

Form ADV Part 2A: Firm Brochure

Scion Asset Management, LLC

Principal Office

20400 Stevens Creek Blvd., Suite 840
Cupertino, CA 95014
(P) 408-441-8400
(F) 408-441-8405
www.scionasset.com

May 29, 2018

This brochure provides information about the qualifications and business practices of Scion Asset Management, LLC (“Scion”). If you have any questions about the contents of this brochure, please contact Zaeed Kalsheker, Chief Compliance Officer, at 408-441-8400 or email zaeed@scionasset.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

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

Any reference to Scion Asset Management, LLC as a “registered investment adviser” or as being “registered,” does not imply a certain level of skill or training.

Item 2: Material Changes

Scion last updated and filed this brochure on March 28, 2016. Scion withdrew from SEC registration on November 1, 2016, and is re-filing its Part 1 of Form ADV and this brochure due to the commencement of the management of a new private fund. Scion has updated the relevant items within this brochure to address the management of the new private fund.

Item 3: Table of Contents

Item 2: Material Changes	2
Item 3: Table of Contents	2
Item 4: Advisory Business.....	2
Item 5: Fees and Compensation	4
Item 6: Performance Based Fees and Side-by-Side Management.....	5
Item 7: Types of Clients	6
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss	6
Item 9: Disciplinary Information.....	16
Item 10: Other Financial Industry Activities and Affiliations.....	16
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading..	16
Item 12: Brokerage Practices.....	17
Item 13: Review of Accounts	19
Item 14: Client Referrals and Other Compensation	19
Item 15: Custody	20
Item 16: Investment Discretion	20
Item 17: Voting Client Securities	20
Item 18: Financial Information.....	20

Item 4: Advisory Business

Scion is a limited liability company organized under the laws of the State of Delaware. Commencing operations in 2013, Scion is primarily owned and controlled by Dr. Michael J. Burry. The investment activities of Scion are led by Dr. Burry together with other investment professionals who assist in executing the investment strategy.

As of March 31, 2018, Scion managed \$177,035,000 of assets on a discretionary basis.

Scion provides discretionary investment advice to the following private investment funds:

- Scion Master G7, L.P. (the “Master Fund”), a Cayman Islands exempted limited partnership;
- Scion G7, L.P. (the “Onshore Fund”), a Delaware limited partnership;
- Scion G7 Offshore, Ltd. (the “Offshore Fund”), a Cayman Islands exempted company;
- Scion Value G7, L.P. (the “Value Fund”), a Delaware limited partnership; and
- Scion Asia, LP, (the “Asia Fund”) a Delaware limited partnership.

Each private fund listed above is herein referenced as Scion’s “Clients.”

The Onshore Fund and the Offshore Fund are feeder funds into the Master Fund. The Master Fund, Onshore Fund, Offshore Fund, Value Fund and Asia Fund are collectively referred to herein as the “Funds” or each a “Fund.” Shares or limited partnership interests in the Funds are not registered under the U.S. Securities Act of 1933, as amended; nor are the Funds registered under the Investment Company Act of 1940, as amended. Accordingly, interests or shares in the Funds are offered and sold exclusively to investors satisfying the applicable eligibility and suitability requirements, either in private transactions within the U.S. or in offshore transactions.

Darkwand, LLC (“Darkwand”) is the general partner (the “General Partner”) of the Onshore Fund, the Master Fund, the Value Fund and the Asia Fund. The General Partner is primarily owned and controlled by Dr. Burry.

Unless and only to the extent that the context otherwise requires, references to Scion include the General Partner.

In providing services to its Clients, among other things, Scion (i) manages Clients’ assets in accordance with the terms of the applicable governing documents or investment management agreements (“IMA”); (ii) formulates investment objectives; (iii) directs and manages the investment and reinvestment of Clients’ assets; and (iv) provides periodic reports to investors.

Investment guidelines and restrictions for Clients, if any, are generally established in the applicable Fund’s governing documents. Scion provides investment advice directly to the Funds and not individually to a Fund’s limited partners or investors, subject to the direction and control of the respective General Partner and/or Directors of each Fund.

A Strategic Investor in the Asia Fund has preferred fees, liquidity and transparency into the Asia Fund’s holdings. An affiliate of the Strategic Investor is also an investor in the Onshore Fund. Scion and its constituent members or partners, affiliates, employees, and family members of the foregoing may withdraw their investment in a Fund at any time without incurring any excess withdrawal fees.

The Clients seek long-term capital appreciation. Scion plans to pursue Clients’ investment objectives primarily through fundamental research in pursuit of undervalued and/or misunderstood investment situations in the global theater. This fundamental research may take into account technical, macroeconomic, and other tactical approaches to the ever-changing securities marketplace. Scion may cause Clients to take either “long” or “short” positions, as opportunities warrant. In addition, Scion may apply both long-term and short-term strategies in individual securities.

From time to time, Clients may, to the extent permitted by the Rules of the U.S. Financial Industry Regulatory Authority (“FINRA”) as may be amended from time to time (the “Rules”), purchase equity securities that are part of an initial public offering (sometimes referred to as “IPOs” or “new issues”). Under the Rules, brokers may not sell such securities to a private investment fund, if the fund has investors who are “Restricted Persons”, which category includes persons employed by or affiliated with a broker and portfolio managers of hedge funds and other registered and unregistered investment advisory firms, unless the fund has a mechanism in place that excludes such Restricted

Persons from receiving allocations of profits from new issues. The profits and losses with respect to new issues will generally be allocated to investors in the Funds that are not Restricted Persons.

Item 5: Fees and Compensation

Scion's compensation for the investment advisory services it provides to its Clients is comprised of an asset-based management fee and an incentive allocation/fee based on the performance achieved. The fees and expenses applicable to each Client are set forth in detail in each of the Fund's respective offering memorandums. Fees and incentive allocations paid to Scion or the General Partner by the Funds are generally deducted directly from Fund investors' capital accounts.

