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SandPointe, LLC
Part 2A of Form ADV
The Brochure

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This brochure provides information about the qualifications and business practices of SandPointe, LLC (“SandPointe” or the “Adviser”). If you have any questions about the contents of this brochure, please contact our Chief Compliance Officer and Chief Financial Officer (“CCO and CFO”) Rob Robinson at (561) 501-1100. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

SandPointe is registered as an investment adviser with the United States Securities and Exchange Commission (“SEC”) under the Investment Advisers Act of 1940 (the “Advisers Act”). Registration as an investment adviser with the SEC does not imply a certain level of skill or training. In addition, the information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

Item 2: Material Changes

Not applicable.

Item 3: Table of Contents

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Item 4: Advisory Business

SandPointe is an independent asset management firm formed under the laws of the state of Delaware as a limited liability company in May 2013. SandPointe is majority owned by Mr. Dennis R. Hammond, President and Chief Executive Officer (the “CEO”).

SandPointe serves as investment adviser and provides discretionary advisory services to private pooled investment vehicles intended for institutional investors and other sophisticated investors. Currently SandPointe provides investment advisory services to SandPointe Master Fund, Ltd. (the “Master Fund”), SandPointe Fund, LLC (the “Domestic Fund”) and SandPointe Fund, Ltd. (the “Offshore Fund”) (collectively the “Funds”). The Funds are organized in a “master-feeder” structure and the Domestic Fund and the Offshore Fund (the “Feeder Funds”) invest substantially all of their assets in the Master Fund. The Master Fund and Offshore Fund are each organized as a Cayman Islands exempted company. The Domestic Fund is organized as a Delaware limited liability company.

The Funds are private investment funds that are offered to financially sophisticated individual and institutional investors. In providing such services to the Funds, SandPointe formulates its investment objective, and directs and manages the investment and reinvestment of each Fund’s

assets. Investment advice is provided directly to each Fund and not individually to the investors in any Fund. SandPointe manages the assets of each Fund in accordance with the terms of the governing documents applicable to each Fund.

Interests in the Funds are not registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), and the Funds are not registered under the Investment Company Act of 1940, as amended (the “Investment Company Act”). Accordingly, interests in the Funds are offered and sold exclusively to investors satisfying the applicable eligibility and suitability requirements in private transactions within the United States or to non-US investors in private transactions outside the United States.

The Funds’ dual objectives are to achieve long-term, risk-adjusted appreciation after fees, while providing protection against extreme “left tail” loss events. SandPointe will seek to achieve these objectives by developing and linking a set of proprietary investment strategies/tactics within a dynamic portfolio model. SandPointe’s investment strategy is set forth more fully in each Fund’s governing documents.

SandPointe may also provide investment advisory services with respect to certain separately managed accounts (“Accounts”). Such Accounts and the Funds (collectively “the Clients”) may have investment objectives or may implement investment strategies that are identical to, substantially similar to or different from each other. Accordingly, these Accounts may invest in the same investments as the Funds.

SandPointe provides advice to the Accounts based on specific investment objectives and strategies. Under certain limited circumstances, SandPointe may agree to tailor advisory services to the individual needs of Clients and in such circumstances, Clients may impose restrictions on investing in certain investments or may work with SandPointe to establish risk parameters or impose position limitations on such client’s Account.

As of the date of this Brochure, SandPointe has approximately \$6,574,611 in regulatory assets under management on a discretionary basis.

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Item 5: Fees and Compensation

The Master Fund will pay a monthly Management Fee and quarterly Incentive Allocation. Detailed information regarding fees is included in each Fund’s governing documents. Because this brochure will be delivered only to qualified purchasers as defined in section 2(a)(51) of the Investment Company Act of 1940, a complete description of SandPointe’s compensation arrangements is not required to be included in this brochure.

Other Fund Fees and Expenses

In addition to SandPointe’s fees, investors will bear indirectly the fees and expenses charged to the Funds. Each Feeder Fund sets forth its specific fee structure (including how it charges fees) along with the additional operational expenses in its governing documents. Fees and expenses that are typically borne by the Feeder Funds generally include, without limitation: (i) brokerage

commissions and other costs of executing transactions, including externally incurred costs of establishing computer and systems connections with the Funds' brokers and counterparties; (ii) the installation, implementation and maintenance of order management and execution management systems and software; (iii) investment expenses and all other expenses (including all commissions, clearing fees, valuation and portfolio pricing, interest charges, financing charges and applicable withholding and other taxes) related to the purchase, sale, transmittal or custody of trading assets and related items; (iv) the costs of trading, research and/or data screens, as well as risk management and data services and systems (including, without limitation, the costs of utilizing and/or supporting risk-reporting technology required by consultants retained by or on behalf of institutional investors); (v) legal, auditing and other professional fees and expenses; (vi) any taxes and duties payable in any jurisdiction in connection with the Funds' trading and operations; (vii) fees in connection with the custody of the Funds' assets; (viii) insurance premiums (including, without limitation, Errors & Omissions, Directors & Officers and general liability insurance, including for SandPointe and the Funds' directors; (ix) legal, accounting, auditing and other professional fees and expenses, including, without limitation, the costs of negotiating trade-related and account-specific counter-party documentation, and risk, intellectual property-related, and other consulting fees that are related to the Funds and their operations; (x) administrative costs (including the fees and out-of-pocket expenses of the Fund administrator and its agents as well as any other third-party administrator which SandPointe may select for the Funds), establishing computer and systems connectivity with the Fund administrator; (xi) any other operating or administrative expenses related to accounting, research, third-party consultants and reporting that are related to the Funds and their operations; (xii) costs and expenses relating to the Funds' and the SandPointe's U.S. and non-U.S. registration, regulatory and self-regulatory filings (including, without limitation, Forms 13D, 13F, 13G, 13H, PF, ADV and CPO-PQR, and other filings and reports the preparation and submission of which currently or in the future may be required of SandPointe under applicable law), reporting, registrations and investorships, compliance, including, without limitation, costs of compliance programs, third-party compliance consultants, actual and "mock" examinations, regulatory and governmental inquiries, subpoenas and proceedings (in each case, whether involving the Funds or SandPointe in its capacity as investment manager of the Funds); (xiii) the Funds' *pro rata* share of the annual fees and expenses of the directors of the Master Fund and Offshore Fund; (xiv) costs associated with the ongoing offering of interests in the Feeder Funds; (xv) any indemnification payments; and (xvi) the costs and fees attributable to any third-party proxy voting service or consultant that provides advice to SandPointe in relation to the operation of the Funds.

The Funds are organized in a "master-feeder" structure, so the Feeder Funds will bear a pro-rata share of the expenses associated with the Master Fund. Fees and expenses paid to third parties in connection with the acquisition or disposition of investments are borne by the Funds. Virtually all expenses, including the Management Fee and Incentive Allocation, will be incurred at the Master Fund level.

