

**Part 2A of Form ADV: Firm Brochure**

**Item 1: Cover Page**



**HITCHWOOD CAPITAL MANAGEMENT LP**

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This brochure provides information about the qualifications and business practices of Hitchwood Capital Management LP ("Hitchwood"). If you have any questions about the contents of this brochure, please contact us at [legal@hitchwoodcap.com](mailto:legal@hitchwoodcap.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or any state securities authority.

Additional information about Hitchwood also is available on the SEC website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

## **Item 2: Material Changes**

Hitchwood is required to identify and discuss any material changes to this brochure since its last annual update. As Hitchwood was first registered with the SEC in 2014, this amendment constitutes Hitchwood's first annual update to its brochure. Clients and prospective clients should review this brochure carefully. If Hitchwood makes any material changes to this brochure, this section will be revised in future annual updates to include a summary of these changes. Hitchwood may also provide additional ongoing disclosure information about material changes as warranted.

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## Item 4: Advisory Business

### A. General Description of Advisory Firm

#### Hitchwood Capital Management LP

Hitchwood, a Delaware limited partnership, is an investment adviser that was founded in March 2014 by James Crichton. Mr. Crichton serves as Hitchwood's Chief Investment Officer and Chief Executive Officer and as the Managing Member of Hitchwood GP LLC, Hitchwood's General Partner. The principal owner of Hitchwood is Mr. Crichton.

### B. Description of Advisory Services

#### 1. Advisory Services

Hitchwood's advisory services are currently limited to private investment fund advisory services. Hitchwood's private investment funds are offered to investors on a private placement basis (collectively, the "**Hitchwood Funds**").

The Hitchwood Funds are structured in a master feeder arrangement, whereby a Delaware limited partnership, Hitchwood Capital Partners LP (the "**Domestic Feeder**"), and a Cayman Islands exempted limited company, Hitchwood Capital Fund Ltd. (the "**Offshore Feeder**"), feed into a Cayman Islands limited partnership, Hitchwood Capital Master Fund LP (the "**Master Fund**"). Hitchwood may serve as an investment adviser to other entities or accounts in the future.

Hitchwood Capital LLC (the "**General Partner**"), a Delaware limited liability company and an affiliate of Hitchwood, serves as the general partner of the Master Fund and of the Domestic Feeder.

#### 2. Investment Strategies and Types of Investments

*The descriptions set forth in this brochure of specific advisory services that Hitchwood offers to clients, and investment strategies pursued and investments made by Hitchwood on behalf of its clients, should not be understood to limit in any way Hitchwood's investment activities. The investment strategies Hitchwood 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 client will be achieved.*

The investment objective of the Master Fund is to seek to generate superior returns on capital while avoiding permanent impairment in value. The Master Fund has broad and flexible investment authority, but its primary method is to invest in or short equity securities. The Master Fund's investments may at any time include, but are not limited to, long or short positions in U.S. or non-U.S. publicly traded or privately issued or negotiated common stocks, preferred stocks, stock warrants and rights, convertible securities, currencies, options (purchased or written), futures contracts, commodities and forward contracts, corporate debt, bonds, notes, debentures or other obligations or debt assignments or participations, other fixed income securities, swaps (including interest rate, total return and credit default swaps), derivative instruments in relation to one or more

of the foregoing, fund interests and other securities, or financial instruments including those of investment companies. The Master Fund sometimes takes large positions, which can result in a highly concentrated portfolio. The Master Fund may also leverage its capital, sometimes significantly, where Hitchwood deems appropriate.

Hitchwood generally makes capital allocation decisions based on “bottom-up” fundamental research. It attempts to focus on opportunities within certain business models or industries in which it believes it maintains some specialized knowledge. Although these areas of knowledge change over time, at present they include sectors within the following broad industry groups: consumer, technology, media and telecom, financials, business services, industrials, transportation, healthcare services, utilities, materials and energy. With respect to geography, while Hitchwood expects that issuers domiciled in developed markets will comprise a majority of the Master Fund’s investments, it will consider investments in nearly any domicile or market. Considerations such as rule of law, governance, government stability, and other factors may, however, cause it to rule out certain markets in the absence of strong company-specific dynamics to the contrary. Hitchwood maintains a flexible approach with regard to determining net and gross exposure and it may shift the exposure depending on the relative attractiveness of long versus short opportunities in the market. In general, the Master Fund intends to maintain a net long bias.

### **C. Availability of Customized Services**

Hitchwood’s advice with respect to the Hitchwood Funds is subject to the terms of their respective governing and offering documents, which may impose restrictions on investing in certain securities or types of securities. Investment advisory services are provided directly to the Hitchwood Funds and not individually to their underlying investors.

Persons reviewing this brochure should not construe this as an offering of any of the Hitchwood Funds described herein, which offering will only be made pursuant to the delivery of a private placement memorandum describing the risk factors, conflicts of interest, investment objectives and other important features of such Hitchwood Fund.

### **D. Wrap Fee Programs**

Not applicable.

### **E. Client Assets**

As of March 1, 2015, Hitchwood managed approximately \$2,476,879,309 on a discretionary basis. As of March 1, 2015, Hitchwood did not manage any assets on a non-discretionary basis.

## **Item 5: Fees and Compensation**

### **A. Fees and Compensation**

#### **Management Fees**

Management fees payable to Hitchwood are established pursuant to the Hitchwood Funds' respective constituent documents. Management fees charged to the Master Fund's capital accounts are calculated as a percentage of capital under management, are generally equal to 1.25% or 1.5% *per annum* (generally determined by the series of interest or shares held by the applicable investor), and are payable and deducted from the assets of the Master Fund quarterly in advance. The amount of the management fee will be prorated for periods of less than a full quarter based on the actual number of days in such partial quarter. In the case of a withdrawal by an investor in a Hitchwood Fund other than as of the last day of a calendar quarter, an appropriate portion of any advance payment of the management fee for such quarter will be repaid to the Master Fund. Hitchwood, in its sole discretion, may waive or reduce all or part of the management fee otherwise due with respect to any Hitchwood Fund investor, including with respect to any investor affiliated with Hitchwood.

#### **Incentive Allocation**

Hitchwood Fund investors also bear an incentive allocation generally equal to 17.5% or 20% of the capital appreciation during each year on the relevant Master Fund capital account (generally determined by the series of interest or shares held by the applicable investor), subject in each case, to a high-water mark. The General Partner may waive or reduce the incentive allocation with respect to any Hitchwood Fund investor, including with respect to any investor affiliated with Hitchwood.

### **B. Payment of Fees**

Management fees are generally payable and deducted from the assets of the Master Fund quarterly in advance, and incentive allocations are generally deducted annually from the assets of the Master Fund. Management fees are prorated and paid as of the subscription date for partial quarters based on the actual number of days in the partial quarter. In the case of a withdrawal or redemption by an investor other than as of the last day of a fiscal quarter, a *pro rata* portion of the management fee will be repaid to the withdrawing or redeeming investor. Incentive allocations are also made as of the effective date of any withdrawal from a Master Fund sub-account with respect to the amount withdrawn.

### **C. Additional Fees and Expenses**

The Master Fund pays its own brokerage commissions and other transaction costs. Neither Hitchwood, nor any of its affiliates, will receive any commissions generated by the Master Fund's trading activities; however, Hitchwood and its affiliates may benefit indirectly from payments made by the Master Fund (including payments by way of "soft dollars") as described in greater detail in Item 12 of this brochure.

To the extent permitted under the Hitchwood Fund's constituent and offering documents, the Hitchwood Funds are also obligated to pay for the following expenses:

- organizational and offering expenses, other than placement fees (if any) and including expenses attributable to compliance with the Alternative Investment Fund Managers Directive (“AIFMD”) and compliance with anti-money laundering laws and know-your-customer requirements;
- expenses incurred by any Hitchwood Fund, or by the General Partner, Hitchwood or their affiliates, in connection with the investments of the Master Fund, including:
  - ticket charges;
  - expenses related to short sales;
  - clearing and settlement charges;
  - custodial fees;
  - interest expenses and other financing charges (including initial and variation margin);
  - broken deal expenses;
  - consulting, investment banking and other professional fees relating to particular investments or contemplated investments;
  - expenses related to the formation and operation of any vehicle through which the Master Fund may hold investments;
  - research-related expenses (including fees for news and quotation equipment and services and market data services and fees paid to third-party providers of research and software for managing and monitoring research); and
  - fees for portfolio risk management services (including the costs of risk management software or database packages and related connectivity costs);
  - fees for market information systems and related connectivity costs; and
  - investment-, operations-, portfolio-, and trading-related software, including trade order management software (*i.e.*, software used to route trade orders) and related connectivity costs;
- other expenses incurred in connection with the ongoing operations of the Hitchwood Funds, including:
  - costs relating to communications with Hitchwood Fund investors (including printing, mailing, investor web portal and other costs of information dissemination);
  - fees charged by the Hitchwood Funds' administrator (including for certain information technology services and middle office trade support services, as well as accounting, reporting, tax compliance and audit services and software);
  - third party accounting, tax compliance and related expenses (including expenses incurred in connection with tax filings, preparation of tax information and audits and expenses attributable to compliance with FATCA, and costs of valuation and pricing services);
- third-party legal fees and related expenses, including expenses related to filings and registrations relating to the Hitchwood Funds with the SEC and/or other regulators, such as Form PF, but excluding expenses related to preparation of Hitchwood's Form ADV;

- expenses related to litigation and threatened litigation, if any, and expenses related to legal inquiries (formal and informal), including regulatory “sweeps”; provided, for the avoidance of doubt, that any such expense being reimbursed as the result of a request for indemnification pursuant to the terms of the Master Fund’s partnership agreement will be subject to the terms of such indemnification as outlined in the partnership agreement;
- insurance premiums paid by the Hitchwood Funds, the General Partner, Hitchwood and/or their officers, principals and partners with regard to losses, claims, damages, liabilities and expenses that would otherwise be indemnification expenses;
- indemnification expenses;
- fees and expenses relating to investor meetings and conferences;
- Offshore Fund board of directors and advisory committee fees and expenses;
- registered office, corporate licensing, corporate secretarial and other similar expenses;
- entity-level taxes (e.g., income taxes payable by special purpose vehicles, sales, franchise and transfer taxes);
- expenses related to proxy voting research, reporting, execution and recordkeeping services;
- expenses incurred in connection with liquidating the Hitchwood Funds;
- extraordinary expenses; and
- other similar expenses.