A brief summary of fees and expenses is provided below.

Management Fee

The Clients' Investment Management Agreements obligate a Client to pay Scion an asset-based management fee up to 2% per annum. For purposes of calculating management fees, Scion will value Designated Investments¹ at the lower of cost or fair market value. Scion generally deducts the Funds' asset-based fees from an investor's capital account monthly in advance.

Scion may vary the Management Fee for particular Fund investors by separate agreement with them without notice to the other investors and may, in its discretion, reduce or waive any Management Fees at any time. It has waived the Management Fee (and Incentive Allocation) for Scion and Scion's constituent members or partners, affiliates, employees, and family members of the foregoing.

Incentive Allocation/Fee

Scion will be entitled to up to a 20% share in the appreciation in value of each Client's account balance, including profits from Designated Investments, and subject to a loss carryforward procedure, on an annual basis. The Funds' General Partner expects that for most periods and as to most sources of profit, this will be effected through incentive allocations the Funds make to the General Partner.

Incentive allocations will generally be based on each calendar year's performance and made at each December 31. However, if an investor withdraws capital other than as of December 31, the Funds will make an incentive allocation based on year-to-date performance, in proportion to the reduction in the investor's relevant account balance caused by the withdrawal. Those incentive allocations will reduce the withdrawal proceeds payable to the withdrawing investor.

Scion will only charge incentive compensation to Qualified Clients in accordance with Rule 205-3 under the Investment Advisers Act of 1940, as amended (the "Advisers Act").

¹ "Designated Investments" will generally be assets for which there is no public market or for which the prices reflected in market activity do not, in Scion's judgment, reflect the amount for which the Funds could dispose of them in a reasonable period. An asset may be designated as a "Designated Investment" when the asset is acquired or after the asset has been held for some time.

Expenses

The Funds will bear all of their operating costs (as more fully described in each Fund's Offering Memorandum) and their pro rata share (or other portion as determined by Scion) of any expenses shared among Scion's Clients. These operating and shared expenses include, among other things: bookkeeping, accounting, tax preparing and reporting, audit, and other professional fees and expenses; brokerage and other transaction-related costs (see Item 12); legal fees (including fees paid to Scion's counsel for services for the Funds' benefit); governmental fees and taxes; custodial fees; prime broker fees; costs of reporting to investors; costs of a Fund's governance activities; costs of compliance with regulatory or reporting requirements to which a Fund, the General Partner, Scion, or their affiliates is or becomes subject that relate to the Fund (including costs of preparing and submitting Form PF and other reports regarding the Funds); expenses related to investment research and due diligence, including costs of third party analytical services; certain travel costs; fees and expenses paid or reimbursed to the Fund Administrator; and all other reasonable expenses related to the Funds' operations or the purchase, sale or transmittal of assets, all in the General Partner's discretion. If the Funds may be responsible for some or all of a particular cost, Scion may allocate the cost among the Funds in its discretion.

Scion has policies and procedures in place to ensure shared expenses are allocated among Clients and Scion in a fair and equitable manner.

Money-market funds and other vehicles which can be held by a Fund also charge internal management fees. Such charges, fees, and commissions are exclusive of, and in addition to Scions' Management Fee, and Scion does not receive any portion of these commissions, fees, and costs.

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

As noted above, Scion or the General Partner, which is an affiliate of Scion, receives annual incentive-based allocations/fees from its Clients, which are based on a percentage of the net capital appreciation of the Clients' assets. These performance-based allocations/fees may potentially create an incentive for Scion to favor Clients paying higher performance-based fees versus other Clients, who pay lower management fees and/or performance-based fees, when allocating investment opportunities. They also may create an incentive for Scion to make more speculative investments than would otherwise be made, or make decisions regarding the timing and manner of realization of investments differently than if such allocations were not received.

Scion has implemented policies and procedures for allocating transactions and opportunities among its Clients in a manner it believes to be equitable over time, taking into account similarities and differences among the various accounts and in particular relating to activities of other accounts in which Scion or its personnel or affiliates have material interests. Scion believes that, notwithstanding the potential for conflicts of interest, differences could arise among its Clients due to appropriate factors such as differences in investment objectives and strategies (including directional- and concentration-related risk preferences), cash availability, limitations on the availability of particular investment or transactional opportunities, and differences in liquidity needs (e.g., withdrawal or redemption rights and activities). There is no guarantee that a Client will participate in every investment opportunity identified by Scion.

Because Scion manages more than one Client, there may be conflicts of interest over its time devoted to managing any one account and allocating investment opportunities among all accounts that it manages. For example, Scion selects investments for each Client based solely on investment considerations for that Client. Different Clients may have differing investment strategies and expected levels of trading. Scion may buy or sell a security for one type of client but not for another Client. Scion may give advice to, and take action on behalf of, any of its clients that differs from the advice that it gives or the timing or nature of action that it takes on behalf of any other client.

Scion is not obligated to acquire for any Client any security that Scion or its partners, managers, members or employees may acquire for its or their own accounts or for any other Client, if in Scion's absolute discretion, it is not practical or desirable to acquire a position in such security for that Client.

Item 7: Types of Clients

Scion provides investment advisory services to the Funds. Investors in the Funds include, but are not limited to, high net worth individuals, family offices, fund of hedge funds, endowments, foundations, trusts, charitable organizations, pension plans, and other corporate or business entities.

Details concerning applicable investor suitability criteria are set forth in the respective Fund's offering documents and subscription materials. The minimum commitment for an investor is outlined in the respective Fund's governing documents, but is generally \$1.5 million for the Onshore Fund and Offshore Fund, \$0.5m for the Value Fund, and \$1 million for the Asia Fund. Scion and/or the General Partner maintain discretion to accept less than the minimum investment threshold. Each applicable investor in a Fund is required to meet certain suitability qualifications, such as being an "accredited investor" within the meaning set forth in Regulation D under the Securities Act, as amended; a "qualified client" as defined in Rule 205-3 under the Advisers Act; or a "qualified purchaser" as defined in Section 2(a)(51) of the Investment Company Act, as amended.