Notwithstanding the general fee structure described above, SandPointe may negotiate different fee structures with certain Fund investors. Such negotiations and agreements are typically governed by separate agreements commonly referred to as "side letters". SandPointe reserves the

right, but does not have the obligation, to negotiate or waive fees as well as other investor terms and conditions.

Separately Managed Accounts

As stated under the Advisory Business section above, SandPointe may also provide investment advisory services to certain Accounts. Fees/expenses can vary based on the size of each Account and/or strategy/investment objective and will be described in detail in the governing documents applicable to each Account.

Item 6: Performance Based Fees and Side-by-Side Management

The Master Fund is subject to an Incentive Allocation which is based on the appreciation over a high watermark attributable to each series of shares as of the last calendar day of each calendar quarter as well as upon redemptions. Other Accounts may be subject to similar performance based compensation arrangements.

Incentive Allocation arrangements may create an incentive for SandPointe to make investments on behalf of the Funds that are riskier or more speculative than would be the case in the absence of such compensation. In addition, calculation of Incentive Allocation earned is, in part, based on unrealized gains that may never materialize.

Item 7: Types of Clients

SandPointe provides investment advisory services exclusively to the Funds. Investment in the Funds is limited to investors that meet certain financial sophistication requirements. Investors in the Funds must be non-United States persons or United States persons who are both (i) “accredited investors” within the meaning of Regulation D under the Securities Act of 1933, as amended; and (ii) “qualified purchasers” within the meaning of the Investment Company Act of 1940, as amended. Prospective investors may be required to meet additional suitability requirements.

The minimum subscription that will be accepted from a new investor in either of the Feeder Funds is \$3,000,000. The general partner or directors of each Fund, in their sole discretion, may waive or reduce these minimums.

As stated under the Advisory Business section above, SandPointe may also provide investment advisory services with respect to certain Accounts.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

SandPointe seeks to achieve long-term, risk-adjusted appreciation after fees, while providing protection against extreme “left tail” loss events. SandPointe will seek to achieve these

objectives by developing and linking a set of proprietary investment strategies/tactics within a dynamic portfolio model. Achieving broad diversification is SandPointe's primary goal. In an attempt to achieve enhanced diversification, SandPointe constructs a number of different investment strategies and tactics, in addition to traditional investment approaches, and allocates and reallocates the Funds' portfolio dynamically among the foregoing.

SandPointe focuses on the global equity markets, including individual equity securities, exchange traded products and equity derivatives such as futures and options. In addition, SandPointe will deploy overlay tactics in the fixed income and commodity futures and options markets. All investments will initially be made on exchanges with mark-to-the-market pricing, and will be made in liquid securities, to the extent practicable. In the future, however, SandPointe may invest in instruments that are traded off-exchange in the over-the-counter ("OTC") market. SandPointe may also invest in short-term debt securities and money market instruments. SandPointe plans to use economic leverage in its investment program, and may employ risk-adjusted margin financing arrangements.

Investing in securities involves risk of loss that investors should be prepared to bear. The investment strategy offered by SandPointe could lose money over short or long periods of time. The investment strategy also involves frequent investments which may result in higher portfolio turnover and higher transaction costs. An investment in the Funds is speculative and is not intended as a complete investment program. It is designed for sophisticated investors who fully understand and are capable of bearing the risk of an investment in the Funds. No guarantee or representation is made that the Funds will achieve their investment objectives or that investors or Funds will receive a return of their capital. Investors in the Funds should review in detail the governing documents relating to each Fund prior to making an investment in the Funds.

Risks and potential conflicts of interest include, but are not limited to, the following:

General Risks

Potential Loss of Investment. An investment in a Fund involves a high degree of risk. SandPointe cannot assure any investor that their investment objective will be achieved or that such investor will not lose all their investment. Alternative investment strategies are subject to a "risk of ruin" to which traditional, unleveraged, long-only strategies are not. The use of leverage not only increases the risk of loss but also makes a strategy dependent on the willingness of brokers and dealers to continue to extend credit.

From time to time in the past, alternative investment strategies which had been consistently profitable for a matter of years have incurred sudden and total losses in a matter of days. The returns of the Funds will be based both on the performance of the individual strategies and SandPointe's allocation of Fund assets among the strategies. Even if one or more strategies are successful, the Funds may still suffer overall losses, depending on the proportion of Fund assets allocated to each strategy.

Operational Risks. The strategies employed by SandPointe are highly dependent on information systems and technology. Any failure or deterioration of these systems or technology

due to human error, data transmission failures or other causes could materially disrupt SandPointe's operations.

A disaster or a disruption in the infrastructure that supports SandPointe's business, including a disruption involving electronic communications or other services used by it or third parties with whom it conducts business, or directly affecting one of its offices or facilities, may have a material adverse effect on its ability to continue to operate the business without interruption. Although SandPointe has back-up facilities for its information systems as well as technology and business continuity programs in place, there can be no assurance that these will be sufficient to mitigate the harm that may result from such a disaster or infrastructure disruption. In addition, insurance and other safeguards might only partially mitigate the effects of such a disaster or disruption.

SandPointe relies on third-party service providers for certain aspects of its business, including certain financial operations of the Funds. Any interruption or deterioration in the performance of these third parties could impair the quality of the Funds' operations and negatively impact the investment strategies employed by SandPointe.

Strategy Risks

Model Risk. Certain of the strategies employed by SandPointe are highly dependent on quantitatively based pricing theories and valuation models, which SandPointe uses to evaluate investment opportunities. These models generally seek to forecast future price changes based upon a limited number of factors and inputs. The forecasts generated by these models may differ substantially from actual future price realizations, resulting in major losses. There can be no assurance that the models used by SandPointe will be effective or that they will be effectively utilized by SandPointe. Moreover, there can be no assurance that SandPointe will be able to continue to develop, maintain and update the models.

The models used by SandPointe may depend upon inputs from various sources, and in the event such inputs are not accurate, unexpected losses may be incurred.

SandPointe anticipates the continued modification, enhancement and development of models. Each new generation of models (including incremental improvements to current models) exposes the Funds to the possibility of unforeseen losses from a variety of factors, including conceptual failures and implementation failures.

Short Sales. Short selling — the sale of securities not owned by the Funds — involves certain additional risks not applicable to other trading strategies. Short selling exposes the Funds to the risk of potentially unlimited losses.

Securities borrowed by the Funds in connection with short sales need to be returned to the securities lender on short notice if so requested. If such a request occurs at a time when other short sellers of the same security are receiving similar requests, a "short squeeze" can occur, in which the Funds might be compelled, at a very disadvantageous time, to replace borrowed securities previously sold short with purchases on the open market, likely at prices significantly in excess of the proceeds received from the earlier short sales.

