or that the market will, in fact, regress to theoretical values; consequently, substantial losses could be incurred by the Funds.

- **Risks Relating to the Volatility of Options.** Options are often quoted in terms of implied volatility. This generally means the annualised percentage change in the underlying, for a one standard deviation move. When the options imply a higher volatility than ultimately occurs, and the measurement of the volatility corresponds to the same periodicity as the portfolio's flattening of its market exposure, an investor will earn less than the treasury rate (all else being equal). Even if individual equities are more volatile than expected, a Fund could suffer losses from increased diversification in the index, resulting in less than expected movement in the index. While volatility can create profit opportunities for a Fund, it can also result in a Fund incurring significant losses.
- **Risks Relating to the Time Value of Options.** The longer the duration of an option, the greater its value. As an option nears expiry, its true value declines at an accelerating rate. The longer-dated options tend to be far less liquid than near-term (three months or less) options. Certain trades which DragonBack may execute for a Fund will value longer-dated options. These trades will potentially generate substantial premium income and/or result in substantial gains from long positions held by a Fund, but have material incremental liquidity risk.
- **"Pin Risk".** Concentrated equity option positions become more risky at expiry if the underlying security is trading at or near the strike price because the underlying option's

sensitivity to the underlying security can change from zero to one for one over small changes in the underlying security. This results in a difficult portfolio management environment. Similarly, if an option closes right at strike, a Fund could lose the entire premium on the option and possibly additional money on its hedge.

- **Interest Rate Risk.** Prevailing interest rates are a principal component of options pricing such as options conveying the right to buy or sell the referenced asset without having to pay the purchase price (in the case of a long position) or receiving the sale price (in the case of a short position). Consequently, unexpected changes in interest rates can result in a Fund incurring significant losses, even though the Fund had otherwise established what would have been a profitable option position. DragonBack's strategies generally do not attempt to forecast interest rates; therefore, changes in such rates are risks to which the Funds are exposed without such risks being directly incorporated into the investment adviser's strategies.

Duration of Investment Positions. DragonBack may not know, except in the case of certain derivatives positions which have pre-established expiration dates, the maximum, or even the expected (as opposed to optimal), duration of any particular position at the time of initiation. The length of time for which a position is maintained may vary significantly, based on DragonBack's subjective judgment of the appropriate point at which to liquidate a position so as to augment gains or reduce losses. The Funds' transactions involve acquiring related positions in a variety of different instruments or markets at or about the same time. Frequently, optimizing the probability of being able to exploit the pricing anomalies among these positions requires holding periods of significant length. Actual holding periods depend on numerous market factors which can both expedite and disrupt price convergences. There can be no assurance that a Fund will be able to maintain any particular position, or group of related positions, for the duration required to realize the expected gains, or avoid losses, from such positions.

Arbitrage and Spread Trading Risks. Arbitrage and spread strategies attempt to take advantage of perceived price discrepancies of identical or similar financial instruments, on different markets or in different forms. To the extent the price relationships between such positions remain constant, no gain or loss on the positions will occur. If the requisite elements of an arbitrage strategy are not properly analysed, or unexpected events or price movements intervene, losses can occur which can be magnified to the extent a strategy is employing leverage. Arbitrage strategies often depend upon identifying favorable "spreads" which can also be identified, reduced or eliminated by other market participants. In periods of trendless, stagnant markets and/or deflation, many alternative investment strategies have materially diminished prospects for profitability.

Volatility Arbitrage. Volatility trading seeks to identify and exploit relative mis-pricings in general volatility levels, skew and term structure across markets. DragonBack may evaluate volatility through the use of statistical models, as well as analysis of capital structure, event catalysts and the structured products markets. DragonBack may employ strategies designed to exploit both single security volatility as well as index volatility. Volatility arbitrage strategies employed by DragonBack may subject the Funds to various types of risks, including market risk, the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty, operational risk, and risks related to the use of leverage and DragonBack's ability to identify and successfully pursue investment opportunities.