Scion may from time to time enter into agreements (collectively, "Side Letters") with one or more investors in the Funds which may provide such investor(s) with additional and/or different rights (including, without limitation, with respect to Management Fees, performance-based fees, withdrawals, access to information, minimum investment amounts, and liquidity terms) than such investors have pursuant to the general terms of the applicable Fund. Scion will not be required to notify, or provide copies to, any or all of the other investors of any such Side Letters or any of the rights and/or terms or provisions thereof, nor will Scion be required to offer such additional and/or different rights and/or terms to any or all of the other investors.

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

Methods of Analysis and Investment Strategies Generally

Investment Strategy

The Master and Value Funds seek long-term capital appreciation and will invest, primarily, in equity, debt, and derivative instruments globally.

The Asia Fund seeks long-term capital appreciation. It intends to pursue that objective by investing, primarily, in publicly traded securities of companies that are organized in and/or focus their business on and/or are traded in Japan and, to a lesser extent, South Korea and Hong Kong (together, the “*Focus Countries*”). In Japan, the Asia Fund intends to invest primarily in small-and micro-cap companies. It may also invest in securities of companies that are traded in, or whose businesses emphasize, other countries, primarily in Asia.

Scion may cause its Clients to take either “long” or “short” positions, as opportunities warrant. In addition, Scion may apply both long-term and short-term strategies in individual securities.

Scion will consider and invest in opportunities of any type that Scion considers attractive in the circumstances. Scion’s investment professionals have specific prior experience managing portfolios employing equities, special situations, bonds, derivatives, macroeconomics, and activism, and Scion may employ any one or more of these strategies.

There are no obligations on Scion to pursue any particular investment or portfolio construction technique at any particular time; there are no specific limits on the types of securities or other instruments in which Clients may invest, the types of positions they may take, the concentration of investments by sector, industry, country, class or otherwise, the amount of leverage Clients may employ, or the number or nature of short positions they may take. The General Partner may change the Funds’ investment approach or strategy at any time, if the General Partner considers doing so to be appropriate and in the Funds’ best interests.

Scion has broad discretion to employ a wide variety of investment techniques, even if they involve changes in or differ from the approaches in use by a Client at any particular time. Clients may hold a significant portion of its assets in cash during times when Scion considers attractive investment opportunities to be scarce, or if Scion’s investment process requires extended timelines. Scion expects the Asia Fund’s portfolio overall to inherently be less liquid than portfolios that focus on larger-capitalization and more-actively traded securities.

Methods of Analysis

Scion plans to pursue Clients’ investment objectives primarily through fundamental research in pursuit of undervalued and/or misunderstood investment situations in the global theater. This fundamental research may take into account technical, macroeconomic, and other tactical approaches to the ever-changing securities marketplace. Investment in individual equities based on Scion’s fundamental, value-oriented analysis will often be a principal emphasis. However, at times investment theses may be based on macro trends and opportunities as much as individual value analysis. Scion may use both traditional and proprietary analysis and techniques to identify attractive short selling opportunities, largely for securities that Scion believes are overvalued and/or facing technical factors that Scion believes ought to depress the securities’ prices. Scion is not required to engage in short selling or to use any techniques for hedging purposes.

In addition to equities, Clients may invest and trade in any kind of instrument, including corporate debt securities, convertible securities, exchange traded funds, government securities, options, warrants, equity swaps, credit default swaps, and derivatives of other types. While not a primary

focus, the Master Fund and Value Fund may invest in instruments that are subject to restrictions on resale or for which there is no ready public market.

Scion understands that profitable strategies in the first half of the 2000s were not the same strategies that were profitable in the second half of that decade. And Scion understands that this is true for most decades in modern times. Dr. Burry has been credited as an innovator in the use of certain complex investment strategies now widely employed by other funds. Such innovation may be a feature of future strategies of Scion's Clients, even as specifics of such strategies cannot currently be specified; Scion's strategies and techniques are continually evolving and Scion will make investments that reflect that evolution in Scion's discretion.

Clients' portfolios will generally consist of a mix of positions that Scion believes provide an appropriate combination of opportunities and exposures, with diversification/concentration and hedging being affected significantly by the particular types of positions and instruments as well as the investment theses underlying those positions. Scion may employ leverage, including borrowing funds to buy securities, selling investments short, and using various derivatives strategies.

Risk of Loss

There can be no assurance that Clients will achieve their investment objectives. Investing in securities involves risk of loss that Clients and Fund investors should be prepared to bear.

Scion does not guarantee or represent that any investment program will be successful. As with any investment, an Investor could lose some or all of its investment. An investment with Scion is not a complete investment program and should represent only a portion of an Investor's overall asset management strategy. Among the risks involved with an investment with Scion are the following. This is not a complete list of the risks associated with an investment in the Funds. Please refer to each Fund's offering memorandum for a more detailed description of such risks.

Investments in Undervalued Securities. Scion will invest in securities it believes are undervalued. Identifying investment opportunities in undervalued securities is a difficult task, and Scion cannot provide any assurance that Scion will succeed at it; Clients may acquire securities that Scion considers undervalued but that in fact are not. While investments in undervalued securities offer opportunities for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. In addition, Clients may be required to hold them for a substantial period before realizing their anticipated value. Returns generated from Clients' investments may not adequately compensate for the business and financial risks assumed.

Concentration of Investments. Clients may at times have a relatively large portion of their capital exposed to a relatively small number of positions and/or a particular industry. Losses in one or more large positions, or a downturn in an industry in which Clients are concentrated, could materially adversely affect a Client's performance and could have a materially adverse effect on a portfolio's overall financial condition.

