

Emerson Point Capital LP

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This “**Brochure**” provides information about the qualifications and business practices of Emerson Point Capital LP. If you have any questions about the contents of this Brochure, please contact our Chief Compliance Officer (“**CCO**”), Paul Barron by email at pbarron@emersonpointcapital.com. Information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“**SEC**”) or by any state securities authority.

Emerson Point Capital LP is a registered investment adviser with the SEC. Registration as an investment adviser does not imply that Emerson Point Capital LP or any of its principals or employees possesses a particular level of skill or training in the investment advisory business or any other business.

Additional information about Emerson Point Capital LP is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Material Changes

The Investment Adviser (defined below) is required to identify and discuss any material changes made to its Brochure since the last annual update. Although there are changes made in this Brochure, the Investment Adviser doesn't believe that any of them are material to the Investment Adviser or its business.

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Item 4: Advisory Business

Emerson Point Capital LP, a Delaware limited partnership and its relying advisers as listed below, (hereinafter “**Emerson**”, “**we**”, “**us**”, “**our**”, the “**Firm**”, the “**Management Company**”, or the “**Investment Manager**”) was founded in 2017. Emerson serves as the investment adviser, with discretionary trading authority to private pooled vehicles. Currently the private investment funds and other accounts consist of:

Long-Short Equity Funds:

- Emerson Point Capital Long Short LLC – a relying adviser (the “L/S Investment Adviser”), a Delaware limited liability company;
- Emerson Point Capital Master Fund LP (the “L/S Master Fund”), a Cayman Islands exempted limited partnership;
- Emerson Point Capital Partners LP, a Delaware limited partnership, the domestic feeder
- Emerson Point Capital Overseas LP, a Cayman Islands exempted limited partnership, the offshore feeder (together with the domestic feeder, the “L/S Feeder Funds”);
- Emerson Point Capital Long Short Associates LP (the “L/S General Partner”), a Delaware limited partnership.

Together, the L/S Master Fund and the L/S Feeder Funds are the “L/S Fund(s)”.

Long Equity Funds:

- Emerson Point Capital Long Opportunities LLC – a relying adviser (the “L/O Investment Adviser”), a Delaware limited liability company;
- Emerson Point Capital Long Opportunities Master Fund LP (the “L/O Master Fund”), a Cayman Islands exempted limited partnership;
- Emerson Point Capital Long Opportunities Partners LP, a Delaware limited partnership, the domestic feeder
- Emerson Point Capital Long Opportunities Overseas LP, a Cayman Islands exempted limited partnership, the offshore feeder (together with the domestic feeder, the “L/O Feeder Funds”);
- Emerson Point Capital Long Opportunities Associates LP (the “L/O General Partner”) a Delaware limited partnership.

Together, the L/O Master Fund and the L/O Feeder Funds are the “L/O Fund(s)”.

Horizon Equity Funds:

- Emerson Point Capital Horizon LLC – a relying adviser (the “H/O Investment Adviser”, a Delaware limited liability company;
- Emerson Point Capital Horizon Master Fund LP (the “H/O Master Fund”), a Cayman Islands exempted limited partnership;
- Emerson Point Capital Horizon Partners LP, a Delaware limited partnership, the domestic feeder
- Emerson Point Capital Horizon Overseas LP, a Cayman Islands exempted limited partnership, the offshore feeder (together with the domestic feeder, the “H/O Feeder Funds”);
- Emerson Point Capital Horizon Associates LP (the “H/O General Partner”) a Delaware limited partnership.

Together, the H/O Master Fund and the H/O Feeder Funds are the “H/O Fund(s)”.

Together, the H/O Funds and the L/O Funds are the “Long Focused Funds”.

Each of the individual fund’s advisers are relying advisers and are herein referred to as the “**Investment Advisers**”. The Investment Advisers are each a single member LLC with Emerson Point Capital LP, which is the Registered Adviser, as the single member. The Onshore Fund’s and Offshore Fund’s limited partners are hereafter collectively referred to as “**Limited Partners**” or the “**Investors**” where appropriate. We do not tailor our advisory services to the individual needs of any particular Investor. The L/S Funds, the L/O Funds, and the H/O Funds are hereafter collectively referred to as the “**Funds**” and may be referred to individually as a “**Fund**” or “**Partnership**”.

*This Brochure does not constitute an offer to sell or a solicitation of an offer to buy any securities. The Funds’ securities are offered and sold on a private placement basis under exemptions promulgated under the “**Securities Act**” of 1933 and other applicable state, federal or non-U.S. laws. Significant suitability requirements apply to prospective investors in the Funds, including requirements that they be “accredited investors” as defined in Securities Act and “qualified purchasers” as defined in the Investment Company Act of 1940. Persons reviewing this Brochure should not construe this as an offer to sell or a solicitation of an offer to buy the securities of any of the Funds described herein. Any such offer or solicitation will be made only by means of a confidential private placement memorandum.*

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

As of December 31, 2018, the Investment Manager managed \$376,296,000 of regulatory assets under management on behalf of Clients, all on a discretionary basis.