Securities exchanges have imposed various forms of ongoing and potential trading limitations and may impose additional restrictions in the future. Many of these limitations become effective only after market declines, or increases in market volatility, above a certain level, but any of these limitations could, in unusual circumstances, materially adversely affect the Funds.

Importance of Market Judgment. Although SandPointe will use valuation models in evaluating the economic components of many prospective trades, the market judgment and discretion of SandPointe's personnel — primarily, the CEO— are often fundamental to the implementation of SandPointe's trading programs. The greater the importance of subjective factors, the more unpredictable a trading strategy becomes. SandPointe may not have the same access to market information as do certain of its competitors, and the market decisions made by SandPointe may be based on less information and analysis than those available to competing investors.

Human Error. The decision making of SandPointe personnel will have a significant impact on the performance of the Funds. SandPointe personnel are responsible for implementing and modifying the strategies and models used by the Funds. In some cases, SandPointe personnel may input data or make investments manually. All such actions and decisions are subject to human error, which could have a material adverse effect on the performance of the Funds.

Computer Systems Risks. SandPointe relies to a material extent on a wide range of computer hardware and software, including both proprietary equipment and programs as well as those licensed from third parties (collectively, "**Computer Systems**"). SandPointe uses Computer Systems in substantially all phases of its operations, including research, valuation, trade identification and construction, trade execution, clearing, risk management, back office functions and reporting.

SandPointe depends on the reliability and functionality of the Computer Systems which it uses, and Computer Systems are subject to a number of inherent and unpredictable risks. For example, from time to time: there may occur material errors in software programs which are either unrecognizable or not recognized for significant periods; software and/or hardware may malfunction and/or degrade; telecommunications failures, power loss or natural disasters may occur; security breaches may lead to unintended trades or stolen intellectual property; services provided by third party vendors to support the Computer Systems may be interrupted; and computerized trading programs may generate and/or execute transactions many times the magnitude of, as well in the opposite market direction to, the transactions which would have been effected were it not for a Computer Systems error. Further, in certain of the strategies, due to the automated methods through which the Funds invests and the frequency with which the Funds invests, any of the foregoing malfunctions could have a material adverse effect on the Funds even if they only occur for short periods of time.

While SandPointe devotes considerable resources to preventing, identifying and containing the effects of Computer Systems errors, SandPointe considers these errors to be an intrinsic aspect (and, therefore, a basic cost) of its sophisticated and highly technological trading and execution strategies.

Technical Analysis. SandPointe incorporates technical analysis factors, *i.e.*, the analysis of historical and current market data into its investment decisions. Technical analysis is subject to the risk that unexpected fundamental factors or other factors may dominate the market during certain periods. Furthermore, a frequent premise of technical analysis is that past market conditions are indicative of future market prices. The influx of different market participants, structural changes in the markets, the introduction of new financial products and other developments could materially adversely affect the profitability of investments made based upon technical analysis.

Directional Strategies. Directional investing is subject to all the risks inherent in incorrectly predicting future price movements. Often these price movements will be determined by unanticipated factors, and SandPointe's analysis of known factors may prove inaccurate, in each case potentially leading to substantial losses.

Relative Value Strategies. The success of relative value strategies depends on market values converging towards the theoretical values determined by the valuation models utilized by SandPointe. In the event of market disruptions, significant losses may be incurred which may force the Funds to close out one or more positions. Such disruptions have in the past resulted in substantial losses for funds employing relative value strategies and could have a material negative impact on the performance of the Funds. Furthermore, the valuation models used to determine whether a position is mispriced may become outdated and inaccurate as market conditions change.

Fundamental Strategies. Fundamental analysis — which is based on the theory that market mispricings exist because market prices do not accurately incorporate all knowable economic and other relevant data — is subject to the risk of inaccurate or incomplete market information, as well as the difficulty of predicting future prices based upon analysis of all known information. Investments made based upon fundamental analysis are subject to significant losses when market sentiment leads to investment instruments' market prices being materially discounted from the expected prices indicated by fundamental analysis (as in the case of "flights to quality" when the demand for certain risky investment instruments plummets) or when technical factors, such as price momentum encouraged by trend following, dominate the market.

No Formal Diversification Policies. SandPointe is not restricted as to the percentage of the Funds' assets that may be invested in any particular issuer, industry, instrument, market or strategy. SandPointe may concentrate the holdings of the Funds in those strategies, industries, companies, instruments or markets that, in the sole judgment of SandPointe, provide the best profit opportunities consistent with the Funds' investment objectives. If the market moves against any concentrated position, significant losses to the Funds could result — substantially in excess of those that would have been incurred had the trading been more diversified.

The Costs of Frequent Trading. Executing SandPointe's strategies may require frequent trading by the Funds, resulting in substantial brokerage commissions and other transaction fees and expenses. These expenses must be offset by investment gains in order for the Funds to be profitable. Furthermore, because SandPointe utilizes "soft dollars" to pay research and brokerage expenses to the extent that SandPointe believes is consistent with the "safe harbor"

provided by Section 28(e) of the U.S. Securities Exchange Act of 1934, as amended, SandPointe has an incentive to trade the Funds' assets in higher volumes than SandPointe would otherwise.

No Limitations on Investment Instruments. There is no limitation on the instruments in which SandPointe may invest. New investment instruments are continually developing and investments in such investment instruments may involve material and as yet unanticipated risks.

Hedging. SandPointe will not, in general, attempt to hedge all market or other risks and will hedge certain risks only partially, if at all. Specifically, SandPointe may choose not to hedge certain risks or determine that hedging is economically unattractive — either in respect of particular positions or in respect of the overall portfolio. The Funds' portfolio composition will commonly result in various directional market risks remaining unhedged. Although SandPointe may rely on diversification to control such risks to the extent that SandPointe believes it is desirable to do so, the Funds are not subject to any formal diversification policies.

If SandPointe attempts to enter into hedging transactions with the intention of reducing or controlling risk, these hedging transactions, even if successful in achieving their objective, will likely reduce returns. Furthermore, hedging strategies may be ineffective in controlling risk, due to unexpected non-correlation (or even positive correlation) between the hedging instrument and the position being hedged, increasing rather than reducing both risks and losses.

To the extent that SandPointe hedges, its hedging positions generally will not be static but rather will be adjusted continually based on SandPointe's assessment of market conditions, as well as the expected degree of non-correlation between the hedges and the portfolio being hedged. The success of any of SandPointe's hedging strategies will depend on SandPointe's ability to implement such strategies efficiently and cost-effectively, as well as on the accuracy of SandPointe's ongoing subjective judgments concerning the hedging positions to be acquired by the Funds. Furthermore, to the extent that any hedging strategy involves the use of OTC derivatives transactions, such a strategy would be impacted by implementation of the various regulations adopted pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act ("**Dodd-Frank**").