Idle Funds. There have been and may continue to be significant periods when Clients have a majority of their assets in cash or cash equivalents. This may be because, among other things, Scion

is not able to locate investments it considers both attractive and suitable for Clients' purposes. Particularly during periods when overall interest rates are low, the investment return on such "idle funds" will be less than the overall return objective Scion seeks through Clients' investment programs. The Management Fee that Scion receives is based on the entire value of a Client's portfolio, including the portion attributable to cash and cash equivalents.

Short Selling. Scion may sell securities short in a Client's portfolio. In a short sale, a Client sells securities it does not own, in the expectation that the market price will decline and the Client will be able to buy replacement securities later at a lower price, which theoretically involves the risk of unlimited loss; the price at which the Client must buy "replacement" securities could increase without limit.

Risks of Investing in Non-U.S. Securities. Clients may invest and trade in securities of non-U.S. companies or governmental entities, and in securities, commodity interests, and derivative contracts and instruments denominated in currencies other than U.S. dollars. Such securities and other instruments can subject Clients to risks not typically associated with investing in securities and commodity interests in the U.S., including risks due to currency fluctuations, political and economic instability, restrictions on investment and repatriation, withholding taxes, limited information about the issuer, limited liquidity and limited regulatory oversight.

Portfolio Leverage. If Clients borrow to leverage their investments (margin borrowing), that borrowing would probably be secured by the Clients' securities and other assets. Margin borrowings typically allow the lender to demand an increase in the collateral that secures the Clients' obligations, and if the Clients were unable to provide additional collateral, the lender could liquidate the collateral to satisfy the Clients' obligations. Forced liquidation could have extremely adverse consequences, including sales at disadvantageous times and prices and the acceleration of tax consequences.

Limited Liquidity of Some Investments. Some of the investments may be relatively illiquid. An investment may be illiquid because it is thinly traded or because the Clients' position in it is large in relation to the overall market for the security. Clients may own securities that are relatively liquid when acquired but that later become illiquid. Clients may not be able to liquidate illiquid positions if the need were to arise; rapid sales of such securities could depress the market value of those securities, reducing the Funds' profits, or increasing its losses, in the positions. In addition, Clients may buy securities that are not immediately saleable in the public markets.

Small and Medium Capitalization Stocks. Clients may invest in stocks of companies with relatively small- or medium-sized market capitalizations, which can involve higher risks than investments in stocks of larger companies. For example, prices of small-capitalization and some medium-capitalization stocks are often more volatile than prices of large-capitalization stocks and the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) may be higher than for larger, "blue-chip" companies. In addition, thin trading in some small- and medium-capitalization stocks may make those stocks less liquid than large-capitalization stocks.

Derivatives. Clients may invest in derivative instruments. Derivative instruments involve a variety of material risks, including, in some cases, extremely high embedded leverage. The derivatives

markets are frequently characterized by limited liquidity, which can make it difficult as well as costly to close out open positions in order either to realize gains or to limit losses. The pricing relationships between derivatives and the instruments underlying them may not correlate with historical patterns, resulting in unexpected losses.

Trading options is highly speculative and may entail risks greater than investing in other securities. Option prices are generally more volatile than other securities' prices. When trading options, Clients are speculating on market fluctuations of securities and securities exchange indices while investing only a small percentage of the value of the securities underlying the options. A change in the market price of the underlying securities or underlying market index would cause a much greater change in the price of the option contract. In addition, if Clients buy options that they do not sell or exercise, they will suffer the loss of the premium paid. To the extent Clients sell (write) options and must deliver the underlying securities at the option price, Clients have a theoretically unlimited risk of loss if the price of the underlying securities increases. If Clients must buy those underlying securities, it risks the loss of the difference between the market price of the securities and the option price.

Futures can provide a form of leverage, allowing Clients to participate in market price fluctuations of indices, interest rates or commodities underlying futures (or options on futures), while only investing a small percentage of the value of those underlying indices, rates, or commodities as margin. Trading in futures is highly speculative and may entail risks that are greater than investing in securities, including increased volatility relative to other securities and increased exposure resulting from leverage. Scion is not registered as either a "commodity pool operator" or a "commodity trading adviser."

Over-The-Counter Derivatives. Some of the derivatives Clients may trade may be principal-to-principal or "over-the-counter" contracts between Clients and third parties entered into privately, rather than on an established exchange. These could include security-based swaps, swaps, contracts for differences, forward contracts, and other OTC derivative arrangements involving or relating to, among other things, specific securities (including total return swaps), interest rates (including caps and floors), or currencies. In all these types of transactions, Clients will be subject to the risk that a counterparty is unable or refuses to perform. Clients will not be afforded the regulatory protections of an exchange or its clearinghouse, or of a government regulator that oversees the exchange or clearinghouse, if a counterparty fails to perform. In privately negotiated transactions, the risk of the negotiated price deviating materially from fair value is substantial, particularly when there is no active market available from which to derive benchmark prices.

Distressed Companies. Clients may invest in companies that are distressed or have experienced difficulties. These companies present greater risks than healthy companies; a bankruptcy could cause Clients to lose their entire investment or Clients could be forced to accept cash or securities with a value less than the Clients' investment.

Debt Instruments. Clients may invest in debt (fixed-income) instruments (or derivatives thereof) of all types, including investment-grade corporate debt, below-investment-grade ("high-yield" or "junk") corporate debt, mortgage-backed securities, other asset-backed securities, corporate loans, U.S. government bonds, (including agency indebtedness that is not backed by the full faith and credit of the U.S. government), municipal debt of all types, non-U.S. sovereign debt, trade

receivables, warehouse receipts, and other credit-related claims or instruments. The values and prices of all debt instruments are subject to credit risk, market risk, and interest rate risk. Non-investment grade, or “high yield” instruments, are subject to greater risk of loss of principal and interest than higher-rated securities and are generally considered to be speculative.

Exchange Traded Funds. Clients may invest or trade in Exchange Traded Funds (*ETFs*), index-related instruments, and other instruments or pooled vehicles as a way of hedging risks related to particular industries, sectors, or markets in connection with its other investments. Doing so will subject Clients to hedging-related risks. It may also include the risk that an ETF or index-related instruments may not effectively reflect the performance of the index, industry, or other market it is intended to replicate.