Relative Value. The success of a relative value investment strategy depends on a manager's ability to identify and exploit perceived inefficiencies in the pricing of securities, financial products, or markets. Identification and exploitation of such discrepancies involve uncertainty. There can be no assurance that DragonBack will be able to locate investment opportunities or to exploit pricing inefficiencies in the securities markets. A reduction in the pricing inefficiency of the markets in which DragonBack seeks to invest will reduce the scope for DragonBack's investment strategies. In the event that the perceived mis-pricings underlying Fund positions were to fail to converge toward, or were to diverge further from, relationships expected by a manager, the Fund may incur losses. A Fund's relative value investment strategy may result in high portfolio turnover and, consequently, high transaction costs. In

addition, a Fund's relative value strategy is designed to be uncorrelated with respect to the movements in equity markets and risk-free interest rates. Depending upon the investment strategies employed and market conditions, unforeseen events involving such matters as political crises, or changes in currency exchange rates or interest rates, forced redemptions of securities, or general lack of market liquidity may have a material adverse effect on a Fund.

Stock Indices and Related Derivatives. The use of options on stock indices and stock index futures contracts as hedging devices involves several risks. No assurance can be given that a correlation will exist between price movement in the stock index and price movements in the securities that are the subject of the hedge. Positions in futures contracts may be closed out only on the exchange on which they were entered into or through a linked exchange. In addition, although a Fund would enter into futures contracts only if an active market exists for the contracts, no assurance can be given that an active market will exist for the contracts at any particular time. Certain exchanges do not permit trading in particular contracts at prices that represent a fluctuation in price during a single day's trading beyond a certain set limit. If prices fluctuate during a single day's trading beyond those limits, the Funds could be prevented from promptly liquidating unfavourable positions and thus be subject to losses.

Convertible Securities. Convertible securities are bonds, debentures, notes, preferred stocks, or other securities that may be converted into or exchanged for a specified amount of common stock of the same or different issuer within a particular period at a specified price or formula. A convertible security entitles the holder to receive interest that is generally paid or accrued on debt or a dividend that is paid or accrued on preferred stock until the convertible security matures or is redeemed, converted or exchanged. Convertible securities have unique investment characteristics in that they generally: (a) have higher yields than common stocks, but lower yields than comparable non-convertible securities; (b) are less subject to fluctuation in value than the underlying common stock due to their fixed-income characteristics; and (c) provide the potential for capital appreciation if the market price of the underlying common stock increases. A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument. If a convertible security held by a Fund is called for redemption, the Fund will be required to permit the issuer to redeem the security, convert it into the underlying common stock, or sell it to a third party. Any of these actions could have an adverse effect on DragonBack's ability to achieve the investment objective of the Fund.

Sovereign Debt. The Funds may invest in non-US government debt securities, which include debt obligations issued or guaranteed by national, state or provincial governments, political subdivisions or quasi-governmental or supranational entities. Non-US government debt securities may involve a high degree of risk, and governmental entities may default on or restructure their obligations. Certain sovereign debt may have non-investment grade ratings or be in distress or even default. Governments intervene from time to time in the markets by changing the interest rates payable on their sovereign debt.

Model Risk and Market Judgment. DragonBack may utilize quantitative valuation models in implementing the Funds' investment strategies. As market dynamics shift over time, due to factors such as changed market conditions and participants, a previously highly successful model could become outdated or inaccurate, perhaps without DragonBack recognizing that fact before substantial losses are incurred. There can be no assurance that DragonBack will be successful in developing and maintaining effective quantitative models. Although DragonBack uses quantitative valuation models in evaluating the economic components of certain prospective trades, DragonBack's quantitative strategies are by no means wholly systematic; the market judgment and discretion of DragonBack's personnel are fundamental to the implementation of these strategies.

Specific Risks Associated with Investing in China.