The Master Fund may reimburse the General Partner and Hitchwood for advances they make to pay for Master Fund Expenses.

In addition to the foregoing fees and expenses, management fees and incentive allocation, investors in the Hitchwood Funds may also be subject to early withdrawal fees ranging from 3% to 5% (generally determined by the series of interest or shares held by the applicable investor) if they elect to withdraw or redeem prior to the expiration of the soft lock-up period applicable to their investments. Investors in the Hitchwood Funds will also bear fees paid to the managers of exchange traded funds and money market funds in which the Master Fund may invest from time to time.

#### **D. Prepayment of Fees**

Please see response to Items 5A and 5B above.

#### **E. Additional Compensation**

Not applicable.



## Item 6: Performance-Based Fees and Side-By-Side Management

Hitchwood deducts a performance based incentive allocation to the Master Fund in accordance with Section 205 of the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”), and Rule 205-3 thereunder.

Investors should be aware that the receipt of performance based compensation may create an incentive for Hitchwood to make investments that are riskier or more speculative than would be the case if such arrangement were not in effect. Hitchwood’s employees’ and affiliates’ significant investments in the Hitchwood Funds mitigates this risk by aligning the interests of the investors in the Hitchwood Funds with the interests of Hitchwood’s employees and affiliates. In addition, the performance fees are calculated on a basis which includes unrealized appreciation generated by the Master Fund, which may create an incentive for Hitchwood to overvalue unrealized positions. To resolve and mitigate this potential conflict, Hitchwood has constituted a valuation committee to review and sign off on the fair valuation of the investments in the Master Fund and the net asset value of the Master Fund is independently calculated by the Master Fund’s third party administrator.

Although Hitchwood manages only one client portfolio for the Master Fund, it has the ability to and does from time to time designate investments only to the capital accounts of certain investors. Hitchwood will so designate investments if it believes that the participation of an excluded investor would be likely to result in (i) a violation of any law or regulation of the United States of America or any state thereof or of any non-U.S. jurisdiction and/or (ii) any material adverse effect, significant delay, extraordinary expense or regulatory, pecuniary or taxation disadvantage to the Master Fund, the Domestic Feeder, the Offshore Feeder (or its Board of Directors), the General Partner, Hitchwood or any of their investors or respective affiliates. Because Hitchwood and its affiliates have significant direct and indirect investments in the Master Fund, Hitchwood may face a conflict of interest when determining whether to designate an investment. In order to mitigate such conflicts, Hitchwood’s Chief Financial Officer and Chief Compliance Officer have formed an Allocation Committee. When an investment is proposed for designation, the Allocation Committee considers the conflicts of interest and risks and benefits of the investment proposed for designation to determine whether the investment should be designated taking into account the considerations noted above under (i) and (ii). To the extent that Hitchwood does designate an investment, it will memorialize the Allocation Committee’s rationale and allocate the expenses of the Master Fund attributable to such a designated investment in the same manner as the profit or loss attributable to such investment. Hitchwood’s clients are the Hitchwood Funds. Hitchwood is not obligated to consider the individual characteristics of the Offshore Feeder’s investors or the Domestic Feeder’s investors. Hitchwood is under no obligation to designate investments and will review investments on a case-by-case basis.

## Item 7: Types of Clients

Hitchwood provides advice to the Hitchwood Funds, as described in Item 4. The investors in the Hitchwood Funds include high net-worth individuals, endowments, foundations, corporate and public pension plans, fund-of-funds, corporations, state, local and foreign governments and charitable organizations, among other categories of investors.

Prospective investors are required to complete subscription agreements and provide certain “know your customer” and tax information. The constituent documents for each Hitchwood Fund set \$1,000,000 as the minimum amount for investment by prospective investors. The General Partner of the Domestic Feeder and board of directors of the Offshore Feeder (the “**Board of Directors**”) reserve the right to modify or waive the minimum new investment commitment for the Domestic Feeder or the Offshore Feeder, as applicable, and have waived this minimum new investment commitment from time to time.

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

### **A. Methods of Analysis and Investment Strategies**

As explained in greater detail in the Hitchwood Funds' offering documents, Hitchwood generally makes capital allocation decisions based on "bottom-up" fundamental research. It attempts to focus on opportunities within certain business models or industries in which it believes it maintains some specialized knowledge. Although these areas of knowledge change over time, at present they include sectors within the following broad industry groups: consumer, technology, media and telecom, financials, business services, industrials, transportation, healthcare services, utilities, materials and energy. With respect to geography, while Hitchwood expects that issuers domiciled in developed markets will comprise a majority of the Master Fund's investments, it will consider investments in nearly any domicile or market. Considerations such as rule of law, governance, government stability, and other factors may, however, cause it to rule out certain markets in the absence of strong company-specific dynamics to the contrary. Hitchwood maintains a flexible approach with regard to determining net and gross exposure and it may shift the exposure depending on the relative attractiveness of long versus short opportunities in the market. In general, Hitchwood intends for the Master Fund to maintain a net long bias.

Hitchwood employs a variety of publicly available information sources including, but not limited to, periodicals, reports, conferences, meetings with securities analysts, consultants, economists, academics, attorneys, corporate executives and industry spokespersons, among others, with respect to topics including the economy, industries, specific securities, groups of securities, individual companies, financial and market data, statistical information, accounting and tax law interpretations, relevant legal and political developments, technical market advice, securities pricing and appraisal, credit analysis, and other topics. Hitchwood uses such information in its investment process in connection with: (i) assessing public disclosure, (ii) reviewing management's background and track record, (iii) performing due diligence calls and meetings, (iv) evaluating operating comparables and analysis of key business drivers, (v) conducting on premises due diligence to evaluate a company's management and operating assets, (vi) building financial models with historical and projected income statement, balance sheet, and cash flow analysis, (vii) identifying and monitoring relevant data, (viii) performing valuation analysis, and (ix) evaluating security specific risks, including statistical security analysis, and assessment of how fundamental business risks impact earnings, and relevant position hedges, if appropriate.

Hitchwood has broad and flexible investment authority to carry out its investment objective of seeking to generate superior returns on capital while avoiding permanent impairment in value. The Master Fund's investments may at any time include, but are not limited to, long or short positions in U.S. or non-U.S. publicly traded or privately issued or negotiated common stocks, preferred stocks, stock warrants and rights, convertible securities, currencies, options (purchased or written), futures contracts, commodities and forward contracts, corporate debt, bonds, notes, debentures or other obligations or debt assignments or participations, other fixed income securities, swaps (including interest rate, total return and credit default swaps), derivative instruments in relation to one or more of the foregoing, fund interests and other securities, or financial instruments including those of investment companies. Hitchwood may cause the Master Fund

to take large positions, which can result in a highly concentrated portfolio. Hitchwood may also cause the Master Fund to leverage its capital, sometimes significantly, where Hitchwood deems it appropriate to do so.

***The investment strategies Hitchwood pursues are speculative and entail substantial risks, including those listed below. Accordingly, such activities could result in a substantial loss of capital that clients should be prepared to bear. There can be no assurance that the investment objectives of any Hitchwood Fund will be achieved.***

## **B. Investment Risks**

***The following risk factors do not purport to be a complete list or explanation of the risks involved with the activities of Hitchwood and the Hitchwood Funds. These risk factors include only risks Hitchwood believes to be material, significant, or unusual based on currently available information.***

### General Risks

*Investment-Related Risks.* The securities business is speculative, prices are volatile, and market movements are difficult to predict. Supply and demand for securities change rapidly and are affected by a variety of factors, including interest rates, housing prices, merger activities, regulation, unemployment, wage growth and general economic trends. In addition to these general investment risks, Hitchwood may use investment techniques that may subject the Hitchwood Funds to certain risks; some, but not all, of these risks are summarized below.

*Investment and Trading Risks Generally.* An investment in the Domestic Feeder or Offshore Feeder, and, in turn, in the Master Fund, involves a high degree of risk, including the risk that the entire amount invested may be lost. The Master Fund will invest in and actively trade securities and other financial instruments using strategies and investment techniques with significant risk characteristics, including risks arising from the volatility of the global equity, currency, and fixed income markets, the risks of short sales, the risks of leverage, the potential illiquidity of derivative instruments and other portfolio investments and the risk of loss from counterparty defaults and the risk of borrowing to meet withdrawal or redemption requests. No guarantee is made that the Master Fund's investment program or overall portfolio, or various investment strategies used or investments made will have low correlation with each other or that the returns of the Master Fund, and, therefore, the Domestic Feeder or Offshore Feeder, will exhibit low long-term correlation with an investor's traditional securities portfolio. The Master Fund's investment program may use such investment techniques as margin transactions, option transactions, swap and other derivative transactions, short sales and forward and futures contracts, which practices involve substantial volatility and can, in certain circumstances, substantially increase the adverse impact to which the Master Fund, and, therefore, the Domestic Feeder or Offshore Feeder, may be subject. All investments made by the Master Fund risk the loss of capital. No guarantee or representation is made that the Master Fund's investment program will be successful, that the Hitchwood Funds will achieve their investment objective or that there will be any return of capital invested to investors in the Hitchwood Funds, and investment results may vary substantially over time.

*Broad Discretionary Power to Choose Investments and Strategies.* Hitchwood has broad discretionary power to decide what investments the Master Fund will make and what strategies it will use. While Hitchwood currently intends to use the strategies described herein, it is not obligated to do so, and Hitchwood may

choose any other investments and strategies that it believes are advisable, consistent with the Master Fund's investment objectives and subject to the ultimate authority of the General Partner.

*Limited Operating History.* Although Mr. Crichton, the portfolio manager for the Master Fund, is an experienced professional who has implemented investment strategies at other organizations, the Hitchwood Funds have a limited operating history on which prospective investors can base an evaluation of future performance.