Portfolio Turnover. SandPointe often invests on the basis of short-term market considerations, and the mispricings or other criteria from which SandPointe will seek to profit can be short-lived. The turnover rate of the Funds' positions may be significant, potentially involving substantial brokerage commissions and fees as well as clearing costs.

Trade Error Risk. Trade errors will occur, and when they do they will be for the account of the respective Fund, unless they are the result of conduct inconsistent with the standard of care set forth in the governing documents. Even if the individual at SandPointe who is responsible for the trade error may have violated such standard of care personally, SandPointe itself is highly unlikely to be deemed to have done so unless it has inadequate control and supervisory procedures in place.

Trade Execution. Certain of the investment techniques used by SandPointe require the rapid and efficient execution of transactions, or the ability to accumulate or liquidate large positions. Inefficient execution can eliminate the market opportunities which such techniques seek to

capture. The Funds are also subject to the risk that a counterparty will fail to settle a transaction in accordance with its terms and conditions, thereby causing the Fund to suffer a loss.

Leverage and Financing Arrangements. SandPointe may from time to time utilize leverage as a component of its investment strategy. The Funds may incur significant interest expense on borrowings used to leverage its positions. If gains earned by the Funds' portfolios fail to cover such costs, the Net Asset Value of the Funds will decrease faster than if it had not engaged in such borrowing transactions. Additionally, the larger the gross positions held by the Funds, the greater their exposure to market disruptions or other events which may unexpectedly make it difficult for the Funds to close out positions against which the market is moving.

Furthermore, there can be no assurance that the Funds will be able to maintain adequate financing arrangements. As a general matter, the banks and dealers that provide financing to the Funds can apply essentially discretionary margin, haircut, financing, security and collateral valuation policies and, from time to time (for example, during the "market crises" of 1994, 1998 and 2008 — 2009), have largely eliminated the availability of financing in an attempt to protect their capital. Reductions in available leverage may make it difficult for the Funds to implement their strategies, and may also force the Funds to liquidate existing positions, likely at material losses.

Changes by banks and dealers in the foregoing policies, or the imposition of other credit limitations or restrictions, whether due to market circumstances or governmental, regulatory or judicial action, may result in margin calls, loss of financing, forced liquidation of positions at disadvantageous prices, termination of swap and repurchase agreements and cross-defaults to agreements with other dealers. Any such adverse effects may be exacerbated in the event that 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 investments at disadvantageous prices.

Interest-Rate Fluctuations. The Funds' portfolios will be subject to material interest-rate risk. Interest-rate fluctuations indirectly impact stock market prices — both by affecting the relative attractiveness of debt and equities and by affecting the economies of the stock issuers. Interest-rate increases directly affect the value of outstanding debt securities (causing them to drop in value) while increasing the value (and cost) of options.

Certain Risks Specific to Extreme "Left-Tail" Event Strategies

Uncertain Level of Gamma Strategy "Insurance." Whether "an event" against which an extreme "left-tail" event strategy (a "**Gamma Strategy**") is intended to protect will occur during a period when an investor is invested in the Fund is entirely unpredictable. Moreover, the level of protection afforded by a Gamma Strategy will vary depending upon the Funds' allocation to such Gamma Strategy.

Different Types of Market Disruptions. Any Gamma Strategy will be designed to generate profits offsetting or mitigating losses incurred by other Fund strategies as a result of market "events" which result in stock market and interest-rate movements generally consistent with the "stress tests" applied by SandPointe in developing the portfolio of options held in such Gamma

Strategy. However, there can be no assurance that severe market disruptions will actually occur or be consistent with the “stress tests,” in which case the Gamma Strategy, even though successfully designed, may not provide the protection it hoped to include for the Funds’ overall portfolio.

No Assurance of Continuous “Event” Insurance.” Each Gamma Strategy will be actively managed by SandPointe in an attempt to reduce the cost and increase the amount of the insurance which it provides to the Funds. Such active management implies that from time to time SandPointe may elect not to acquire the “full” option positions which such Gamma Strategy might otherwise hold in order to provide “tail event” insurance to the Funds. If a “market event” occurs at a time when a Gamma Strategy has “lightened” its “tail risk” position, the Funds’ allocation to such Gamma Strategy may provide materially less protection than otherwise expected.

Anticipated Losses During Favorable or Stable Periods. A Gamma Strategy can be expected to suffer losses during periods of market stability or generally improving market conditions. SandPointe will not attempt to predict the duration of such periods, or to reduce its investments or exposure during such periods. As a result, a Gamma Strategy could experience substantial on-going losses which may offset profits generated by allocations to the other strategies. Moreover, the gains to a Gamma Strategy that are anticipated when tail risk events occur may not be sufficient to offset the losses the Funds might otherwise incur at other times. The portion of the Funds’ assets allocated to the Gamma Strategies may lose money over an extended period.

Certain Instruments Traded

Exchange-Traded Funds (“ETFs”). SandPointe will invest in ETFs. ETFs are designed to provide broader-based market exposure than investing in the securities of individual issuers and, as a result, have less potential materially to outperform the general market (as opposed to being generally representative of it). ETFs are also subject to their own fees as well as the risk that they are selected and maintained by third parties over which SandPointe will have no control.

An investment in an ETF generally presents the same primary risks as an investment in a conventional mutual fund that has the same investment objective, strategies and policies.

An ETF may fail accurately to track the market segment or index that underlies its investment objective.

The price of an ETF can fluctuate within a wide range, and the Funds could lose money investing in an ETF if the prices of the securities or other assets owned by the ETF decrease. In addition, ETFs are subject to the following risks that do not apply to conventional mutual funds: (1) the market price of ETF shares may trade at a discount to its net asset value; (2) an active trading market for ETF shares may not develop or be maintained; or (3) trading of ETF shares may be halted if the listing exchange’s officials deem such action appropriate.

The Funds will indirectly bear their proportionate share of any management fees and other expenses paid by the ETFs in which it invests. Consequently, an investment in the Funds will incur higher expenses than a direct investment by the Funds in the securities which comprise the ETFs in which the Funds invest.

No Assured Liquidity for ETF Shares; Secondary Market Price Deviating from Net Asset Value. ETF shares are not redeemable by the Funds; the liquidity in such shares is provided only through secondary market transfers. While certain ETFs are highly liquid, there are a number of the “niche” ETFs which have very little secondary market liquidity. It is possible that ETFs held by the Funds will not be readily saleable. It is also possible that material differences will develop between the market price of ETF shares and the net asset value of the ETF. While ETFs have mechanism in place whereby these differences can be controlled to a substantial degree, the more frequently these mechanisms are applied, the less active the secondary market in such shares is likely to be.