Economic and Social Considerations. The economy of China differs from that of most countries in such respects as structure, level of government involvement, level of development, growth rate level,

control of capital flow and allocation of resources. Prior to the start of China's economic reform in 1978, China was a planned economy subject to long-term plans adopted by the Chinese government, which specified production and development targets. Under the economic reforms, increasing emphasis has been placed on decentralization, the utilization of market forces in the development of the Chinese economy and a higher level of management autonomy. The progress of these reforms has not been consistent across various industries, regions or over time. China's state-owned enterprises still account for a substantial portion of the Chinese industrial output and the level of government involvement in economic policy is still greater than that in most market economies. However, the Chinese government has substantially reduced the level of control that it exercises over the economy through state planning and other measures and has increasingly relied on market mechanisms to allocate resources, and there is an increasing degree of economic liberalization and autonomy.

Notwithstanding the above, China is a socialist state controlled by the Communist Party of China and its present reforms, policies and regulatory climate may change without advance notice.

Legal Considerations. Most laws and regulations governing corporations and securities in China have been introduced relatively recently and are in the early stages of development. China currently has a civil law system that relies heavily on written statutes. Decisions made by the judicial courts are not considered binding precedent under the law. In addition, due to the limited volume of published cases and the non-binding nature of prior court decisions, interpretation and implementation of such laws and regulations and the enforcement of shareholders' rights under such laws and regulations involve significant uncertainties. Further, there are differences between China's accounting and auditing standards, reporting practices and disclosure requirements and those generally accepted internationally. In general, less audited information is available for Chinese companies than for companies in more developed countries.

Foreign Exchange Control and Currency Conversion Risk. The State Council of China announced on 28 December 1993 that the state-set official exchange rate was to end with effect from 1 January 1994, in a move to reform its foreign exchange rate system toward a market-determined, managed floating regime. Renminbi is now permitted to float within a designated range on the basis of supply and demand under the supervision and control of the People's Bank of China which announces on every banking day an exchange rate for Renminbi based on the previous day's dealings in the inter-bank market. As with some other Asian emerging economies, periods of inflationary pressures may have an adverse effect on relative currency valuations. According to the revised Foreign Exchange Control Regulations which took effect from 14 January 1997, China does not impose restrictions on current account transactions.

Enterprises in mainland China are permitted to purchase foreign exchange at authorised foreign exchange banks for current account transactions, subject to obtaining requisite approvals upon presentation of the appropriate documents evidencing the transaction. The accounts of the Company will be denominated in US Dollars, whilst the Company's investments may be denominated in Renminbi (which is not, as yet, a freely convertible currency), Hong Kong Dollars or other currencies. Accordingly, investment in the Company or dividend payments from the Company, if any, will be subject to fluctuations in both the US dollar/Renminbi, US dollar/HK dollar and other exchange rates as well as prices of the Company's assets. There can be no assurance that the Renminbi will not be subject to devaluation or revaluation or that shortages in the availability of foreign currency will not develop. In addition to the possible devaluation or revaluation of the Renminbi, there can be no assurance that the US dollar/HK dollar peg will be maintained within the current limited range or at all, and accordingly there is also a risk that fluctuations in the value of the Hong Kong dollar will affect the Company's investments in the event the peg is abandoned, since a portion of its investments will be quoted in Hong Kong dollars.

QFII Considerations. Under the prevailing regulations in China, foreign investors can only invest in the A share market through institutions that have obtained Qualified Foreign Institutional Investor status ("QFII") in China. The Company is not a QFII, but may invest indirectly in the "A" share market by purchasing equity linked products including, but not limited to, equity linked notes and

participatory notes offered by QFIIs. Should the Company decide to invest in “A” shares via quotas of third party QFIIs, all “A” shares acquired by a QFII are registered in the name of such QFII or its local custodian in China in accordance with Chinese law, and maintained in electronic form via a securities account with the China Securities Depository and Clearing Corporation Limited.

“A” shares held by a QFII for the account of the Company may not be segregated from other “A” shares held by the QFII for its own account or for the account of the QFII's other customers.

Accordingly, the assets of the Company represented by “A” shares may not be as well protected, in the event of the QFII's default, from claims of the QFII's other general creditors. In addition, the QFII may be required to use the “A” shares held for the account of the Company for the account of any of the QFII's other customers participating in the QFII arrangement for the purposes of settling trades entered into by those other customers.