*Reliance on Chief Executive Officer.* The success of the Hitchwood Funds depends in large part upon the skill, knowledge, judgment, experience and expertise of Mr. Crichton, the portfolio manager for the Master Fund, to develop and implement investment strategies that achieve the Master Fund's investment objective. There can be no assurance that Mr. Crichton will continue to be associated with the Hitchwood Funds or Hitchwood. In the event Mr. Crichton ceases to devote sufficient time to the management of the Hitchwood Funds, there might be an adverse effect on the Hitchwood Funds.

*Legal, Tax and Regulatory Risks.* Legal, tax and regulatory developments that may adversely affect the Hitchwood Funds could occur during the term of the Hitchwood Funds. In addition, the securities and futures markets are subject to comprehensive statutes, regulations and margin requirements, other regulators and self-regulatory organizations and exchanges authorized to take extraordinary actions in the event of market emergencies. The regulation of derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to change by government and judicial actions. The regulatory environment for private funds is evolving, and currently there are numerous legislative and regulatory proposals in the United States, Europe and other countries that could affect the Hitchwood Funds and their respective trading activities. Changes in the regulation of private funds and their trading activities may adversely affect the ability of the Master Fund to pursue its investment strategy, its ability to obtain leverage and financing and the value of investments held by the Master Fund. There has been an increase in governmental, as well as self-regulatory, scrutiny of the alternative investment industry in general. Such scrutiny may increase the Hitchwood Funds' exposure to potential liabilities and to legal, compliance, and other related costs. Increased regulatory oversight may also impose additional administrative burdens on the General Partner, Board of Directors and Hitchwood, including, responding to examinations and investigations, implementing new policies and procedures, and complying with recordkeeping and reporting obligations. Such burdens may divert the General Partner's, the Board of Directors' and Hitchwood's time, attention, and resources from portfolio management activities. It is impossible to predict what, if any, changes in laws and regulations may occur, but any laws and regulations which restrict or limit the ability of the Master Fund to trade in securities or the ability of the Master Fund to employ, or brokers and other counterparties to extend, credit in its trading (as well as other regulatory changes that result) could have a material adverse impact on Master Fund's portfolio.

The Hitchwood Funds and Hitchwood may also be subject to regulation in jurisdictions in which they engage in business. Investors should understand that the Hitchwood Funds' businesses are dynamic and are expected to change over time. Therefore, the Hitchwood Funds may be subject to new or additional regulatory constraints in the future. Additional current or future regulation may affect the Hitchwood Funds, the General Partner, the Board of Directors, Hitchwood or their businesses. Such regulations may have a significant impact on investors or the operations of the Hitchwood Funds, including, without limitation, restricting the types of investments the Hitchwood Funds may make, preventing any of the Hitchwood Funds from exercising voting rights with regard to certain financial instruments and requiring any of the Hitchwood Funds to disclose the identity of their investors. The General Partner, the Board of Directors or Hitchwood may cause the applicable Hitchwood Fund to be subject to such regulations if it believes that an investment

or business activity which may trigger such regulation is in such Hitchwood Fund's interest, even if such regulations may have a detrimental effect on one or more of such fund's investors. Prospective investors are encouraged to consult their own advisors regarding an investment in any Hitchwood Fund.

*Counterparty Credit Risk.* Because many purchases, sales, financing arrangements, securities lending transactions and derivative transactions in which the Master Fund will engage involve instruments that are not traded on an exchange, but are instead traded between counterparties (which may include, without limitation, the Prime Broker) based on contractual relationships, the Master Fund is subject to the risk that a counterparty will not perform its obligations under the related contracts. Although the Master Fund intends to enter into transactions only with counterparties that Hitchwood believes to be creditworthy, there can be no assurance that a counterparty will not default and that the Master Fund will not sustain a loss on a transaction as a result. Such risks may differ materially from those entailed in exchange-traded transactions that generally are backed by clearing organization guarantees, daily marking-to-market and settlement of positions and segregation and minimum capital requirements applicable to intermediaries.

In situations where the Master Fund places assets in the care of a custodian or is required to post margin or other collateral with a counterparty, the custodian or the counterparty may fail to segregate such assets or collateral, as applicable, or may commingle the assets or collateral with the relevant custodian's or counterparty's own assets or collateral, as applicable, even if contractually limited or prohibited from doing so. As a result, in the event of the bankruptcy or insolvency of any custodian or counterparty, the Master Fund's excess assets and collateral may be subject to the conflicting claims of the creditors of the relevant custodian or counterparty, and the Master Fund may be exposed to the risk of a court treating the Master Fund as a general unsecured creditor of such custodian or counterparty, rather than as the owner of such assets or collateral, as the case may be. In certain cases, assets of the Master Fund may be placed in the care of a non-U.S. custodian. In any such case, the bankruptcy or insolvency of such custodian will be governed under the laws of the local jurisdiction, which may be less favorable to the Master Fund or provide less protection to the Master Fund's assets than U.S. law.

The Master Fund may, from time to time, purchase, sell, borrow or lend securities through either a U.S. prime broker or a foreign affiliate of such prime broker and have assets held at accounts of such prime broker or its foreign affiliate. If the Master Fund's assets are held at a U.S. prime broker, in the event of the bankruptcy or insolvency of such prime broker, even if assets are segregated, the Master Fund is subject to risk that it will not receive a complete return of those assets. Under U.S. Securities and Exchange Commission (the "SEC") rules, the prime broker is required to segregate "fully paid" customer securities and "excess margin securities" for the benefit of customers. In addition, pursuant to the SEC reserve formula, the prime broker is required to place customer funds in a segregated account for the benefit of customers to assure that there will be sufficient assets to satisfy all customer claims. Nonetheless, except with respect to physical securities held in the Master Fund's name, the Master Fund will not have a right to the return of specific assets but rather will generally have a claim based on the net equity in its account. A customer's net equity claim equals the dollar value of (i) all cash held in a customer's account for the purchase of securities (including proceeds from the sale of securities) plus (ii) the value of securities held in such account (determined as of the date of the bankruptcy petition filing), less any amounts owed by the customer to the broker-dealer. With respect to securities, the Master Fund will be entitled to its proportionate share of securities held by the prime broker on behalf of all customers. If there is a shortfall, the customers will share proportionally in the loss. With respect to cash, there will be a net calculation whereby all obligations owed to the prime broker are netted against all cash owed to customers. Securities Investor Protection Corporation ("SIPC") will guarantee the shortfall up to \$500,000 per customer account with a maximum of \$250,000 in cash. Many firms have additional

liquidation insurance which may supplement the SIPC insurance coverage. In the event that there are still customer shortfalls after all of the insurance coverage is used, the Master Fund will become a general unsecured creditor of the prime broker for the remainder of its claim. In the event that the Master Fund's assets are used to support margin loans or are otherwise re-hypothecated, the assets will not be protected under the SEC segregation requirement, reserve formula or SIPC liquidation insurance.

Further, not all activities or transactions conducted with the prime broker are subject to these customer protection rules. If the assets are custodied with a foreign broker-dealer, the above U.S. regulations do not apply and the law in the local jurisdiction will govern the disposition of assets of the broker-dealer upon liquidation. Such proceedings may be time consuming and costly. In some cases, the Master Fund may become an unsecured creditor of the foreign entity where the Master Fund's assets were held.

The Master Fund is subject to the risk that issuers of the instruments in which it invests and trades may default on their obligations under those instruments, and that certain events may occur which have an immediate and significant adverse effect on the value of those instruments. There can be no assurance that an issuer of an instrument in which the Master Fund invests will not default, or that an event which has an immediate and significant adverse effect on the value of an instrument will not occur, and that the Master Fund will not sustain a loss on a transaction as a result.

Transactions entered into by the Master Fund may be executed on various U.S. and non-U.S. exchanges, and may be cleared and settled through various clearing houses, custodians, depositories and prime brokers throughout the world. Although the Master Fund will attempt to execute, clear and settle the transactions through entities Hitchwood believes to be sound, there can be no assurance that a failure by any such entity will not lead to a loss to the Master Fund.

*Trade Execution Risk.* The Master Fund's investment and trading strategies depend on its ability to establish and maintain an overall market position in a combination of financial instruments selected by Hitchwood. The Master Fund's trading orders may not be executed in a timely and efficient manner due to various circumstances, including, without limitation, trading volume surges or systems failures attributable to the Master Fund, Hitchwood, the Master Fund's counterparties, brokers, dealers, agents, or other market participants. In such event, the Master Fund might only be able to acquire or dispose of some, but not all, of the components of such position, or if the overall position were to need adjustment, the Master Fund might not be able to make such adjustment. As a result, the Master Fund would not be able to achieve the market position selected by Hitchwood, which may result in a loss.

#### General Investment Risks

*As the Domestic Feeder and the Offshore Feeder are primarily vehicles for investing in the Master Fund, risks relating to the Master Fund should be read to include the Domestic Feeder and the Offshore Feeder and risks relating to the Domestic Feeder and the Offshore Feeder should be read to include the Master Fund, unless the context otherwise requires.*

*Availability of Investment Strategies.* The success of the Master Fund's investment and trading activities depends on the ability of Hitchwood and to identify overvalued and undervalued investment opportunities. Identification and exploitation of the investment strategies to be pursued by the Master Fund involve a high degree of uncertainty. No assurance can be given that Hitchwood will be able to identify suitable investment opportunities in which to deploy all of the Master Fund's capital. A reduction in overall market volatility and

liquidity, as well as other market factors, may reduce the pool of profitable investment strategies for the Master Fund.

*Market Conditions and Volatility.* The success of the Master Fund's activities will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the Master Fund's investments), trade barriers, currency exchange controls, national and international political circumstances (including wars, terrorist acts, or security operations), and the occurrence of various events (including hurricanes, earthquakes, and other natural disasters). These factors may affect the level and volatility of securities prices and the liquidity of the Master Fund's investments, including, without limitation, common equity and related equity derivative instruments, high-yield securities, convertible securities and derivatives, including futures and option prices, which can be highly volatile. During periods of limited liquidity and higher price volatility, the Master Fund's ability to acquire or dispose of its investments at a price and time that the Master Fund deems advantageous may be impaired. Price movements of forward, futures and other derivative contracts in which the Master Fund's assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation. Such intervention is often intended to directly influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction. It is also possible that a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs may cause a series of defaults by other institutions. This is sometimes referred to as a "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearinghouses, banks, securities firms, and exchanges, with which the Master Fund interacts on a daily basis. These factors and general market conditions could have a material adverse impact on markets in general and on the Master Fund's portfolio.