To the extent that the Funds invest in “niche,” smaller ETFs, the foregoing risks are likely to be exacerbated.

Equity and Equity-Linked Securities. SandPointe may invest in equity and equity-linked securities (including equity-based derivatives), the values of which vary with an issuer’s performance and movements in the broader equity markets. Numerous economic factors, as well as market sentiment, political and other factors, influence the value of equities. At any given time, the Funds may have significant investments in companies with smaller market capitalizations. These securities often involve greater risks than the securities of larger, better-known companies, including less liquidity and greater volatility.

A number of the equity-like financial instruments in which the Funds may trade are referenced to underlying equities but incorporate other components — duration, strike price, premiums, etc. — which may result in the Funds’ or Accounts positions being unprofitable even though SandPointe may have correctly assessed the market value of the underlying equity.

SandPointe may invest in preferred stock, convertible securities and warrants. The value of such instruments varies with movements in the equity market and the performance of the underlying common stock in particular. The market value of convertible securities tends to decline as interest rates increase, and vice versa. However, when the market price of the common stock underlying a convertible security exceeds the conversion price of that convertible security, a convertible security tends to reflect the market price of the underlying common stock. The market value of a warrant may be zero if the market price of the underlying securities remains lower than the specified price at which the holder of the warrant is entitled to buy such securities.

SandPointe may engage in trading common stock. Common stock and similar equity securities generally represent the most junior position in an issuer’s capital structure and, as such, generally entitle holders to an interest in the assets of the issuer, if any, remaining after all more senior claims to such assets have been satisfied. Holders of common stock generally are entitled to dividends only if and to the extent declared by the governing body of the issuer out of income or other assets available after making interest, dividend and any other required payments on more senior securities of the issuer. Moreover, in the event of an insolvency or winding-up of a company in which the Funds are invested, the claims of ordinary shareholders rank behind all other claims. Resulting losses could have a material adverse effect on the performance of the Funds.

Market prices of equity securities as a group have dropped dramatically in a short period of time on several occasions in the past, and they may do so again in the future. In addition, actual and perceived accounting irregularities may cause dramatic price declines in the equity securities of companies reporting such irregularities or which are the subject of rumors of accounting irregularities. These factors may adversely affect the Funds.

Debt and Other Fixed Income Securities. Fixed income securities are subject to interest-rate, market and credit risk. Interest-rate risk relates to changes in a security's value as a result of changes in interest rates generally. Even though such instruments are investments that may promise a stable stream of income, the prices of such securities are inversely affected by changes in interest rates and, therefore, are subject to the risk of market price fluctuations. In general, the values of fixed income securities increase when prevailing interest rates fall and decrease when interest rates rise. Because of the resetting of interest rates, adjustable rate securities are less likely than non-adjustable rate securities of comparable quality and maturity to increase or decrease significantly in value when market interest rates fall or rise, respectively. Market risk relates to the changes in the risk or perceived risk of an issuer, country or region. Credit risk relates to the ability of the issuer to make payments of principal and interest. The values of fixed income securities may be affected by changes in the credit rating or financial condition of the issuing entities. Fixed income securities denominated in non-U.S. currencies are also subject to the risk of a decline in the value of the denominating currency relative to the U.S. dollar.

Derivatives. SandPointe may use derivative financial instruments to a limited extent, including, without limitation, warrants, options, swaps, notional principal contracts, contracts for differences, forward contracts and futures contracts, primarily for hedging or risk management purposes. The use of derivative instruments — both for speculation and for hedging purposes — involves a variety of material risks, including the extremely high degree of leverage often embedded in such instruments as well as the possibility of material and prolonged deviations between the theoretical and realizable value of a derivative. The market in derivative instruments is also typically materially less liquid than the market in the underlying reference asset. Such risks (and other risks that may not be anticipated) may make it difficult as well as economically non-viable to the Funds to close out derivative positions in order either to realize gains or to limit losses.

Dodd-Frank includes provisions that comprehensively regulate the OTC derivatives markets for the first time. Dodd-Frank will ultimately mandate that a substantial portion of OTC derivatives must be executed in regulated markets and be submitted for clearing to regulated clearinghouses. OTC trades submitted for clearing will be subject to minimum initial and variation margin requirements set by the relevant clearinghouse, as well as possible SEC- or CFTC-mandated margin requirements. OTC derivatives dealers typically demand the unilateral ability to increase the Fund's collateral requirements for cleared OTC trades beyond any regulatory and clearinghouse minimums. The regulators also have broad discretion to impose margin requirements on non-cleared OTC derivatives and new requirements will apply to the holding of customer collateral by OTC derivatives dealers.

The overall impact of Dodd-Frank on the Fund remains highly uncertain and it is unclear how the OTC derivatives markets will adapt to this new regulatory regime, along with additional, sometimes overlapping, regulatory requirements imposed by non-U.S. regulators. Despite

SandPointe's expected limited use of the derivatives markets, Dodd-Frank's limitations on such markets could adversely affect the Funds.

Options. SandPointe may engage in types of options transactions. An option gives the purchaser the right, but not the obligation, upon exercise of the option, either (i) to buy or sell a specific amount of the underlying security at a specific price (the "strike" price or "exercise" price), or (ii) in the case of a stock index option, to receive a specified cash settlement. To purchase an option, the purchaser must pay a "premium," which consists of a single, nonrefundable payment. Unless the price of the securities underlying the option changes and it becomes profitable to exercise or offset the option before it expires, the Funds may lose the entire amount of the premium. Thus, the Funds may incur significant losses in a relatively short period of time. The ability to trade in or exercise options also may be restricted in the event that trading in the underlying securities interest becomes restricted. Options trading may also be illiquid in the event that the Funds' assets are invested in OTC options contracts or contracts with extended expirations. The Funds may purchase and write put and call options on specific securities, on stock indexes or on other financial instruments and, to close out its positions in options, may make a closing purchase transaction or closing sale transaction.

Commodities and Futures Contracts. SandPointe may engage in transactions in commodity and financial futures contracts, options on futures contracts and in other products that may be traded on commodities exchanges regulated by the CFTC. Trading in futures and options on futures involves significant risks, including volatility, high leverage, illiquidity and high transactions costs. The use of futures is a highly specialized activity which involves investment strategies and risks different from those associated with ordinary portfolio securities transactions, and there can be no guarantee that their use will increase the Funds' return or not cause the Funds to sustain large losses. If SandPointe applies a strategy at an inappropriate time or judges market conditions or trends incorrectly, futures strategies may lower the Funds' return or cause substantial losses. Certain strategies limit the Funds' possibilities to realize gains as well as limiting its exposure to losses. The Funds could also experience losses if the values of its futures positions were poorly correlated with its other positions, or if it could not close out its positions because of an illiquid market. In addition, the Funds could incur high transaction costs, including trading commissions, in connection with its futures transactions and these transactions could significantly increase the Funds' investment turnover rate.