Equity linked products are exchange-listed equity instruments that are designed to mirror the returns on the underlying “A” shares. The products are subject to special rules governing the pass-through of dividends to the holders of the products. It is important to note, however, that the holders of equity linked products have no legal, beneficial or proprietary interest in or to the underlying “A” shares. The Company will invest in equity linked products that reflect price appreciation / depreciation and dividend payments in respect of the underlying Chinese securities but such products may not reflect the full economic benefits of holding the underlying Chinese securities, such as voting rights at meetings of the holders of such Chinese securities.

There are rules and restrictions under current QFII regulations including rules on investment restrictions, minimum investment holding period and rules on repatriation of principal and profits. QFII regulations on investments apply to the quota granted to a QFII as a whole and not simply to investments made by the Company. Thus, investors should be aware that violations of the QFII regulations on investments arising out of activities related to portions of the quota of a third party QFII through whom the Company invests other than those which are utilised by the Company could result in the revocation of or other regulatory action in respect of the quota of such QFII as a whole, including any portion utilised by the Company.

Investments in “A” shares or equity-linked products through third party QFIIs will usually be made in US dollars and not in Renminbi, although the funds will be converted into Renminbi in the case of direct investment in “A” shares through an “A” share account. The Company will be exposed to any fluctuation in the exchange rate between US dollars and Renminbi. Under the QFII regulations there are foreign exchange control restrictions imposed on the repatriation of principal or profits by a QFII. The Company may be restricted from withdrawing funds from its “A” share account until and unless the third party QFII is permitted to repatriate its funds. The Funds may be exposed to potential loss from any restriction or delay in the QFII's ability to convert US dollars from or into Renminbi and/or to repatriate funds from China.

ITEM 9 DISCIPLINARY INFORMATION

There are no legal or disciplinary events that are material to a client or prospective client evaluation of DragonBack's advisory business or the integrity of DragonBack's management.

ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. Broker-Dealer Registration Status

DragonBack and its management persons are not registered as broker-dealers and do not have any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer.

B. Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Adviser Registration Status

DragonBack and its management persons are not registered as, and do not have any application to register as, futures commission merchants, commodity pool operators, commodity trading advisors or associated persons of the foregoing entities. Should regulatory changes in the United States dictate registration with the CFTC and the NFA, DragonBack will register accordingly.

C. Material Relationships or Arrangements with Industry Participants

DragonBack may be considered to have affiliations with the following companies and people:

Double Haven Capital Management Limited and affiliates

Daryl Flint is the owner of Double Haven Capital Management Limited and its affiliates (“Double Haven Capital”). Under an advisory agreement with DragonBack, Mr. Flint and his employees work for both Double Haven Capital and DragonBack. Double Haven Capital executes trades as DragonBack and DragonBack is responsible for all post-trade matters including, but not limited to settlement, reconciliation, and performance calculations. DragonBack is liable for the investment decisions made by Mr. Flint and Double Haven Capital.

Sharp Peak Capital Management (Cayman) Limited and affiliates

The portfolio managers of Sharp Peak Capital Management (Cayman) Limited and its affiliates (“Sharp Peak Capital”) are Nils Razmilovic, Jonathan Hodgson and Jean-Guy Renard. Sharp Peak Capital’s employees work for both Sharp Peak Capital and DragonBack. Sharp Peak Capital executes trades as DragonBack and DragonBack is responsible for all post-trade matters including, but not limited to settlement, reconciliation, and performance calculations. DragonBack is liable for the investment decisions made by Sharp Peak Capital.

Tempus Capital Management Limited and affiliates

Tempus Capital Management Limited and its affiliates are beneficially owned by John Schofield, Philip Gray, and Martin Ho Ming Ching (“Tempus Capital”). Under an advisory agreement with DragonBack, Tempus Capital employees work for both Tempus Capital and DragonBack. Tempus Capital executes trades as DragonBack, and DragonBack is responsible for all post-trade matters including, but not limited to settlement, reconciliation, and performance calculations. DragonBack is liable for the investment decisions made by Tempus Capital.