*Changes in Market Environment.* Certain of the trading strategies employed by Hitchwood make certain assumptions about the persistence of the market environment: the models assume that repeated past behavior of the markets can be used to predict the future, at least in limited ways. These strategies are developed by simulating the performance of a given strategy over historical data. At their core, financial and economic patterns are not immutable and there can be no guarantees that the relationships that appeared to govern financial instruments and their prices in the past will continue in the future.

While Hitchwood will make efforts to estimate and control the risks associated with market changes, and will attempt to identify changes as they occur, market environment changes can be sudden and extreme. When these changes occur, certain market dynamics can make the changes more severe and can cause their adverse effects to spread to other markets not affected by the initial changes.

In particular, events can cause other market participants to liquidate large positions in a short period of time in order to raise capital, reduce risk or meet margin calls. To the extent that these market participants hold positions in a portfolio of strategies similar to that of the Master Fund, all of these strategies may begin to exhibit adverse returns and correlations not seen under normal markets, even if the initial changes were in markets in which the Master Fund was not involved. Unusual market developments may produce returns on the strategies the Master Fund will employ, which are not consistent with the past performance or correlation of such strategies.



*Issuer Concentration and Diversification Risk.* The Master Fund may invest in a relatively limited number of investments. A consequence of a limited number of investments is that the aggregate returns realized by the Master Fund may be substantially affected by the unfavorable performance of a small number of such investments and may reduce its ability to hedge its exposure and to dispose of depreciating assets. The Hitchwood Funds do not have fixed guidelines for investment diversification. To the extent the Master Fund's investments are concentrated in a particular industry, security, issuer or country, the Master Fund's portfolio will then become more susceptible to fluctuations in value resulting from adverse economic conditions affecting that particular industry, security, issuer or country.

*Short Sales.* The Master Fund intends to engage in short selling. Short selling involves selling securities that may or may not be owned by the seller and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from declines in the value of securities. A short sale creates the risk of a loss, which could in some cases be theoretically unlimited, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost of buying those securities to cover the short position. There can be no assurance that the security necessary to cover a short position will be available for purchase. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. Securities may be sold short by the Master Fund in a long/short strategy to hedge a long position, to hedge the portfolio in general, to enable the Master Fund to express a view as to the relative value between the long and short positions, or as part of an outright short position. There is no assurance that the objectives of these strategies will be achieved, or specifically that the long position will not decrease in value and the securities underlying the short position will not increase in value, causing the Master Fund losses on both components of the transaction, or that the securities underlying an outright short position will not increase in value. If the underlying securities increase in value, the short position decreases in value and the Master Fund sustains a loss. In addition, when the Master Fund effects a short sale, it may be obligated to leave the proceeds thereof with the broker and also deposit with the broker an amount of cash or other securities (subject to requirements of applicable law) that is sufficient under any applicable margin or similar regulations to collateralize its obligation to replace the borrowed securities that have been sold.

*Hedging Transactions by the Master Fund.* The Master Fund's hedging techniques could involve a variety of transactions, including but not limited to certain derivatives transactions, such as swaps, caps and floors, futures, forward contracts, exchange-listed and OTC put and call options on securities or on financial indices, forward foreign currency contracts, various interest rate and foreign exchange transactions and interests in, or swaps on, exchanged-traded funds (some of which may hold derivatives) (collectively, "**Hedging Instruments**"). These Hedging Instruments may be used for both investment and risk management purposes in order to (i) protect against possible changes in the market value of the Master Fund's investment portfolio resulting from fluctuations in the securities markets and changes in interest rates; (ii) protect the unrealized gains in the value of the Master Fund's investment portfolio; (iii) facilitate the sale of any such investments; (iv) enhance or preserve returns, spreads, or gains on any investment in the Master Fund's portfolio; (v) hedge the interest rate or currency exchange rate on any of the Master Fund's liabilities or assets; (vi) protect against any increase in the price of any securities the Master Fund anticipates purchasing at a later date; or (vii) for any other reason that Hitchwood deems appropriate.

Hedging techniques involve risks different than those of underlying investments. In particular, the variable degree of correlation between price movements of Hedging Instruments and price movements in the position being hedged creates the possibility that losses on the hedge may be greater than gains in the value of the Master Fund's positions (or that there may be losses on both legs of a transaction). In addition, certain

Hedging Instruments and markets may not be liquid in all circumstances. As a result, in volatile markets, the Master Fund may not be able to close out a transaction in certain of these instruments without incurring losses substantially greater than the initial deposit. Although the contemplated use of Hedging Instruments should tend to minimize the risk of loss due to a decline in the value of the hedged position, at the same time the use of these instruments tends to limit any potential gain that might result from an increase in the value of such position.

The ability of the Master Fund to hedge successfully will depend on Hitchwood's ability to predict pertinent market movements, which cannot be assured, and to continually recalculate, readjust, and execute hedges in an efficient and timely manner. However, it may not be possible to hedge fully or perfectly against currency fluctuations affecting the value of securities denominated in non-U.S. currencies because the value of those securities is likely to fluctuate as a result of independent factors not related to currency fluctuations. For a variety of reasons, Hitchwood and its affiliates may not seek to establish a perfect correlation between the Hedging Instruments utilized and the portfolio holdings being hedged. Such an imperfect correlation may prevent the Master Fund from achieving the intended hedge or expose the Master Fund to risk of loss. Hitchwood may not hedge against a particular risk because it does not regard the probability of the risk occurring to be sufficiently high or the magnitude of the risk to be sufficiently large as to justify the cost of the hedge, or because it does not foresee the occurrence of the risk. Finally, the daily variation margin requirements in futures contracts that may be sold by the Master Fund would create an ongoing greater potential financial risk than would options transactions, where the exposure is limited to the cost of the initial premium and transaction costs paid by the Master Fund.

*Non-U.S. Investments.* The Master Fund may invest a portion of its capital outside the United States in non-U.S. dollar denominated securities, including in securities issued by non-U.S. companies and in non-U.S. currency. These investments involve special risks not usually associated with investing in securities of U.S. companies, including possible adverse political and economic developments, possible seizure or nationalization of non-U.S. deposits, and possible adoption of governmental restrictions that might adversely affect the payment of principal and interest to investors located outside the country of the issuer, whether from currency blockage or otherwise. Because investments in non-U.S. issuers may involve non-U.S. dollar currencies and because the Master Fund may temporarily hold funds in bank deposits in such currencies during the completion of its investment program, the Master Fund may be affected favorably or unfavorably by changes in currency rates (including as a result of the devaluation of a foreign currency) and in exchange control regulations and may incur transaction costs in connection with conversions between various currencies.

In addition, because non-U.S. entities are not subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable with those applicable to U.S. companies, there may be different types of, and lower quality, information available about a non-U.S. company than a U.S. company. These factors can make it difficult to analyze and compare the performance of non-U.S. companies. There is also less regulation, generally, of the securities markets and the financial services sector in foreign countries than there is in the United States. This may make it more difficult for the Master Fund to stay informed of corporate action that may affect the price of a particular security.

Some foreign securities markets have a higher potential for price volatility and relative illiquidity compared to the U.S. securities markets. With respect to certain countries there may be the possibility of expropriation or confiscatory taxation, political, economic or social instability, limitation on the removal of funds or other assets or the repatriation of profits, restrictions on investment opportunities, the imposition of trading controls, withholding or other taxes on interest, capital gain or other income, import duties or other protectionist

measures, various laws enacted for the protection of creditors, greater risks of nationalization or diplomatic developments which could adversely affect the Master Fund's investments in those countries.

Additional costs could be incurred in connection with the Master Fund's international investment activities. Non-U.S. brokerage commissions generally are higher than in the United States. Expenses also may be incurred on currency exchanges when the Master Fund changes investments from one currency to another. Increased custodian costs as well as administrative difficulties (such as the applicability of non-U.S. laws to non-U.S. custodians in various circumstances, including bankruptcy, ability to recover lost assets, expropriation, nationalization, and record access) may also be associated with the maintenance of assets in non-U.S. jurisdictions. Expenses also may be incurred because of foreign legal and/or tax requirements and the potential risks associated with them (e.g., costs associated with complying with foreign law as well as applicable tax considerations).

*Foreign Currency Exposure and Foreign Exchange.* Although the prices of non-U.S. investments will generally be determined with reference to currencies other than the U.S. dollar, the Master Fund will value its securities and other assets in U.S. dollars. The Master Fund may or may not seek to hedge all or any portion of the Master Fund's foreign currency exposure. To the extent unhedged, the value of the Master Fund's assets will fluctuate with U.S. dollar exchange rates as well as the price changes of the Master Fund's investments in the various local markets and currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments.

An increase in the value of the U.S. dollar compared to the other currencies in which the Master Fund makes its investments will reduce the effect of increases and magnify the effect of decreases in the prices of the Master Fund's securities in their local markets. The Master Fund could realize a net loss on an investment, even if there were a gain on the underlying investment before currency losses were taken into account. The Master Fund may engage in foreign exchange transactions in the spot and forward markets to hedge its equity positions denominated in non-U.S. dollar currencies, if any. A forward currency exchange contract involves an obligation to purchase or sell a specific currency at a future date, which may be any fixed number of days from the date of the contract as agreed by the parties, at a price that is fixed at the time the contract is entered into. In addition, the Master Fund may maintain short positions in forward currency exchange transactions, in which the Master Fund agrees to exchange a specified amount of a currency it does not currently own for another currency at a future date in anticipation of a decline in the value of the currency sold relative to the value of the currency the Master Fund agreed to purchase. A forward currency exchange contract offers less protection against defaults by the counterparty to the contract than is the case with exchange-traded currency futures contracts. Forward currency exchange contracts are also highly leveraged, in some cases requiring little or no original margin deposit. The Master Fund may also purchase and sell put and call options on currencies and currency futures contracts and options on currency futures contracts. There can be no assurance that these strategies will be effective, and such techniques entail costs and additional risks. Additionally, a number of emerging market countries have been unable to sustain exchange rates and have devalued their currency relative to other currencies or shifted to floating exchange rate regimes. Any future devaluation could adversely affect the Master Fund.