Futures markets are highly volatile. The low margin or premiums normally required in such trading may provide a large amount of leverage, and a relatively small change in the price of a security or contract can produce a disproportionately larger profit or loss. There is no assurance that a liquid secondary market will exist for futures contracts or options purchased or sold, and the Funds may be required to maintain a position until exercise or expiration, which could result in losses.

Commodity and financial futures trading is also very speculative, largely due to the traditional volatility of futures prices. Futures prices are affected by and may respond rapidly to a variety of factors, including (but not limited to) weather reports, market reports, news reports, interest rates, national and international political or economic events, and domestic or foreign trade, monetary or fiscal policies or programs. Such rapid response might include an opening price on an

affected futures contract sharply higher or lower than the previous day's close. In such an instance, the Funds might be unable to adjust its positions in time to avoid a loss.

Forward Contracts. SandPointe may trade deliverable forward contracts in the inter-bank currency market. Such deliverable forward contracts are not currently traded on exchanges; rather, banks and dealers act as principals in these markets. As a result of Dodd-Frank, the CFTC now regulates non-deliverable forwards (including deliverable forwards where the parties do not take delivery). Changes in the forward markets may entail increased costs and result in burdensome reporting requirements. There is currently no limitation on the daily price movements of forward contracts. Principals in the forward markets have no obligation to continue to make markets in the forward contracts traded. The imposition of credit controls by governmental authorities or the implementation of regulations pursuant to Dodd-Frank might limit such forward trading to less than that which SandPointe would otherwise recommend, to the possible detriment of the Funds.

Non-U.S. Investments. SandPointe may invest in investment entities located in or managed from countries other than the United States. Such investments may be subject to greater risk than domestic investments due to various political considerations, U.S. and non-U.S. tax problems, currency controls, the fluctuation of currency exchange rates, the lack of, or different, regulations applicable to such investments as compared to U.S. investments and other factors.

Non-U.S. investments involve certain special risks, including: (i) political or economic instability; (ii) the unpredictability of international trade patterns; (iii) the possibility of foreign governmental actions such as expropriation, nationalization or confiscatory taxation; (iv) the imposition or modification of currency controls; (v) price volatility; (vi) the imposition of withholding taxes on dividends, interest and gains; and (vii) different bankruptcy laws and practice. As compared to U.S. entities, non-U.S. entities generally disclose less financial and other information publicly and are subject to less stringent and less uniform accounting, auditing and financial reporting standards. Also, it may be more difficult to obtain and enforce legal judgments against non-U.S. entities than against U.S. entities.

Structural Risks

Reliance on Corporate Management and Financial Reporting. Certain strategies may rely on the financial information made available by the issuers to which the Funds have exposure. SandPointe will have no ability to verify independently the financial information disseminated by the issuers in which the Funds invest, and will depend upon the integrity of both the management of these issuers and the financial reporting process in general. Recent events have demonstrated the material losses that investors such as the Funds can incur as a result of corporate mismanagement, fraud and accounting irregularities. Equity securities prices are particularly vulnerable to instances of corporate mismanagement.

Service Provider and Counterparty Risk. Institutions, such as banks and brokers, have custody of the assets of the Funds. Bankruptcy or fraud at one of these institutions may cause the Funds to lose all or a portion of its assets held by those custodians or to be unable to access those assets for an extended period of time. For instance, in September of 2008, the bankruptcy of certain Lehman Brothers subsidiaries resulted in certain investment funds being unable to

access their cash or securities. However, the markets in which the Funds effect their transactions may be OTC or “interdealer” markets. Unlike investors of “exchange-based” markets, the participants in such markets are typically not subject to credit evaluation and regulatory oversight. This exposes the Funds to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Fund to suffer a loss. This counterparty risk is accentuated for contracts with longer maturities or that have greater volatility if, as is typically the case, there is no requirement on the counterparty to make mark-to-market payments, exposing the Funds to large counterparty obligations.

The risk of a large loss may be greater if the Funds have concentrated transactions with a single or small group of counterparties, but the Funds’ transacting with many counterparties likely increases the risk of incurring some loss (albeit a smaller loss). The Funds are not generally restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. The ability of the Funds to facilitate settlement may increase the potential for losses by the Funds. These risks may differ materially from those entailed in exchange-traded transactions which generally are backed by clearing organization guarantees, daily marking to market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Even in the exchange-traded market, however, the Funds are subject to the risk of failure of exchange clearinghouses.

The events at Refco, Inc., Bear Stearns & Co., Inc., Lehman Brothers, American International Group, Inc. and MF Global, Inc. have indicated the extent to which investors, especially investors trading with leverage or who have otherwise posted substantial collateral with counterparties, are exposed to counterparty risk. It is expected that all securities, bank loans and other assets deposited with custodians or brokers will be clearly identified as being assets of the Funds and hence the Funds should not be exposed to credit risk with regard to such parties. However, it may not always be possible to achieve this and there may be practical or time problems associated with enforcing the Funds’ rights to its assets in the case of an insolvency of any such party.

Regulatory and Tax Risks

E.U. Short Selling Regulation. The E.U. Regulation on Short Selling and Certain Aspects of Credit Default Swaps (the “SSR”) applies to short sales of, and short positions relating to: (1) the issued share capital of companies whose shares are admitted to trading on a regulated market or multilateral-trading facility in the E.U. (unless the principal trading venue for the relevant shares is located in a country outside the E.U.) (“E.U. listed shares”); and (2) debt instruments issued by an E.U. sovereign issuer (“E.U. sovereign debt”).

The SSR imposes certain private and public disclosure obligations in respect of short positions in E.U. listed shares and E.U. sovereign debt which apply to all natural or legal persons, irrespective of regulatory status, located inside and outside the E.U.

The SSR also contains prohibitions on uncovered short sales of E.U. listed shares and E.U. sovereign debt in certain circumstances. In addition, the SSR prohibits uncovered positions in credit default swaps (“CDS”) referencing E.U. sovereign debt issuers.

National regulators, and in certain circumstances the European Securities and Markets Authority (“ESMA”), are able to take certain additional emergency measures (including complete bans on short-selling activities) if certain conditions are met.

The SSR may prevent SandPointe from fully expressing negative views in relation to E.U. listed shares and/or E.U. sovereign CDS. Accordingly, the ability of SandPointe to implement its investment approach and therefore its ability to fulfill the Funds’ investment objectives may be constrained.