Hedging. Scion may use hedging strategies to the extent it considers appropriate in light of current circumstances and portfolio composition. It may do so using short positions in one instrument to hedge long positions in another instrument, and vice versa. It may use instruments based on stock indices or other indices to hedge against broader market exposure. Hedging strategies involve transaction costs and may inherently limit or reduce the potential for profit. Hedges are often imperfectly inversely correlated with the underlying exposure Clients seeks to hedge and, to the extent that is the case, can subject Clients to additional risk, if prices involved in the hedging position move against Clients. Index-related instruments in particular will inherently correlate imperfectly with particular portfolio positions.

Reports, Books and Records. Scion may provide certain investors with reports and access to financial or portfolio-related information that is more detailed than the reports and information provided to investors generally, and/or to provide financial and portfolio-related information more rapidly and/or more frequently than it provides that information to investors generally.

Asset Valuation. Scion has substantial discretion in determining the value of Clients’ assets. Scion may have incentives to assign higher values to securities than those securities could be sold for. Assigning a high value to investments would increase, or give rise to, Incentive Allocations or reduce the amount of loss carryforward to be recovered before an Incentive Allocation may be made in a subsequent period. And any reduction in the value of assets would reduce the amount of Management Fee to which Scion is entitled.

Changes in Investment Strategies. Scion has broad authority to expand, contract or otherwise change Clients’ activities without notice to, or the consent of, the Fund investors. It will opportunistically implement whatever strategies or discretionary approaches it believes from time to time may be best suited to prevailing market conditions. For some of these strategies, no specific “risk factors” are described in this brochure. Nevertheless, those strategies should be considered to be speculative, volatile and, in general, no less risky than other strategies more fully described in this brochure. Over time, the strategies Scion implements can be expected to expand, evolve, and change, perhaps materially. Scion will not be required to implement any particular strategies and may discontinue employing any particular strategy, whether or not that strategy is specifically described in this brochure, and without notice to investors. Any change in strategies could expose Clients’ capital to additional risks, which may be substantial.

Limited Liquidity in the Funds. An investment in the Funds is illiquid and is not suitable for an investor who needs liquidity. There is no public market for interests in the Funds and there are

limitations on the ability to transfer such interests. Although withdrawals are permitted, they are subject to several limitations. Investors generally may not withdraw capital for a full year (2 years in Asia Fund) following the investment, and then may withdraw such capital only at specified withdrawal dates. Investors may not withdraw capital that is attributable to Designated Investments.

Counterparty and Custody Risk. Financial institutions with which Clients do business, including the Prime Brokers or counterparties that hold assets as collateral, could become insolvent, which may result in Clients not being able to recover all or a portion of their assets either permanently or for some years.

Reliance on Technology; Cybercrime. Scion and its Clients rely heavily on computer hardware and software, online services, data feeds, trading platforms, and other computer-related and communications technology and equipment to implement Scion's strategies and investment and trading activities. The Client's custodians and counterparties, including prime brokers and exchanges, also rely critically on such systems and technologies. Should events such as computer data theft, "worms," viruses, other cyber-attacks, and/or power failures cause failures or disruptions in the operation of any of those systems or technologies, Scion and the Clients could experience losses, liabilities, or other adverse effects that Scion may be unable to prevent or to mitigate. In particular, Scion and the Clients are subject to risks associated with a breach in its cybersecurity. Cybersecurity is a generic term used to describe the technology, processes, and practices designed to protect networks, systems, computers, programs, and data from "hacking" by other computer users, other unauthorized access, and the resulting damage and disruption of hardware and software systems, loss or corruption of data, and misappropriation of confidential information. If a cybersecurity breach occurs, Scion and the Client may incur substantial costs, including those associated with: forensic analysis of the origin and scope of the breach; increased and upgraded cybersecurity; investment losses from sabotaged trading systems; identity theft; unauthorized use of proprietary information; litigation; adverse investor reaction; the dissemination of confidential and proprietary information; and reputational damage. Any such breach could expose both the Client and Scion to civil liability as well as regulatory inquiry and/or action. In addition, any such breach could cause substantial withdrawals from a Fund. Investors could also be exposed to additional losses as a result of unauthorized use of their personal information.

Expanded Risks of Investing in the Asia Fund & Certain Asian Countries

Because the Asia Fund is expected to concentrate its investments in only certain countries ("Focus Countries"), the Asia Fund will not be as diversified as many other investment funds. Where Fund assets are invested in certain countries, which are narrowly-defined, risk is increased because the Fund is not broadly diversified and those countries face a variety of common risks related to their economic development.

General Economic Conditions and Developments. The economies of individual Focus Countries may differ favorably or unfavorably from the economies of many other countries in such respects as growth of gross domestic product, rate of inflation, currency depreciation, asset reinvestment, resource self-sufficiency, and balance of payments position. Among other things, some Focus Country markets generally are heavily dependent upon international trade and, accordingly, have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values, and other protectionist measures imposed or negotiated by

the countries with which they trade. Although economic conditions vary in each Focus Countries, investors' reactions to the developments in one country may have effects upon the securities of companies in other countries. Developments or conditions in some Focus Countries may significantly affect the availability of credit in other countries in that region and result in considerable outflows of funds and declines in the amount of foreign currency invested in those markets.

Focus Countries may experience dramatic political changes, changes in government regulation, diplomatic developments (including war), social instability, and even the potential for nationalization, expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, limitations on repatriation. Any of these types of developments could affect adversely those countries' economies and the value of the Fund's investments in those countries.

Japanese Economic Development. There are special risks associated with investments in Japan. The value of publicly traded Japanese companies may be highly correlated with political and economic factors affecting companies in Japan. Japan's economy faces several distinguishing issues, including the aging and decline of its population, shrinking consumption, low economic growth, and recurrent economic deflation. To help address these issues, in 2012, the Japanese government adopted an unconventional policy known as "Abenomics," which included monetary easing, a flexible fiscal policy, and structural reforms. The success of Abenomics is essential to Japan's economic growth, and the failure of that policy may adversely affect the value as well as the liquidity of the Fund's investments in Japanese securities, resulting in substantial losses.