*Investments in Initial Public Offerings.* Investments in initial public offerings (or shortly thereafter) may involve higher risks than investments issued in secondary public offerings or purchases on a secondary market due

to a variety of factors, including, without limitation, the limited number of shares available for trading and the substantial price volatility for such securities.

*Leverage.* The Master Fund may use leverage in its investment strategy. Leverage may take the form of loans for borrowed money (e.g., margin loans) or derivative securities and instruments that are inherently leveraged, including options, futures, forward contracts and swaps. The use of leverage by the Master Fund can substantially increase the market exposure (and market risk) to which the Master Fund's investment portfolio may be subject. Trading on leverage will result in interest charges or costs, which may be explicit (in the case of loans) or implicit (in the case of many derivative instruments) and, depending on the amount of leverage, such charges or costs could be substantial. The level of interest rates generally, and the rates at which the Master Fund can leverage in particular, can affect the operating results of the Master Fund. In addition, in the case of financial difficulty or market turmoil affecting the Master Fund's brokers, the brokers may reduce their lending to the Master Fund, forcing the Master Fund to liquidate investments under severe time pressures.

The Master Fund's use of short-term margin borrowings, derivatives, and other instruments, including leverage, would result in certain additional risks to the Master Fund. For example, should the securities pledged to brokers to secure the Master Fund's margin accounts decline in value, the Master Fund could be subject to a "margin call," pursuant to which the Master Fund may be required on minimum notice either to deposit additional funds with the broker or to suffer mandatory liquidation of the pledged securities to compensate for the decline in value. A significant increase in margin calls as a result of spread widening could harm the Master Fund's liquidity, results of operations, financial condition, and business prospects. Additionally, in order to obtain cash to satisfy a margin call, the Master Fund may be required to liquidate assets at a disadvantageous time, which could cause it to incur further losses. In the event of a sudden precipitous drop in the value of the Master Fund's assets, the Master Fund might not be able to liquidate assets quickly enough to pay off its margin debt.

In the U.S. futures markets, margin deposits are typically required. In the forward, currency and certain other derivative markets, margin deposits may be even lower or may not be required at all. Such low margin deposits are indicative of the fact that any trading in these markets typically is accompanied by a high degree of leverage. Low margin deposits mean that a relatively small adverse price movement in a futures or forward contract may result in immediate and substantial losses to the investor.

The premiums for certain options traded on non-U.S. exchanges may be paid for on margin. When the Master Fund sells an option on a futures contract, it may be required to deposit margin in an amount that may be determined by the margin requirement established for the futures contract underlying the option and, in addition, in an amount substantially equal to the current premium for the option. The margin requirements imposed on the writing of options, although adjusted to reflect the probability that out-of-the-money options will not be exercised, can in fact be higher than those imposed on dealing in the futures markets directly. Whether any margin deposit will be required for over-the-counter ("**OTC**") options and other OTC instruments, such as currency forwards, swaps and certain other derivative instruments, will depend on the credit determinations and specific agreements of the parties to the transaction, which are individually negotiated.

*Exposure to Material Non-Public Information.* While generally Hitchwood does not expect to receive material non-public information, should any such information be received with respect to an issuer of publicly traded securities, the Master Fund may be prohibited, by law, policy, or contract, for a period of time from (i) unwinding a position in such issuer; (ii) establishing an initial position or taking any greater position in such issuer; and (iii) pursuing other investment opportunities related to such issuer. Further, in the current

environment, there is an increased risk of insider trading enforcement actions in a variety of jurisdictions and by a number of regulators. Even in the absence of wrongdoing, any such enforcement activity, or regulatory investigations in connection with a potential enforcement action, can have material and adverse impacts on the General Partner, the Board of Directors, Hitchwood and their affiliates. The boundaries of the laws applicable to insider trading and practices relating to insider trading enforcement are continuing to evolve, which may impact the Master Fund's trading activities in ways that are unexpected.

*Accuracy of Public Information.* Hitchwood selects investments for the Master Fund, in part, on the basis of information and data filed by issuers with various government regulators or made directly available to Hitchwood by the issuers or through sources other than the issuers. Although Hitchwood will generally evaluate all such information and data and, when Hitchwood considers it is appropriate and when it is reasonably available, seek independent corroboration, Hitchwood is not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information is not available. Investments may not perform as expected if information is inaccurate.

*Securities Filings and Restrictions.* Hitchwood may, in its sole discretion, elect to cause the Master Fund to (i) refrain from entering into a transaction to purchase that Hitchwood may otherwise have caused the Master Fund to enter into or (ii) sell a given financial instrument that the Master Fund presently holds, if such transaction or the continued ownership of such financial instrument would cause any of the Hitchwood Funds, Hitchwood or any of their respective affiliates to make a governmental, regulatory or other public filing in the United States or any non-U.S. jurisdiction. Any such election by Hitchwood may cause the Master Fund to (x) forego an investment opportunity that Hitchwood had determined may otherwise generate a profit for the Master Fund and/or (y) incur additional expenses, including without limitation, brokerage and/or legal fees. Further, there may be instances where the nature or size of the Master Fund's holdings prohibit it from effecting transactions in a given security during certain periods of time or subject such transactions to increased regulatory and compliance burdens, such as regulatory filings.

*Influencing Conduct.* In some cases, the Master Fund may, directly or indirectly, substantially participate in or attempt to influence the conduct of affairs or management of issuers of securities acquired by the Master Fund. These activities may give rise to certain filings and other obligations and may limit the Master Fund's ability to trade. If the Master Fund, acting alone or as part of a group, acquires beneficial ownership of more than 10% of a certain class of securities of a public company or places a director on the board of directors of such a company, under Section 16 of the Securities Exchange Act of 1934, as amended, the Master Fund may be subject to certain additional reporting requirements and may be required to disgorge certain short-swing profits arising from purchases and sales of such securities. Furthermore, in such circumstances the Master Fund would be prohibited from entering into a short position in such issuer's securities and, therefore, limited in its ability to hedge such investments. Similar restrictions and requirements may apply in non-U.S. jurisdictions.

*Special Situations.* The Master Fund may invest in companies involved in (or that are the target of) acquisition attempts or tender offers or in companies involved in work-outs, liquidations, spin-offs, reorganizations, bankruptcies, and similar circumstances. In any investment opportunity involving any such type of special situation, there exists the risk that the contemplated transaction will be unsuccessful, take considerable time, or result in a distribution of cash or a new security the value of which is less than the purchase price of the original security or other financial instrument. Similarly, if an anticipated transaction or reorganization does not in fact occur, the Master Fund may be required to sell its investment at a loss. Because there is

substantial uncertainty concerning the outcome of transactions involving companies in which the Master Fund may invest, the Master Fund faces the possibility of substantial losses.

*Investments in Non-Exchange Traded Equity Securities.* The Master Fund may invest in non-exchange traded equity securities (e.g., private investments in public equity (PIPEs) or JOBS Act offerings of private companies). In any investment opportunity involving non-exchange traded equity securities, there exists the risk of less liquidity, less regulation and less available information than in other types of transactions. Because there is greater uncertainty concerning such transactions, the Master Fund faces a meaningful possibility of substantial losses as a result of such risks. For example, if other investors find such investment opportunities less attractive because of reduced disclosure requirements, there may be a less active trading market and the securities of such company may be more volatile and less liquid.

*Debt Securities.* The Master Fund may invest in U.S. and non-U.S. private, public and government debt securities and instruments, including without limitation, “higher yielding” (and therefore generally higher risk) debt securities, syndicated bank loans, and other subordinate debt obligations. Such securities and instruments may be unrated or below “investment grade” and face ongoing uncertainties and exposure to adverse business, financial, or economic conditions that could lead to the issuer’s inability to meet timely interest and principal payments. Such securities may not be exchange-traded and trade in the over-the-counter market, which is generally less transparent and may have wider bid/ask spreads than the exchange-traded marketplace. Such instruments are dependent on the issuer’s capacity to pay interest and repay principal in accordance with the terms of the obligations and involve major risk exposure to adverse conditions. In addition, an economic recession could severely disrupt the market for most of these securities and could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default for such securities.

The fixed-income securities in which the Master Fund may invest may be interest rate sensitive. An increase in interest rates will generally reduce the value of fixed-income securities, while a decline in interest rates will generally increase the value of fixed-income securities. The performance of the Master Fund may therefore depend in part on the ability to anticipate and respond to such fluctuations on market interest rates, and to utilize appropriate strategies to maximize returns, while attempting to minimize the associated risks to investment capital.

*Bank Loans.* The Master Fund’s investment program may include investments in bank loans and participations. These obligations are subject to unique risks, including: (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors’ rights laws; (ii) so-called lender-liability claims by the issuer of the obligations; (iii) environmental liabilities that may arise with respect to collateral securing the obligations; (iv) limitations on the ability of the Master Fund to directly enforce its rights with respect to participations; (v) long and less certain settlement periods; and (vi) adverse consequences resulting from participating in such instruments with other institutions of lower credit quality. Successful claims by third parties arising from these and other risks would be borne by the Master Fund.

Some of the bank loans that may be purchased by the Master Fund may ultimately have no, or only a limited, trading market. Illiquid bank loans may trade at a discount to comparable, more liquid investments. In addition, because of the provision of confidential information, the unique and customized nature of a loan agreement, and the private syndication of a loan, certain bank loans may not be purchased or sold as easily as publicly traded securities, particularly as a result of the increased degree of complexity in negotiating a secondary market purchase or sale, which complexity does not exist, for example, in the high-yield bond

market. Bank loans may encounter trading delays due to their unique and customized nature, and transfers may be prohibited without the consent of an agent bank or borrower.

*Loans of Portfolio Securities.* The Master Fund may loan securities in its portfolio on terms customary in the securities industry or enter into other transactions constituting a loan of the Master Fund's assets, respectively. By entering into such transactions, the Master Fund seeks to increase its income through the receipt of interest on the loan. In the event of the bankruptcy or insolvency of the counterparty to the securities loan, the Master Fund could experience delays in recovering the securities it lent. To the extent that the value of the securities lent by the Master Fund increases in value, the Master Fund could experience a loss if such securities are not recovered.