D. Material Conflicts of Interest Relating to Other Investment Advisers

Because DragonBack is affiliated with multiple management companies, conflicts of interest may be deemed to exist. These conflicts are described fully above at Item 6 and Item 10(C) above.

ITEM 11
CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND
PERSONAL TRADING

A. Code of Ethics

DragonBack has established a comprehensive Code of Ethics (the "Code of Ethics") which is distributed to each employee each fiscal year and updated periodically throughout the year as deemed necessary by DragonBack. The Code of Ethics focuses on a wide range of important considerations including, but not limited to: outside activities, potential conflicts of interest, confidentiality, disciplinary matters, dealing with government and other regulatory bodies, personal trading, insider trading and prohibited transactions. Investors or prospective investors may request a copy of the Code of Ethics by contacting DragonBack at the address or telephone number listed on the first page of this document.

B. Securities in Which the Investment Adviser or a Related Person Has a Material Financial Interest

Cross Trades

DragonBack may determine that it would be in the best interests of certain Funds to transfer a security from one Fund to another (each such transfer, a "Cross Trade") for a variety of reasons, including, without limitation, tax purposes, liquidity purposes, to rebalance the portfolios of the Funds, or to reduce transaction costs that may arise in an open market transaction. If DragonBack decides to engage in a Cross Trade, DragonBack will determine that the trade is in the best interests of each Fund involved in it and take steps to ensure that the transaction is consistent with the duty to obtain best execution for each of those Funds.

DragonBack generally executes Cross Trades with the assistance of a broker-dealer who executes and books the transaction at the close of the market on the day of the transaction. Alternatively, a Cross Trade between two Funds may occur as an "internal cross", where DragonBack instructs the custodian for the Funds to book the transaction at the price determined in accordance with DragonBack's valuation policy. If DragonBack effects an internal cross, DragonBack will not receive any fee in connection with the completion of the transaction.

C. Investing in Securities That the Investment Adviser or a Related Person Recommends to Clients

DragonBack and its affiliates and their employees may invest for their personal accounts in securities or instruments in which the Funds are also invested. DragonBack may also recommend to the Funds securities or instruments in which it or its affiliates or their employees are already invested. Conflicts of interest may arise if DragonBack, its affiliates or employees recommend a particular transaction because of a financial interest held by any such person in such securities. As mentioned above in Item 11A, DragonBack has implemented policies, relating to personal account trading by its employees, owners, directors and related persons designed to reduce, monitor and resolve conflicts of interest presented by such trading activities and to ensure such trading activities are carried out in accordance with applicable law and regulatory requirements. For example, DragonBack's access persons are subject to DragonBack's personal trading pre-clearance policy, which is designed generally to prevent access persons from transacting in certain securities of issuers at or about the same time that DragonBack recommends the securities to the Funds.

DragonBack has established policies and procedures to monitor and resolve conflicts with respect to investment opportunities in a manner it deems fair and equitable, including regular monitoring of employee transactions and trading patterns for actual or perceived conflicts of interest, including those

conflicts that may arise as a result of personal trades in the same or similar securities made at or about the same time as Client trades.

ITEM 12 BROKERAGE PRACTICES

A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions

DragonBack has full discretionary authority to manage the Funds, including authority to make decisions with respect to which securities are bought and sold, the amount and price of those securities, the brokers or dealers to be used for a particular transaction and commissions or markups and markdowns paid. DragonBack's authority is limited by its own internal policies and procedures and each Client's investment guidelines.

Portfolio transactions for each Client are allocated to brokers and dealers on the basis of numerous factors and not necessarily lowest pricing. In selecting an appropriate broker-dealer to effect a trade, DragonBack seeks to obtain best execution, taking into consideration the price of a security offered by the broker-dealer, as well as a broker-dealer's full range and quality of its services including, among other things, its facilities, reliability and financial responsibility, execution capability, commission rates, responsiveness to DragonBack, brokerage and research services provided to DragonBack (e.g., research ideas, analysis, and investment strategies), special execution and block positioning capabilities, clearance, and settlement and custodial services.