South Korea. Economic and political developments of South Korea's neighbors may have an adverse impact on the South Korean economy. North Korea's nuclear capabilities have caused, and may continue to cause, tensions in the Korean Peninsula, which may adversely equity valuations and general risk tolerance.

Non-U.S. Investing, Generally. In addition to the risks described above relating to the Focus Countries, investing in non-U.S. markets can subject the Fund to risks not typically associated with investing in the U.S. The following are some of the more significant risks associated with this type of investing.

- *Risks of Securities Markets.* Securities markets in the Focus Countries can at times be significantly more volatile than securities markets in the United States. Government regulation of exchanges, brokers and other market participants, and listed companies can be politically affected. Dealing and dealing-related costs, such as bid-offer spreads, commissions, and price sensitivity to trading volume in some Focus Countries are generally higher as compared to such costs in the United States and other markets. In addition, settlement of trades in some non-U.S. markets is much slower and more subject to failure than in U.S. markets.
- *Uncertainty of Legal and Tax Systems.* The legal and tax systems of some Asian countries are less predictable than legal and tax systems in the United States, in particular as they may be affected by internal political disruptions. Reliance on oral administrative guidance from regulators and procedural inefficiencies can hinder legal remedies in many areas, including bankruptcy and the enforcement of creditors' rights. Moreover, companies may experience delays in certain Focus Countries when obtaining governmental licenses and approvals. These

factors contribute to the exogenous and systemic risks to which the Fund may be exposed. There can be no assurance that current taxes in the countries in which the Fund invests will not be increased or that additional sources of revenue or income, or various other activities, in those countries will not be subject to new taxes, charges or similar fees in the future. Any such increase in taxes, charges, or fees payable in connection with the investments or by the Fund itself may reduce the returns to Limited Partners. In addition, changes to tax treaties (or their interpretation) between countries in which the Fund invests and countries through which the Fund conducts its investment program, may have significant adverse effects on the Fund's ability to efficiently realize income or capital gains. Consequently, it is possible that the Fund may face unfavorable tax treatment resulting in an increase in the taxes payable by the Fund on its investments. Any such increase in taxes could reduce the investment returns that might otherwise be available to the Limited Partners.

- *Less Public Information and Regulation.* There is less publicly available information about some securities traded in Focus Countries. This may make it more difficult for the Investment Manager to stay informed of corporate action that may affect the price of a particular security. Further, many countries lack uniform accounting, auditing, and financial reporting standards, practices, and requirements. These factors can make it difficult to analyze and compare the performance of certain Focus Countries' issuers and/or companies.
- *Risks of Natural Disasters and Unexpected Events.* A number of factors beyond the Investment Manager's control may have a material adverse effect on the prices of securities in the Focus Countries or other countries in which it causes the Fund to invest. These factors could include: natural disasters such as earthquakes, tsunamis, typhoons (hurricanes), high tides, and floods; military and other actions and heightened security measures in response to threats of such actions; international tensions between the United States and other nations, especially North Korea; instability in credit and subprime markets; health epidemics (such as severe acute respiratory syndrome, avian flu, or human swine flu); and radiation contamination from nuclear incidents (such as Fukushima, Japan). The Investment Manager cannot predict the extent and timing of any such events or how they might affect the value of securities and other assets held by the Fund or the operations of Scion, the Administrator, or any of the Fund's broker-dealers.
- *Local Intermediary Risks.* Certain of the Fund's transactions may be undertaken through local brokers, banks, or other organizations in the Focus Countries. The Fund will be subject to the endogenous risk of default, insolvency, or fraud of such organizations. There can be no assurance that any money advanced to such organizations will be repaid or that the Fund would have any recourse in the event of default. The collection, transfer, and deposit of bearer securities and cash expose the Fund to a variety of risks including theft, loss, and destruction. The Fund will also be dependent upon the general soundness of the banking systems throughout the Focus Markets, which, in some cases, remain relatively under-developed or unstable compared to developed markets such as the U.S. and Europe.
- *Restrictions on Investment and Repatriation.* Some countries (including Korea) impose various types and levels of restrictions and controls regarding investment and repatriation by foreigners, and many countries' governments expressly reserve the right to do so in exceptional circumstances, such as to prevent foreign control of or influence over industries considered "sensitive" (such as broadcasting, telecommunications, banking, or transportation), stabilize their internal balance of payments, mitigate excessive fluctuations in interest or exchange rates,

or support domestic capital markets. Such restrictions and controls can, among other things, involve limits on the types of companies in which foreigners may invest and/or on the amount or types of securities that foreigners may hold. They could therefore limit or preclude certain types of investments and/or materially increase the Fund's costs of investing. If a country were to impose a restriction on the remittance of foreign capital, there can be no assurance that the Fund would be permitted to repatriate capital or profits, if any, with respect to certain investments. The Fund could also be adversely affected by delays in, or a refusal to grant, any required governmental approval for repatriation of capital, as well as by the application to the Fund of any restrictions on investments. Investing in entities either in, or which have a substantial portion of their operations in, certain countries could require the Fund to adopt special procedures, seek local government approvals, or take other actions, each of which could subject the Fund to additional costs.

Currency Fluctuation. The Fund's functional currency is the U.S. dollar but it will invest in securities that are quoted and traded in foreign currencies. Doing so will subject the Fund to risks arising from changes in exchange rates between the U.S. dollar and those other currencies: a change in the value against the U.S. dollar of an investment's local trading currency causes a corresponding change in the U.S. dollar value of the investment, unrelated to appreciation or depreciation in the investment's local trading price.