*Derivative Instruments Generally.* The Master Fund may invest in derivative instruments, or "derivatives," including, but not limited to, options, total return swaps, interest rate swaps, credit default swaps ("**CDS**"), forwards, and indices and other derivatives thereon, and other instruments and contracts that are derived from and are valued in relation to one or more underlying securities, commodities, events, financial benchmarks, currencies or indices. Derivatives typically allow an investor to hedge or speculate upon the price movements of the underlying asset at a fraction of the cost of acquiring, borrowing or selling short the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives trading, including risks relating to interest rates, taxes, changing supply and demand relationships, policies of governments, and national and international political and economic events. However, there are a number of additional risks associated with derivatives trading. For example, because many derivatives are "leveraged," and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement can not only result in the loss of the entire investment, but may also expose the Master Fund to the possibility of a loss exceeding the original amount invested. Derivative instruments may not always be liquid, so that in volatile markets the Master Fund may not be able to close out a position without incurring a loss. Daily limits on price fluctuations and speculative position limits on exchanges on which the Master Fund may conduct its transactions in derivative instruments may prevent profitable liquidation of positions, potentially subjecting the Master Fund to greater losses. In addition, in swap transactions, because the Master Fund will not have a contractual relationship with the issuer of the underlying reference obligation, the Master Fund will generally not have the benefit of voting rights or the collateral supporting the reference obligation and the liquidity of the swap may be constrained in certain cases pursuant to contract and the swap counterparty's ability and willingness to novate, close, or otherwise modify the trade. Transactions in certain derivatives are subject to mandatory clearing and exchange trading requirements and to regulatory oversight, while other derivatives are subject to risks of trading in the OTC markets or on non-U.S. exchanges. Additional risks associated with derivatives trading include:

*Call Options.* The Master Fund may engage in the use of call options. There are risks associated with the sale and purchase of call options. The seller (writer) of a call option which is covered (*i.e.*, the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option.

The buyer of a call option assumes the risk of losing his entire investment in the call option. However, if the buyer of the call sells the underlying security short, the loss on the call will be offset in whole or in part by any gain on the short sale of the underlying security.

*Put Options.* The Master Fund may engage in the use of put options. There are risks associated with the sale and purchase of put options. The seller (writer) of a put option which is covered (*i.e.*, the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the short position for values of the underlying security below the exercise price of the option. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option.

The buyer of a put option assumes the risk of losing his entire investment in the put option. However, if the buyer of the put holds the underlying security, the loss on the put will be offset in whole or in part by any gain on the underlying security.

*Swap Agreements.* The Master Fund may enter into swap agreements. Swap agreements can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, swap agreements may increase or decrease the Master Fund's exposure to long-term or short-term interest rates (in the United States or abroad), foreign currency values, mortgage securities, corporate borrowing rates or other factors such as security prices, baskets of securities, or inflation rates. Swap agreements can take many different forms and are known by a variety of names. The Master Fund is not limited to any particular form of swap agreement if the General Partner determines that other forms are consistent with the Master Fund's investment objectives and policies.

Swap agreements will tend to shift the Master Fund's investment exposure from one type of investment to another. For example, if the Master Fund agrees to exchange payments in dollars for payments in foreign currency, the swap agreement would tend to decrease the Master Fund's exposure to U.S. interest rates and increase its exposure to foreign currency and interest rates. Depending on how they are used, swap agreements may increase or decrease the overall volatility of the Master Fund's portfolio. The most significant factor in the performance of swap agreements is the change in the specific interest rate, currency, individual equity values or other factors that determine the amounts of payments due to and from the Master Fund. If a swap agreement calls for payments by the Master Fund, it must be prepared to make such payments when due. In addition, if the counterparty's creditworthiness declines, the value of a swap agreement would be likely to decline, potentially resulting in losses by the Master Fund.

*Credit Default Swaps.* The Master Fund may take short and/or long positions in securities by entering into CDS contracts referencing such securities or an index of such securities. The CDS transaction market can be extremely volatile and the Master Fund's financial results may be negatively affected as a result of a variety of factors relating to the credit swap market, including changes in the overall economy, supply and demand conditions in the credit default swap market and other factors affecting the corporate credit markets in general. Under certain market conditions, the Master Fund may not be able to terminate, novate or assign CDS transactions in a timely fashion and for a fair price when desired, if at all. The Master Fund may be required to seek the consent of a relevant CDS counterparty before assigning or transferring any CDS transaction, which may cause delays or force



the Master Fund to terminate such CDS transaction. In addition, the tax treatment of credit default swaps is unclear, and there can be no assurance that the Internal Revenue Service (the “IRS”) will agree with the Master Fund’s treatment of these instruments.

*Forward Trading.* Hitchwood may cause the Master Fund to enter into forward contracts or options thereon that are not traded on exchanges and not standardized. Rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Such contracts may be primarily forward interest rate or currency hedging contracts. Forward and “cash” trading is substantially unregulated; there are no limitations on daily price movements and speculative position limits are not applicable. Banks and other dealers with which the Master Fund maintains accounts may require the Master Fund to deposit margin with respect to such trading, although margin requirements are often minimal or nonexistent. The Master Fund’s counterparties are not required to continue to make markets in such contracts and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain counterparties have refused to continue to quote prices for forward contracts or have quoted prices with an unusually wide spread (the price at which the counterparty is prepared to buy and that at which it is prepared to sell). Arrangements to trade forward contracts may be made with only one or a few counterparties, and liquidity problems therefore might be greater than if such arrangements were made with numerous counterparties. Disruptions can occur in forward markets due to unusually high trading volume, political intervention or other factors. The imposition of credit controls by governmental authorities might also limit such forward trading to less than the amount that Hitchwood would otherwise recommend, to the possible detriment of the Master Fund. Market illiquidity or disruption could result in significant losses to the Master Fund.

*Futures Contracts.* The Master Fund may use futures as part of its investment program. Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits.” Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in that contract can neither be entered into nor liquidated unless traders are willing to effect trades at or within the limit. Futures prices have occasionally moved beyond the daily limits for several consecutive days with little or no trading. OTC instruments generally are not as liquid as instruments traded on recognized exchanges. These constraints could prevent the Master Fund from promptly liquidating unfavorable positions and subject it to substantial losses. In addition, the CFTC and various exchanges impose speculative position limits on the number of positions that, on an aggregate basis, the Master Fund and any other investment fund or separately managed account managed by Hitchwood may indirectly hold or control in particular commodities. It is possible that an exchange or the CFTC may suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract, or order that trading in a particular contract be conducted for liquidation only. If Hitchwood elects to transact in non-U.S. futures, the Master Fund could be exposed to additional risks associated with less or varying regulation and less predictable legal protections for futures than in U.S. futures transactions. Foreign futures or options contracts may also be subject to foreign exchange risks.

*Illiquidity and Credit Risk of Derivative Instruments and OTC Trading.* The Master Fund may enter into transactions involving privately negotiated OTC derivative instruments, including, among others, interest rate, volatility, foreign currency, equity and equity index swaps, OTC options and forward

contracts on securities, security indices and foreign currencies. There can be no assurance that a liquid secondary market will exist for any particular derivative instrument at any particular time. Although OTC derivative instruments are designed to meet particular financing needs and, therefore, typically provide more flexibility than exchange-traded products, the risk of illiquidity is also greater as these instruments can generally be closed out only by negotiation with the other party to the instrument. OTC derivative instruments, unlike exchange-traded instruments, are not guaranteed by an exchange or clearinghouse and thus are generally subject to greater credit risks and the possibility of non-performance by the counterparty. Derivative instruments that may be purchased or sold by the Master Fund may include instruments not traded on an exchange. The risk of nonperformance by the obligor on such an instrument may be greater than the risk associated with an exchange-traded instrument. The Master Fund may also not be able to dispose of, or enter into a closing transaction with respect to, such an instrument as easily as in the case of an exchange traded instrument. In addition, significant disparities may exist between “bid” and “asked” prices for derivative instruments that are not traded on an exchange. Although, the Dodd-Frank Act has significantly increased the level of government regulation of OTC derivative transactions, derivative instruments not traded on exchanges are not subject to the same degree of government regulation as exchange-traded instruments, and many of the protections afforded to participants in a regulated environment may not be available in connection with the transactions with respect to these instruments.

Further, the tax environment for derivatives is evolving and changes in the taxation of derivative instruments may affect the value of the derivative instruments held by the Master Fund and the implementation of the Master Fund’s strategy.

*Swap Trading Venues.* To address new regulations of the CFTC issued under the Dodd Frank Act, Hitchwood and/or the Master Fund may become a member of a swap execution facility (“**SEF**”) and if it does, would trade certain types of swaps on SEFs or exchanges, known as designated contract market (“**DCMs**”). SEF membership may subject Hitchwood and/or the Master Fund to additional regulatory and other requirements, and SEF membership may increase the costs and potential liability to the Master Fund associated with trading swaps. Similarly, the Master Fund may be unable to obtain more favorable terms or prices for SEF or DCM traded swaps. As self-regulatory organizations, SEFs and DCMs are expected to regularly revise and interpret their rules that govern swap trading on their trading venues, and such revisions and interpretations could adversely impact the Master Fund. Even if Hitchwood and/or the Master Fund opt not to become a SEF member, but instead trade on a SEF through a broker or other intermediary, such trading may nevertheless require Hitchwood and/or the Master Fund to consent to the SEF’s jurisdiction as a self-regulatory organization and to be subject to the SEF’s rulebook, which could adversely impact the Master Fund. Moreover, SEFs have only recently become subject to regulation by the CFTC, and many of the new trading, market surveillance, and technology requirements applicable to SEFs under CFTC regulations are based on new and untested rules and technology. SEFs could experience technological difficulties or regulatory lapses that could negatively impact the Master Fund’s swap transactions. Moreover, CFTC regulations, and interpretations of regulations governing SEFs and DCMs are evolving, and new or modified regulatory requirements for SEFs could also negatively impact the Master Fund.

### **Item 9: Disciplinary Information**

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

## **Item 10: Other Financial Industry Activities and Affiliations**

### **A. Broker-Dealer Registration Status**

Neither Hitchwood nor any of its management persons is registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

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

Hitchwood and certain affiliates currently operate as if they were exempt from registration as commodity pool operators and commodity trading advisers by relying on certain exemptions from registration under the Commodity Exchange Act and no-action relief provided by the Commodity Futures Trading Commission (“CFTC”) staff pursuant thereto.