1. Research and Other Soft Dollar Benefits

DragonBack does not trade in the US Securities markets. Should DragonBack pay broker-dealer commissions (or markups or markdowns with respect to certain types of riskless principal transaction) for effecting transactions on US markets in excess of that which another broker-dealer might have charged for effecting the transaction in recognition of the value of the brokerage and research services provided by the broker-dealer. DragonBack will effect such transactions, and receive such brokerage and research products and services to the extent that they fall within the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934 and subject to prevailing guidance provided by the SEC regarding Section 28(e).

2. Brokerage for Client Referrals

Neither DragonBack nor any related person receives client referrals from any broker-dealer or third party. However, as discussed above, subject to best execution, DragonBack may consider, among other things, capital introduction and marketing assistance with respect to investors in the Funds in selecting or recommending broker-dealers for the Funds.

3. Directed Brokerage

DragonBack does not recommend, request or require that a Fund direct DragonBack to execute transactions through a specified broker-dealer.

B. Order Aggregation

DragonBack has implemented information barriers between all of its investment strategies and does not aggregate or allocate orders between strategies. Each of the Management Companies are in passcode protected spaces with separate entrances. Each of the Management Companies implements its own strategy without knowledge of the other strategies. DragonBack operations are physically segregated from and operate independently of the Management Companies.

ITEM 13 REVIEW OF ACCOUNTS

A. Frequency and Nature of Review of Client Accounts or Financial Plans

DragonBack performs various periodic reviews of each Client's portfolio. Such reviews are conducted by the members of DragonBack's management committee, portfolio managers and research associates.

B. Factors Prompting Review of Client Accounts Other than a Periodic Review

A review of a Client account may be triggered by any unusual activity or special circumstances.

C. Content and Frequency of Account Reports to Clients

DragonBack generally provides annual audited financial statements to its Fund investors within 120 days of the applicable Fund's fiscal year end. Investors in the Funds receive a monthly letter from DragonBack documenting the performance of their Fund, along with a commentary by DragonBack, although DragonBack may provide certain investors with information on a more frequent and detailed basis if agreed to by DragonBack. In addition, DragonBack issues investors tax reports concerning their respective Funds within 120 days of the end of the Fund's fiscal year.

ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION

A. Economic Benefits for Providing Services to Clients

DragonBack does not receive economic benefits from non-clients for providing investment advice and other advisory services.

B. Compensation to Non-Supervised Persons for Client Referrals

DragonBack and its affiliates do not currently have placement agents nor do they currently intend to engage any placement agents.

ITEM 15 CUSTODY

DragonBack does not have custody of assets for purposes of SEC regulation. Under Hong Kong regulation, DragonBack is not allowed to have any contact with "client assets," which includes the inability to deduct advisory fees or otherwise handle assets. All of DragonBack's fees are deducted by a custodian.

Notwithstanding the above, DragonBack subjects each Fund to an audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and distributes Fund audited financial statements to all investors within 120 days of the end of its fiscal year.

ITEM 16
INVESTMENT DISCRETION

DragonBack has entered into an investment management agreement, or similar agreement, with each Fund and management company with which it works pursuant to which the scope of discretionary investment authority is allocated. (See Items 4 and 10 for additional details.) It is deemed to have investment discretion over all of the Funds.

DragonBack's specific investment decisions and advice with regard to any Fund is subject to the Fund's investment restrictions and guidelines which are set forth in the relevant Fund's offering documents.

ITEM 17
VOTING CLIENT SECURITIES

As stated above, DragonBack does not trade in the United States. To the extent it would engage in such trading in the future, DragonBack will adopt proxy voting policies and procedures consisted with Rule 206(4)-6 under the Investment Adviser's Act of 1940.

ITEM 18
FINANCIAL INFORMATION

DragonBack is not required to include a balance sheet for its more recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual requirements to its Funds and has not been the subject of a bankruptcy petition at any time during the past 10 years.