Limited Liquidity of Investments. A significant portion of the Asia Fund's investments will be relatively illiquid when compared to larger capitalization securities and/or securities traded in more liquid and active markets. This is an inherent feature of investments in small- and micro-capitalization securities, which are often thinly-traded, and is particularly the case in Japanese, Korean, and other Asian markets. Further, the markets for these stocks may be more susceptible to disruption and volatility than markets for more actively traded and larger-capitalization stocks, or in U.S. or European markets. The Fund may not be able to liquidate illiquid positions if the need were to arise; rapid sales of such securities could depress the market value of those securities, reducing the Fund's profits, or increasing its losses, in the positions (and rapid purchases to cover short positions could have the corollary effect).

Micro and Small Capitalization Stocks; Unseasoned Companies. The Asia Fund expects to invest a large portion of its assets in stocks of companies with micro- or small- sized market capitalizations. While the Investment Manager believes these stocks can provide significant potential for appreciation, they can involve higher risks than investments in stocks of larger companies. For example, prices of micro- and small-capitalization stocks often experience higher volatility than prices of medium- and large-capitalization stocks and the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) may be higher than for larger, more seasoned companies. Smaller companies may have limited product lines, markets, or financial resources and may lack management depth. In addition, these companies are typically subject to a greater degree of variability in earnings and business prospects than larger, more established companies. There is typically less publicly available information concerning these companies than for larger, more established companies, and these companies generally experience higher incidence of fraud.

Further, thin trading in some micro- and small-capitalization stocks may make those stocks less liquid than medium-and large-capitalization stocks. It may be more difficult for the Fund to trade

significant amounts of those stocks without an unfavorable impact on prevailing market prices. It is also not generally possible to hedge against the types of credit risk that are inherent in these companies, or may not be cost effective for the Investment Manager to do so.

Item 9: Disciplinary Information

Neither Scion nor any of its officers, directors, or employees or other management persons, has been involved in any legal or disciplinary events that would require disclosure in response to this Item.

Item 10: Other Financial Industry Activities and Affiliations

Scion and its employees do not have any relationships or arrangements with other financial services companies that are material to Scion's advisory business or that pose material conflicts of interest.

Darkwand, an affiliate, is the General Partner of the Onshore Fund, the Master Fund, the Value Fund and the Asia Fund. While the General Partner is not separately registered as an investment adviser with the SEC, all of its investment advisory activities are subject to the Advisers Act and the rules thereunder. In addition, employees and persons acting on behalf of the General Partner, if any, are subject to the supervision and control of Scion.

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

Code of Ethics

Scion has adopted a written Code of Ethics (the "Code") that is applicable to all employees. Among other things, the Code requires Scion and its employees to act in Clients' best interests, abide by all applicable regulations, avoid even the appearance of insider trading, and pre-clear and report on many types of personal securities transactions. Scion's restrictions on personal securities trading apply to employees, as well as employees' family members living in the same household. A copy of Scion's Code is available upon request by contacting Zaeed Kalsheker at 408-441-8400.

Personal Trading

Employees may trade personally in the same securities Scion recommends for its Clients. Employees must pre-clear certain personal securities transactions, including IPOs and securities obtained through a private placement, before completing the transactions. Scion may deny any proposed transaction, particularly if the transaction poses a conflict of interest or if Scion is planning on transacting the same security at or about the same time for its Clients. Employees are also required to provide quarterly reports regarding transactions and holdings in "Reportable Securities" as defined in the Advisers Act. Employees must disclose all personal trading accounts initially upon commencement of employment and annually thereafter.

Item 12: Brokerage Practices

Selection of Brokers and Dealers

Scion has complete discretion in deciding which securities are bought and sold, the amount and price of those securities, the brokers or dealers to be used for a particular transaction, and commissions or markups and markdowns paid.

In selecting brokers to effect portfolio transactions for its Clients, Scion considers such factors as the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); the operational speed and efficiency with which transactions are effected, taking into account the size of order and difficulty of execution; the financial strength, integrity and stability of the broker; the firm's block trading and positioning capability; the quality, comprehensiveness and frequency of related services considered to be of value; the availability of securities to borrow for short sales; the market for the instrument in question; and the nature, quantity, and quality of research and other services and products the broker provides; and the competitiveness of commission rates in comparison with other brokers satisfying our selection criteria. Accordingly, if Scion determines in good faith that the amount of commissions charged by a broker is reasonable in relation to the value of the brokerage and products or services provided by such broker, the Funds may pay commissions to such broker in an amount greater than the amount another broker might charge for effecting the same transaction.

Soft Dollar Benefits

When a broker provides a Client or Scion with services beyond transaction execution or products, or pays for them, the Client or Scion is sometimes said to have acquired those services or products with "soft dollars" (or as "bundling" the costs of those services or products together with pure execution costs). To the extent this practice provides benefits to Scion or its affiliates, including relieving them of costs they would otherwise bear, it involves a conflict of interest. Section 28(e) of the Securities Exchange Act of 1934 (the "*Exchange Act*") provides a non-exclusive "safe harbor" under which, if certain conditions are met, using soft dollars will be deemed not to breach Scion's fiduciary duty to the Client. To be protected by Section 28(e), among other things, (i) the services and products consist of "research" and "brokerage" services and products and (ii) Scion must determine that commissions paid are reasonable in light of the value of the "brokerage" and "research" services and products acquired. Section 28(e) protects Scion's use of soft dollars for "research" and "brokerage" services and products even when doing so benefits clients other than the Fund. Using soft dollars to pay for services and products other than research and brokerage is not protected by the safe harbor, but does not necessarily constitute a violation of any law or fiduciary duty. Similarly, use of non-commission soft dollars or otherwise failing to satisfy procedural elements of the Section 28(e) safe harbor are not protected but are not necessarily prohibited.

Scion has no formal soft dollar arrangements in place, but may acquire services or products using soft dollars. In doing so, Scion has an incentive to cause the Client to pay higher compensation, use different Transacting Parties, and effect more transactions than it might otherwise do, all at the Client's expense. The Investment Management Agreements authorize Scion to use soft dollars for

a wide range of services and products and do not limit soft dollar activities to those that are protected by the Section 28(e) safe harbor.