### **C. Material Relationships or Arrangements with Related Persons who are Industry Participants**

Hitchwood provides discretionary investment management services and administrative services to the Hitchwood Funds. The General Partner, an affiliate of Hitchwood, serves as the general partner of the Master Fund and of the Domestic Feeder.

### **D. Material Conflicts of Interest Relating to Other Investment Advisers**

The General Partner, which is eligible to receive a performance-based incentive allocation from the Master Fund, is an investment adviser relying on the registration of Hitchwood under the Advisers Act.

## **Item 11: Code of Ethics, Participation in Client Transactions and Personal Trading**

### **A. Code of Ethics**

To help ensure the satisfaction of Hitchwood's fiduciary obligations to its clients, Hitchwood has adopted a written code of ethics (the "**Code**") pursuant to Rule 204A-1 under the Investment Advisers Act. The Code memorializes the standards of business conduct that all Hitchwood employees are expected to uphold, including that such persons must consider the interests of Hitchwood's clients before their own. The Code also includes provisions (i) requiring "supervised persons" to comply with federal securities laws, (ii) requiring "access persons" to report personal securities transactions periodically and holdings at the time they become access persons and on at least an annual basis thereafter, (iii) requiring "supervised persons" to report violations of the Code promptly to the Chief Compliance Officer and (iv) requiring Hitchwood to provide a copy of the Code, as it may be amended, to all "supervised persons," with a requirement that they provide Hitchwood with a written acknowledgement that they received the Code. For purposes of compliance with the Code, Hitchwood has determined that "supervised persons" generally shall be deemed to include all Hitchwood employees and "access persons" generally shall be deemed to include all Hitchwood employees and other "supervised persons" identified from time to time.

In addition to the elements required by Rule 204A-1, Hitchwood's Code includes, among others, restrictions that generally prohibit its access persons from purchasing or selling debt or equity securities that are not subject to general permission (e.g. Treasury securities and certain mutual funds) or case-by-case exemptions. The Code also requires that all personal securities transactions, if permitted, be conducted in a manner consistent with the Code and in avoidance, or appropriate mitigation, of any actual or potential conflict of interest. In addition, the Code addresses and includes limitations and restrictions on employees' ability to make investments in private placements or private funds, serve on the boards of directors of any outside company, receive or offer gifts or entertainment worth a substantial monetary value from or to persons doing business with Hitchwood, or make contributions, payments or gifts to political candidates or parties.

Hitchwood's Code also includes its policies and procedures with respect to preventing the misuse of material, non-public information. Hitchwood employees are required to certify their compliance with the Code on a periodic basis.

*Clients and prospective clients may obtain a copy of Hitchwood's Code by contacting Hitchwood's Chief Compliance Officer at [legal@hitchwoodcap.com](mailto:legal@hitchwoodcap.com).*

### **B. Securities in Which Hitchwood or a Related Person Has a Material Financial Interest**

The General Partner has established an advisory committee with respect to the Hitchwood Funds, comprised of the members of the board of directors of the Offshore Feeder, a majority of whom are independent. The purpose of the advisory committee is to consider and, on behalf of the Master Fund and Domestic Feeder, approve or disapprove, to the extent required by applicable law or deemed advisable by Hitchwood, in its sole discretion, principal transactions and certain transactions involving potential conflicts of interest. Any approval sought in connection with a conflict of interest directly affecting the business of the Hitchwood

Funds, will only be sought from the independent members of the advisory committee and will require the approval of a majority of such independent members.

It will not be the general practice of Hitchwood and its affiliates as principal to purchase securities or other instruments for themselves from any Hitchwood Fund or sell securities or other instruments they own to any Hitchwood Fund.

In the future, to the extent that other transactions may be viewed as principal transactions, including due to the ownership interest in the Hitchwood Funds by the General Partner, Mr. Crichton or their or his affiliates, Hitchwood will comply with the requirements of Section 206(3) of the Advisers Act in a consistent manner, by providing written notice of any such proposed transaction to the advisory committee and seeking its consent.

### **C. Investing in Securities that Hitchwood or a Related Person Recommends to Clients**

Hitchwood and its employees invest from time to time for their personal accounts in securities or instruments in which the Master Fund is also invested. Hitchwood also invests from time to time in securities or instruments for the Master Fund in which its affiliates or employees are already invested. Conflicts of interest may arise in such cases due to the conflicting financial interests of the Hitchwood Funds and the Hitchwood employees and/or affiliates. As mentioned in Item 11A, Hitchwood has implemented policies relating to personal account trading by its employees to reduce, monitor and resolve conflicts of interest presented by such trading activities and to endeavor to ensure that such trading activities are carried out in accordance with applicable law and regulatory requirements. For example, Hitchwood's employees are subject to Hitchwood's personal trading pre-clearance policy, which is designed generally to (1) prevent Hitchwood employees from transacting in certain securities of issuers at or about the same time that Hitchwood causes the Master Fund to transact in such securities and (2) prevent transactions in securities in which the Hitchwood Funds are restricted from trading.

### **D. Contemporaneous Trading**

Please see response to Item 11A and 11C above.

## Item 12: Brokerage Practices

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

Hitchwood has full discretion and authority to make all investment decisions with respect to the type of securities or instruments to be bought or sold and the amount of securities or instruments to be bought or sold for the Master Fund. In addition, there are no limitations as to which broker-dealer will be used or as to the commission rate that will be paid. Hitchwood's authority is limited only by its own internal policies and procedures, its fiduciary duty of best execution and the Master Fund's investment program.

Consistent with its duty of best execution, the factors Hitchwood considers in allocating trades to brokers and dealers include, but are not limited to:

- the broker or dealer's quality of execution, including its ability to follow and accurately execute specific trade instructions, access liquidity and execute the trade within Hitchwood's desired timing and otherwise achieve Hitchwood's objective;
- the broker or dealer's and its personnel's overall experience, reputation and trustworthiness;
- the broker or dealer's willingness to commit capital and provide liquidity;
- the quality of the broker or dealer's relationship with Hitchwood, including its responsiveness to requests, reliability, understanding of Hitchwood's strategy and interests, ability to provide market intelligence regarding trading activity in securities that Hitchwood trades and the nature and quality of investment ideas it generates;
- the broker or dealer's ability to execute trades in difficult markets;
- the broker or dealer's capabilities with capital markets, syndicate and block trading;
- the financial strength and stability of the broker or dealer;
- the broker or dealer's ability to evaluate market information across asset classes and sectors;
- the ability and willingness of the broker or dealer to provide research and trading services on a global basis across asset classes;
- the receipt of brokerage or research services which are of benefit to the Master Fund; and
- the receipt of other services that are beneficial to Hitchwood and its affiliates, but that are not necessarily beneficial to the Master Fund.

Subject to its duty of best execution, Hitchwood is not required to consider any particular criteria (including those identified above), need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. Hitchwood maintains policies and procedures to review the quality of executions, including periodic reviews by Hitchwood's Best Execution and Brokerage Allocation Committee.

In addition to the considerations described above and consistent with the fiduciary duty of best execution, the selection of a broker (including a prime broker) to execute transactions, provide financing and securities and instruments on loan, hold cash, securities and short balances and provide other services is influenced by, among other things, the provision by the broker of access to company management and access to deal flow.

## Research and Other Soft Dollar Benefits

The research or brokerage products and services provided to Hitchwood by broker-dealers generally include information on the economy, industries, specific securities, groups of securities, individual companies, financial, market and other data; statistical information; accounting and tax law interpretations; legal and political developments impacting portfolio securities; technical market advice; pricing and appraisal services (used in the investment process); credit analysis; discussions with research analysts and meetings with corporate executives and consultants; fees to attend conferences or seminars that provide substantive content regarding issuers, industries and or securities; research related to the market for securities, such as trade analytics (including analytics available through order management systems); advice on market color and execution strategies; market, financial, economic and similar data; pre-trade and post-trade analytics used during the investment decision making process; proxy services that Hitchwood uses during the investment decision making process, as opposed to service used to satisfy the Investment Manager's own voting, recordkeeping and disclosure obligations; and other products and services (e.g., quotation equipment and computer-related costs and expenses, including investment- and trading-related computer hardware and software). Research services are primarily received in the form of written reports, conferences, telephone contacts and personal meetings with security analysts, consultants, economists, academics, corporate executives and industry spokespersons, among others. In addition, such research services may be provided in the form of access to various computer-generated data and computer software. In some cases, research services are generated by third parties but are provided to Hitchwood by or through broker-dealers.

The commission rates (or dealer markups or markdowns arising in connection with riskless principal transactions) charged to the Master Fund by brokers may be higher than those charged by other brokers who may not offer such proprietary or third-party services, capabilities or characteristics as described above.

Hitchwood intends that its use of commission or "soft" dollars (including dealer markups or markdowns arising in connection with certain types of riskless principal transactions) to pay for proprietary and/or third party research or brokerage products or services will fall within the safe harbor for soft dollars created by Section 28(e) of the U.S. Securities Exchange Act of 1934, as amended, and prevailing guidance thereunder. Soft dollars are not intended to be used to pay for items not falling within the safe harbor (e.g., computer facilities for accounting for the Hitchwood Funds). The Section 28(e) safe harbor allows Hitchwood to pay more than the lowest available commission provided that (i) it determines in good faith that the commissions paid are reasonable in relation to the value of the brokerage and research services provided by such brokers and/or dealers and (ii) payments are made in compliance with applicable law.

Generally, where a product or service obtained with commission dollars provides both research (or brokerage) and non-research (non-brokerage) assistance to Hitchwood, Hitchwood will make a reasonable allocation of the cost which may be paid for which commission dollars and Hitchwood will pay the remainder. Hitchwood faces a conflict of interest when making such an allocation.

Broker-dealers sometimes suggest a level of business they would like to receive in return for the various products and services they provide. Actual brokerage business received by any broker-dealer may be less



than the suggested allocation, but can (and often does) exceed the suggested level, because total brokerage is allocated on the basis of the selection considerations described above.