European Market Infrastructure Regulation. The E.U. Market Infrastructure Regulation on OTC derivatives, central counterparties and trade repositories (“EMIR”) introduces certain requirements in respect of derivative contracts, which will apply primarily to “financial counterparties” such as E.U.-authorized investment firms, credit institutions, insurance companies, UCITS and alternative investment funds managed by E.U. authorized alternative investment fund managers, and “non-financial counterparties” (being any E.U. entity which is not a financial counterparty) exceeding a certain threshold.

Item 9: Disciplinary Information

SandPointe and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to SandPointe’s advisory business or the integrity of our management

Item 10: Other Financial Industry Activities and Affiliations

SandPointe is registered with the Commodity Futures Trading Commission (“CFTC”) as a commodity pool operator and commodity trading advisor. Dennis Hammond and Roger Brinner are registered with the CFTC as “associated persons” of SandPointe.

The Adviser and its employees do not have any relationships or arrangements with other financial services companies that pose material conflicts of interest.

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

SandPointe has adopted a Code of Ethics pursuant to SEC Rule 204A-1 under the U.S. Investment Advisers Act of 1940, as amended (the “Advisers Act”) for all Supervised Persons of SandPointe. The Code of Ethics describes SandPointe’s standard of business conduct and its fiduciary duty to the Funds under the Advisers Act. “Supervised Persons” include (i) any officer, director (or other person occupying a similar status or performing similar functions) or employee of SandPointe and (ii) any other person who provides investment advice on behalf of SandPointe and is subject to SandPointe’s supervision and control.

The Code of Ethics was adopted in order to establish the standard of conduct expected of SandPointe’s Supervised Persons and to help ensure that SandPointe’s duties under the Advisers

Act are met. Supervised Persons must, at all times, must act in accordance with SandPointe's fiduciary duty. Each Supervised Person should (i) at all times place the interests of the Funds before his or her own interests, (ii) act with honesty and integrity with respect to the Funds and investors, (iii) not take inappropriate advantage of his or her position for his or her personal benefit, (iv) make full and fair disclosure of all material facts, particularly where SandPointe's or Supervised Person's interests may conflict with the Funds and (v) have a reasonable, independent basis for his or her investment advice.

SandPointe's Compliance Manual includes provisions relating to the confidentiality of information relating to Funds, a prohibition on insider trading, a prohibition on disseminating rumors, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, restrictions and reporting obligations relating to making political contributions and anti-money laundering and sanctions policies, among other matters. All employees of SandPointe must submit an annual certificate of compliance for the Compliance Manual and Code of Ethics to the CCO and CFO.

In addition, SandPointe has adopted a personal securities transactions policy under its Code of Ethics which forbids any Supervised Person from engaging in any insider trading and from disclosing or using material non-public information in violation of applicable law. "Access Person" includes all directors, officers and partners of SandPointe and any other employee that the CCO and CFO designates as such. The Code of Ethics also requires preclearance of personal securities transactions. Subject to certain limited exceptions, Access Persons are also required by the Code of Ethics to report personal securities transactions to the CCO and CFO on a quarterly basis; and report securities holdings to the CCO and CFO on an annual basis.

Employee trading is monitored by the CCO and CFO and the Chief Operating Officer, under the Code of Ethics in order to reasonably prevent and, if necessary, address conflicts of interest between SandPointe, Supervised Persons, and the Funds.

The Funds, investors and prospective investors in the Funds may request a copy of the Code of Ethics, free of charge, by contacting SandPointe's CCO and CFO.

Personal Financial Interests

SandPointe has adopted a conflicts of interest policy in order to address the conflicts of interest that could arise if SandPointe were to recommend that a Fund invest in the same securities or related securities in which SandPointe or a related person currently holds an investment. Under such policy, no Supervised Person may recommend to SandPointe that a Fund make a particular investment without first disclosing his or her interest in the potential transaction (if such an interest represents a conflict of interest) to certain designated parties. In some instances, the Supervised Person must seek prior authorization from the CCO and CFO to conduct a transaction with such designated person, if such an interest exists and represents a conflict of interest.

Item 12: Brokerage Practices

Best Execution

SandPointe is authorized to determine the broker/dealer to be used for each securities transaction on behalf of the Master Fund. In selecting broker/dealers and negotiating commission rates, SandPointe takes into account the financial stability and reputation of brokerage firms, the brokerage, research and other services provided by such brokers, although the Fund may not, in any particular instance, be the direct or indirect beneficiary of the services provided. In selecting broker/dealers to execute transactions, SandPointe need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost, although SandPointe makes a good faith determination that the amount of commissions paid is reasonable in light of the products or services provided by a broker. Commission rates are generally negotiable and selecting broker/dealers on the basis of considerations that are not limited to the applicable commission rates may result in higher transaction costs than might otherwise be obtained.

SandPointe reserves the right to change the Master Fund's brokerage and custodial arrangements (including using additional brokers and custodians or terminating the services of any of the current brokers) without prior notice to and without the consent investors.

SandPointe may direct certain transactions for execution to certain broker/dealers in recognition of brokerage and research services provided by those broker/dealers and/or other third-party providers. The practice of obtaining research in this manner is referred to as using "soft dollars." Soft dollar transactions generally cause clients to pay a commission rate higher than would be charged for execution only. It is SandPointe's policy to limit its use of soft dollars to arrangements falling within the safe harbor of Section 28(e) of the Exchange Act, which provides a safe harbor for the use of commissions or "soft dollars" to obtain "research and brokerage" services. SandPointe will not knowingly receive any "soft dollar" services which SandPointe believes do not comply with the "safe harbor" established for a fiduciary's receipt of "soft dollars" under Section 28(e) of the Exchange Act. Only bona fide research and brokerage products and services that provide assistance to SandPointe in the performance of its investment decision-making responsibilities are permitted and any allocation of brokerage commissions will be reasonable in relation to the research, services or products provided. SandPointe does not use brokerage in exchange for client referrals nor does it participate in "directed brokerage."

Allocation of Investment Opportunities

SandPointe will be responsible for the investment decisions made on behalf of the Funds. There will be no restrictions on the ability of SandPointe to manage accounts of other clients following the same or different investment objectives, philosophies and strategies as those used for the Funds. SandPointe may determine that an investment opportunity is appropriate for a particular fund or account that it manages, but not for the Funds.

Although the instruments in which SandPointe trades are generally highly liquid, SandPointe may have a conflict of interest in allocating particular investment opportunities between another advisory client and the Funds. Simultaneous identical portfolio transactions for the Funds and the other clients may tend to decrease the prices received, and increase the prices required to be paid, by the Funds for their portfolio sales and purchases. Furthermore, it may not always be possible or consistent with the investment objectives of such clients and of the Funds for the same investment positions to be taken or liquidated at the same time or at the same price.