Research and Brokerage. Scion may acquire, among others, the following types of “research” from Transacting Parties: reports on or other information about particular companies or industries, including access to management of companies in which the Client is invested or considering investing and/or to other information sources; economic surveys and analyses; recommendations as to specific securities; financial and industry publications; portfolio evaluation services; financial database software and services; computerized news, pricing and statistical services; analytical software and services; proxy analysis services and systems; quotation services; and other products or services that may enhance Scion’s investment decision-making. “Brokerage” services and products beyond “actual” execution may include computer systems and facilities (including hardware) used for such things as communicating orders and settlement-related information electronically to executing Transacting Parties, post-trade matching of trade information, communicating allocation instructions, and other clearance and settlement functions.

Scion could also use transaction-related compensation (as well as interest prime brokers receive on cash balances, margin borrowings, and borrowings of securities to maintain short positions) to pay a prime broker for recordkeeping, custodial, and related services.

Other Products and Services. Non-research and/or non-brokerage services and products for which Scion could use soft dollars could include payments to brokers or other Transacting Parties to arrange for access to company management and other information sources under circumstances in which the arranging services are not considered “research” under SEC standards. In addition, while Scion does not intend to do so, it could also use soft dollars to pay for such things as costs of computer and communications equipment Scion uses in investment analysis and decision-making and costs of computer software and equipment used for Fund reporting and other administrative activities. None of these payments would be within the Section 28(e) safe harbor, and, if Scion were to use soft dollars for them, it would have all the incentives described above.

Investor Introductions

Scion may receive introductions to prospective Fund investors through broker-dealers that execute trades on behalf of Scion. Scion does not believe that it pays any additional fees or higher commissions as a result of these introductions. Scion generally seeks best execution on all transactions. However, Scion may have an incentive to select or use a broker-dealer based on receiving investor referrals from that counterparty.

Trade Aggregation

The Master Fund conducts substantially all of the investment and trading activities on behalf of the Onshore Fund and the Offshore Fund. The Value Fund is generally managed pari-passu to the Master Fund, subject to any limitations in each of the Client’s governing documents. Trades on behalf of the Master Fund and Value Fund are aggregated and then allocated between these Clients pro-rata based on the relative capital of each these Clients.

In the event of a partial fill, allocations will be made pro-rata based on the pre-allocation determination.

If the Asia Fund and other Clients seek to buy or sell the same security at the same time, Scion may combine the orders. When it does so, it will generally allocate the proceeds of the resulting transactions (and the related transaction expenses) between each participating Client on an average price basis. Scion believes combining orders in this way is, over time, advantageous to all participants. However, the average price could be less advantageous to the Asia Fund than if the Asia Fund had been the only transacting account or had traded ahead of the other Clients (and/or vice-versa). Where trades are executed for the Asia Fund and other Clients simultaneously, the trades are aggregated and then allocated between the Clients based on Scion's pre-determined allocation communicated with the trade order. In the event of a partial fill, allocations will be made pro-rata based on the pre-allocation determination.

Trade Errors

Scion seeks to detect trade errors prior to settlement and to correct and/or mitigate them in an expeditious manner, as soon as practicable.

To the extent an error is caused by a third party, such as a broker, Scion will seek to recover any losses associated with the error from that third party. However, there is no guarantee that Scion will be able to do so.

Scion and its personnel will not be liable for trade errors, as long as those errors or mistakes did not constitute gross negligence or a willful violation of law. That is, the Clients, and not Scion, will be financially responsible for any losses that arise out of trade errors that did not constitute gross negligence or a willful violation of law. To the extent that any gains arise from trading errors then such gains will be retained by the Client that benefited from such errors.

Item 13: Review of Accounts

Client portfolios are reviewed on a continuous basis. Scion's investment personnel discuss investment ideas, investment strategies, economic developments, current events, and other issues related to current portfolio holdings and potential investment opportunities.

Scion provides each Fund investor with the following reports in accordance with the terms of the applicable Fund's offering memorandum and partnership agreement: (i) monthly account statements and exposure reports; (ii) annual audited financial reports; and (iii) annual tax information necessary to complete any applicable tax returns.

Item 14: Client Referrals and Other Compensation

Scion does not utilize any solicitors or placement agents to attract investors. From time to time, brokers (including the Funds' prime brokers) may assist the Funds in raising additional funds from investors. Additionally, brokers may provide capital introduction and marketing assistance services, and representatives of Scion may speak at conferences and programs sponsored by the brokers, for investors interested in investing in private investment funds. Neither Scion nor the Funds compensate brokers for such assistance, events or services, or for any investments ultimately made by prospective investors attending such events.

Item 15: Custody

Scion is deemed to have custody of the Funds' assets because of the authority that Scion and/or its affiliated entities have over those assets. The Funds' financial statements are subject to an annual audit by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and the audited financial statements are distributed to each investor. The audited financial statements are prepared in accordance with generally accepted accounting principles and distributed within 120 days of the Funds' fiscal year end.

Item 16: Investment Discretion

Scion generally has discretionary authority to determine, without obtaining specific consent from Fund investors, the securities and the amounts to be bought or sold on behalf of its Clients. Any limitations on such authority are included in the respective Fund's Confidential Offering Memorandum and Partnership Agreement/ Articles of Association.

Item 17: Voting Client Securities

Scion is responsible for voting Client proxies. Scion has developed a written policy and procedures governing its activities in this area. In general, the policy requires Scion to vote proxies in the interest of maximizing Client assets. There may be times, however, when refraining from voting a proxy is in its Clients' best interests, such as when Scion determines the cost of voting the proxy exceeds the expected benefit to its Clients. Scion maintains a record of all proxy votes cast on behalf of its Clients. A copy of Scion's proxy voting policies and procedures is available upon written request.

Item 18: Financial Information

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