When Hitchwood uses the brokerage commissions of the Hitchwood Funds to obtain research or other products or services, Hitchwood will receive a benefit because Hitchwood does not have to produce or pay for such research, products or services. As a result, Hitchwood may have an incentive to select or recommend a broker-dealer based on Hitchwood's interest in receiving the research or other products or services, rather than on the Hitchwood Funds' interest in receiving the most favorable execution. Hitchwood maintains various procedures to monitor and oversee the receipt of soft dollar benefits. These procedures include regular meetings of the firm's Best Execution and Brokerage Allocation Committee where members of the committee review such matters as total commissions paid, commissions paid to individual broker dealers, average commission rates, ratios of total commissions paid to commissions paid for soft dollar benefits and changes from prior quarters. In addition, Hitchwood investment professionals will periodically review the value of the soft dollar benefits received. Hitchwood investment, finance and compliance professionals will also review requests for third party research services and related payments and any payments made pursuant to commission sharing agreements.

Soft dollar commissions are only generated by the Master Fund and the Master Fund is the only client Hitchwood uses the soft dollar benefits to service.

### **Brokerage for Client Referrals and Other Services**

From time to time, Hitchwood personnel may speak at or otherwise participate in conferences and other "capital introduction" programs for potential investors. These conferences and programs are organized or sponsored by prime brokers or executing brokers (or their affiliates) and may be a means by which Hitchwood can be introduced to potential Hitchwood Fund investors, with whom such brokers have a pre-existing relationship. As a result, Hitchwood may have an incentive to select or recommend a broker-dealer based on Hitchwood's interest in receiving referrals through such capital introduction programs, rather than on the Hitchwood Funds' interest in receiving most favorable execution. Hitchwood may also receive consulting assistance services from prime brokers, including consulting assistance with facilities, technology, real estate, service providers, operations, finance, compliance and human resources. Currently, neither Hitchwood nor the Hitchwood Funds compensate anyone for providing such services or organizing such capital introduction events or for any investments ultimately made by prospective investors attending such events (and have not done so during the last fiscal year), although either may do so in the future. While such events and other services provided by a broker or dealer may influence Hitchwood in deciding whether to use such broker or dealer in connection with brokerage, financing and other activities of the Hitchwood Funds, Hitchwood will not commit to allocate a particular amount of brokerage to a broker or dealer in any such situation.

### **Trade and Other Errors**

Pursuant to the various exculpation and indemnification provisions contained in the Hitchwood Funds' constituent and offering documents, Hitchwood (and its employees, officers, directors, affiliates and other

specified indemnified persons) generally will not be liable to the Hitchwood Funds for any act or omission, absent gross negligence, willful misconduct, actual fraud or willful and material breach of the operative documents of the Hitchwood Funds if such breach has a material adverse effect on a Hitchwood Fund's business or affairs and the Hitchwood Funds generally will be required to indemnify such persons against any losses they may incur by reason of any act or omission related to the Hitchwood Funds, absent gross negligence, willful misconduct, actual fraud or willful and material breach of the operative documents of the Hitchwood Funds if such breach has a material adverse effect on a Hitchwood Fund's business or affairs on the part of such person. As a result of these provisions, the Hitchwood Funds (and not Hitchwood) will benefit from any gains resulting from trade errors and will be responsible for any losses (including additional trading costs) resulting from trading errors and similar trading errors, absent gross negligence, willful misconduct or bad faith. Trading errors include, for example, keystroke errors that occur when entering trades into an electronic trading system, calculation errors, communication errors, and typographical or drafting errors related to derivatives contracts or similar agreements. Investors in the Hitchwood Funds should assume that trading errors (and similar errors) occur and that substantial losses may be incurred. In determining whether Hitchwood has satisfied its standard of care such that the Hitchwood Funds are responsible for a loss resulting from a trading error, Hitchwood will have a conflict of interest between its economic interest and the interests of the Hitchwood Funds. The determination of whether Hitchwood and its personnel have satisfied their standard of care will not be based solely on the conduct of the specific Hitchwood personnel involved in the specific error at issue, but rather in the overall context of the control and compliance environment at Hitchwood as it relates to trading activity.

**Directed Brokerage**

Not applicable.

**B. Order Aggregation**

Not applicable.

### **Item 13: Review of Accounts**

Hitchwood's investment professionals, led by Mr. Crichton, review the Master Fund's portfolio on a frequent and regular basis. To assist in this effort, Hitchwood generates various portfolio, performance, attribution and risk reports each U.S. trading day. Mr. Crichton generally reviews these reports each U.S. trading day. Investment selection, portfolio and risk management reviews are also conducted on a regular and periodic basis in collaboration with Hitchwood's investment professionals and other research, finance and operations personnel.

Hitchwood's third party administrator and compliance, finance and operations personnel (as applicable) also conduct periodic reviews with respect to trade execution, brokerage allocation, performance reporting, cash, position reconciliations and other matters.

A review of reports and analysis other than on a periodic basis may be triggered by unusual activity or special situations on a case-by-case basis.

Hitchwood provides the following regular reports to investors in the Hitchwood Funds:

- (i) An unaudited monthly account statement;
- (ii) Annual audited financial statements within 120 days after the end of the applicable Hitchwood Fund's fiscal year end;
- (iii) Schedule K-1s (if applicable); and
- (iv) A quarterly report disclosing (a) the expense ratio of the Master Fund, expressed in basis points (excluding expenses paid by "soft dollars" in accordance with Section 28(e) of the Securities Exchange Act of 1934, as amended) and (b) aggregate capital account balances of Hitchwood affiliated investors (excluding any accrued incentive allocation), expressed as a percentage of aggregate capital account balances of all investors (including the General Partner) in the Master Fund.

Additional reporting, including written exposure and performance attribution reporting is also provided on a periodic basis to Hitchwood Fund investors. Other more frequent or detailed portfolio information, risk reporting or analysis may also be made available upon request, on a case-by-case basis, subject to additional contractual confidentiality protections and use restrictions.

## **Item 14: Client Referrals and Other Compensation**

### **A. Economic Benefits for Providing Services to Clients**

Not applicable.

### **B. Compensation to Non-Supervised Persons for Client Referrals**

Not applicable.

## **Item 15: Custody**

Hitchwood is deemed to have custody of the Master Fund's assets and as such is subject to Rule 206(4)-2 under the Advisers Act because it has the authority to obtain client funds or securities, for example, by deducting advisory fees from the Master Fund's account or otherwise withdrawing funds from a Hitchwood Fund's account. Hitchwood is also deemed to have custody of the Master Fund's assets because the General Partner (a Hitchwood affiliate) serves as general partner of the Master Fund.

The Hitchwood Funds are subject to an annual audit and Hitchwood will distribute audited financial statements to investors in each Hitchwood Fund within 120 days of such Hitchwood Fund's respective fiscal year end. The Hitchwood Funds will be audited annually by an accounting firm that is a member of the Public Company Accounting Oversight Board and the audit will be conducted in accordance with accounting principles that are generally accepted in the U.S. (*i.e.*, U.S. GAAP). As a result, Hitchwood will not be required to comply (or will be deemed to comply) with the account statement delivery and surprise exam requirements under the Advisers Act's "custody rule" because it will comply with the provisions of the so-called "Pooled Vehicle Annual Audit Exception."

Investors are encouraged to carefully review the annual financial statements and compare the statements with the information about the Master Fund that has been provided by Hitchwood and the Hitchwood Funds' third party administrator.

## **Item 16: Investment Discretion**

Hitchwood manages the Hitchwood Funds on a fully discretionary basis pursuant to an investment management agreement, subject to the overall supervision of the General Partner. Hitchwood's investment decisions are subject only to applicable law and to each Hitchwood Fund's constituent documents and the limitations (if any) set forth therein.

## Item 17: Voting Client Securities

SEC Rule 206(4)-6 requires registered investment advisers that exercise voting authority over client securities to implement proxy voting policies. Investors in the Hitchwood Funds do not have the ability or authority to direct the voting of the Master Fund's securities.

Hitchwood has adopted proxy voting policies and procedures aimed at achieving Hitchwood's overall goal of voting proxies in the best interests of the Hitchwood Funds, as determined by Hitchwood in its discretion. Hitchwood's proxy voting policies address how Hitchwood resolves conflicts of interest that may arise when voting proxies, including conflicts between Hitchwood Funds or conflicts between Hitchwood and one or more Hitchwood Funds.

In order to assist it in carrying out its duty to vote proxies in the Hitchwood Funds' best interests and to facilitate the proxy voting process, Hitchwood has retained a proxy advisory service to provide research, reporting, vote execution and record keeping services. Although Hitchwood intends to vote all proxies that it receives for the Master Fund, there may be times when Hitchwood does not vote or abstains from voting if Hitchwood determines that not voting or abstaining is in the best interests of the Hitchwood Funds. In making such determinations, Hitchwood will consider various factors, including, but not limited to the cost associated with exercising the proxy (e.g., translation, notary or travel costs) and applicable legal restrictions on trading that may arise from voting a proxy.

In certain cases, Hitchwood may believe it to be in the best interests of the Hitchwood Funds to vote contrary to some or all of the recommendations of the proxy research service provider. In these cases, Hitchwood's CCO will evaluate any known or identified conflicts of interest. If the CCO identifies material conflicts of interest between Hitchwood and/or its employees, on one hand, and Hitchwood's clients or fund investors, on the other hand, in connection with such proxy vote, Hitchwood will vote the proxy in accordance with the recommendations of the proxy research provider unless a vote to the contrary is recommended by the proxy voting committee (with any members of the committee deemed to have a material conflict of interest having recused themselves) and approved by the CCO. All votes are overseen by Hitchwood's Chief Compliance Officer.

*Clients may obtain a copy of Hitchwood's proxy voting policies and procedures and information about how the firm voted their securities by contacting the Chief Compliance Officer at [legal@hitchwoodcap.com](mailto:legal@hitchwoodcap.com).*

From time to time, Hitchwood may receive notices regarding class action lawsuits involving securities that are or were held by the Master Fund. As a general matter, Hitchwood refrains from serving as the lead plaintiff in class action matters and also refrains from submitting proofs of claims. If Hitchwood does participate in a class action lawsuit and ultimately receives proceeds, the proceeds will be credited to the Hitchwood Funds for the benefit of investors.

## Item 18: Financial Information

Not applicable.