SandPointe may be required to choose between the Funds, other advisory accounts and its own account in allocating investments. SandPointe generally intends to allocate all investment opportunities that may be appropriate for the Funds and other clients in a manner that is fair and equitable to all SandPointe clients over time taking into account the different investment mandates and investment strategies applicable to such clients, current portfolio of a client, the relative capitalization and cash availability of a client, investment time horizon, leverage ratios, tax, regulatory and other considerations. Circumstances may occur, however, in which an allocation could have adverse effects on the Funds or the other client with respect to the price or size of securities positions obtainable or saleable. SandPointe may in certain circumstances, take positions in the accounts of other clients opposite to those taken by the Funds and/or take positions in accounts of other clients which involve conflicts or potential conflicts with the Funds' positions. These positions could adversely affect the performance of the stocks held by the Funds. SandPointe may also decline to make an investment for the Funds out of concern that such investment might harm another client of SandPointe.

Aggregating Trades

SandPointe may aggregate trades placed for the Funds and other SandPointe clients unless it believes that doing so would conflict or otherwise be inconsistent with its duty to seek best execution for its clients, and/or the terms of the respective investment advisory contracts. When SandPointe believes that it can effectively obtain best execution for its clients by aggregating trades, it will generally do so for all clients for which the trades are both suitable and consistent with the respective investment advisory contracts.

Trading Errors

SandPointe will from time to time make trade errors. Trade errors are not errors in judgment, strategy, market analysis, economic outlook, etc., but rather errors in implementing specific trades which SandPointe had determined (rightly or wrongly) to make. Examples of trade errors would be: buying 10,000 shares of an issue rather than the 1,000 that was intended; or taking a long rather than the intended short position in a particular issue. Trade errors can result from clerical mistakes, miscommunications between SandPointe personnel and other reasons. Importantly, however, trade errors are not the function of poor strategies, valuation models, economic expectations, undue speculation, unauthorized trades or the like, but rather of the physical implementation of specific trades on which SandPointe had decided.

In the case of broker errors, the broker is responsible. When a broker commits a trade error, the broker is effectively acting outside its authority as agent of the Funds submitting the order as the Funds had only authorized the broker to execute the trade as instructed. However, in the case of a trade error committed by SandPointe as managing member/investment manager, SandPointe is clearly authorized to trade the Funds' account but has simply made an error in doing so.

SandPointe determines whether to have the costs arising from trade errors borne by the Funds or SandPointe by applying the standard of care set forth in the governing documents for SandPointe in its management of the Fund's capital — *i.e.*, the same standard of liability which would apply to any other action or omission by SandPointe in the course of its management of the Funds. SandPointe will, accordingly, be obligated to reimburse the Funds for any trade error resulting from SandPointe's fraud, gross negligence or willful misconduct, and not otherwise.

SandPointe will itself determine in good faith whether or not a given trade error is required to be reimbursed under the standard of care set forth in the governing documents. This approach does not contemplate that SandPointe would determine whether any individual trade error resulted from SandPointe's fraud, gross negligence or willful misconduct *per se*; rather, SandPointe would likely consider itself to have been grossly negligent if SandPointe determines that its supervisory procedures were inadequate to prevent such errors from recurring with any frequency.

SandPointe will have a conflict of interest in determining whether a trade error should be for the account of the Funds or SandPointe and will attempt to resolve such conflict by an objective determination of the status of such trade error under the standard of care set forth in the governing documents.

Trade error costs can be significant — including market losses resulting from the position incorrectly acquired as well as the additional brokerage costs of closing out or reversing the error. The opportunity cost (lost profits) of not having made the trade intended to be made is not considered a trade error cost.

Any gains recognized on trade errors will be for the benefit of the Funds; none will be retained by SandPointe.

Item 13: Review of Accounts

Portfolio holdings of the Funds are generally monitored on a continuous basis by the CCO and CFO, the CEO and other investment personnel in light of investment objective, trading activity, significant corporate developments and other activities which may dictate a change in portfolio positions.

Within 90 days following the end of each fiscal year, the Funds expect to provide each investor with audited financial information with respect to the performance of the respective Fund, as well as written information regarding the status of the investor's capital account and certain tax reporting information. Each investor will also receive regular written communications not less frequently than monthly.

Each Fund may offer certain investors additional information and reporting that other investors may not receive. Further, certain Fund investors may be entitled to receive information with respect to their investments and accounts more frequently than as discussed above. In each case SandPointe will only provide such information if it believes that such additional information and reports do not contain material information not distributed to other Fund investors.

Item 14: Client Referrals and Other Compensation

SandPointe may, but typically does not, engage non-affiliated marketing consultants and placement agents. As part of these agreements, and in accordance with applicable regulation, the

consultants and/or placement agents may be paid a fee related to the amount of capital raised. The Funds are not responsible for the payment of such fees.

Item 15: Custody

To the extent possible, all Fund assets are held in custody by unaffiliated broker/dealers or banks. SandPointe is deemed to have custody of the Funds' assets because of SandPointe's authority over the Funds' assets. Fund investors will not receive statements from the custodian(s). Instead, the Funds are subject to an annual audit by independent certified public accountants and the audited financial statements are distributed to each investor. The audited financial statements are prepared in accordance with generally accepted accounting principles ("GAAP").

Item 16: Investment Discretion

Except as otherwise described herein, SandPointe generally has discretionary authority to determine, without obtaining specific consent from the Funds, the investments and amount to be bought or sold. Any limitations on authority are included in the governing documents.

Item 17: Voting Client Securities

Proxy Voting

SandPointe has a written policy in place regarding the voting of proxies that is designed to ensure that SandPointe fulfills its fiduciary obligation to the Funds. In general, SandPointe's policy is to vote client proxies in the interest of maximizing shareholder value and to address all potential conflicts of interests with respect to proxies in the best interests of the Funds. SandPointe may be unable to determine which vote would be in the best interest of the Funds or may deem it to be in a Fund's best interests to abstain from voting certain proxies. In such instances, SandPointe may abstain from voting such proxies.

For a copy of SandPointe's proxy voting policy and information on how the proxies were voted please contact SandPointe's CCO and CFO.

Class Actions

SandPointe may or may not participate in class actions on behalf of the Funds. In the event that SandPointe participates in class actions on behalf of a Fund, SandPointe, as a fiduciary, always seeks to act in the Funds' best interests with good faith, loyalty, and due care. The CEO will determine whether a Fund will (a) participate in a recovery achieved through a class action, or (b) opt out of the class action and separately pursue their own remedy.

SandPointe generally does not serve as the lead plaintiff in class actions because the costs of such participation typically exceed any extra benefits that accrue to lead plaintiffs.

Item 18: Financial Information

SandPointe has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage any client accounts.