Item 5: Fees and Compensation

The fees applicable to each Fund are set forth in detail in each Fund’s offering documents. A brief summary of such fees is provided below.

Management Fee

The Master Fund will pay the Management Company a management fee (the “**Management Fee**”), payable quarterly in advance at the beginning of each calendar quarter based on the balance of capital accounts (prorated for subscriptions or withdrawals that are effective other than at the beginning or the end, respectively, of a calendar quarter). The Management Fee will vary depending on what type of interest it is, among Emerson Series Interest and Walden Founders Series Interest. Please see each Fund’s offering documents for additional details related to the Management Fee.

Other Types of Fees or Expenses

Each Partnership will bear its own and its attributable share (which for the Onshore Fund will generally be proportionate to its net asset value relative to the Offshore Fund, and vice versa) of the Master Fund’s operating and other expenses, including, but not limited to:

- (i) investment fees, costs and expenses as incurred in connection with, related to or arising from investment or investment activity (regardless of whether or not any such investment is consummated) (e.g., brokerage commissions, clearing and settlement charges, custodial fees, bank service fees, interest expenses, expenses related to short sales, initial and variation margin, broken deal expenses, and

- other transactional charges), consulting, advisory, investment banking, valuation, legal, and other professional and similar fees relating to investments or contemplated investments, as well as expenses incurred in connection with, related to or arising from research activities ("**Research Expenses**") (including, without limitation, news and quotation equipment and services, market data services, fees to third-party providers of research, modeling, third party data (including, without limitation, credit card data and industry data), and/or portfolio risk management services, and research-related travel expenses (*provided*, that, reimbursements for research-related travel will be determined in accordance with the Management Company's travel policies), meals, lodging and entertainment) ("**Travel-Related Expenses**");
- (ii) other legal fees, costs and expenses (including as incurred in connection with, related to or arising from litigation or threatened litigation, if any, related to the Fund's business, operations and portfolio holdings);
 - (iii) fees, costs and expenses incurred in connection with, related to or arising from securities offerings or regulatory filings (including filing and registration fees (*e.g.*, "blue sky," "world sky" and corporate filing or registration fees, costs and expenses), filings with the SEC (but excluding the preparation of Form ADV, Form PF or Form CPO-PQR), and filings in compliance with the Directive 2011/61/EU on Alternative Investment Fund Managers) or compliance systems (*e.g.*, EZE OMS or similar computer software) that track regulatory filings and regulatory filing requirements in connection with, related to or arising from the Fund's portfolio positions and restricted securities;
 - (iv) fees, costs and expenses incurred in connection with, related to or arising from the maintenance of a registered office and corporate licensing;
 - (v) fees, costs and expenses incurred in connection with, related to or arising from communications with Limited Partners (including maintenance of any website, "CRM", or investor portal for the benefit of Limited Partners);
 - (vi) fees, costs and expenses incurred in connection with, related to or arising from accounting, audit and tax advice (including the expenses of outsourced, third-party fund administration and service providers (such as third party service providers retained to provide full or partial "shadow" administration services, middle-office support, back-office support and out-sourced "trading desk" services), as well as accounting, audit and tax reporting and filing-related preparation expenses (including compilation and preparation costs of financial statements, tax returns, reports to the Partners, and Schedules K-1 (or similar schedules)); printing and mailing fees, costs and expenses incurred in connection with, related to or arising from reports to, or meetings with, one or more of the Partners;
 - (vii) without duplication for other Research Expenses, fees, costs and expenses incurred in connection with, related to or arising from the use of market information systems (including related computer software expenses (*e.g.*, Lightkeeper or similar computer software), and pricing, data, and exchange service fees), valuation firms and financial modeling services, third-party P&L, or risk analytics, order, trade, and commission management products and services (including risk management and trading software, or database packages), Bloomberg data and interface services, and related user license fees, costs and expenses;
 - (viii) insurance fees, costs and expenses (including directors' and officers' liability or other similar insurance, errors and omissions insurance, and other similar insurance);

- (ix) fees, costs and expenses incurred in connection with, related to or arising from the activities of the Administrator (including reimbursable expenses);
- (x) fees, costs and expenses incurred in connection with, related to or arising from the activities of the Committee and the fees of Committee Representatives;
- (xi) the Management Fee;
- (xii) any extraordinary fees, costs and expenses (including the fees, costs and expenses incurred in connection with, related to or arising from litigation expenses, and any judgments or settlements paid in connection therewith, as well as any and all indemnification obligations);
- (xiii) any and all taxes including entity-level taxes imposed on or otherwise incurred in connection with, related to or arising from the activities of the Partnership without regard to the status or attributes of the Partners (other than entity-level taxes or “imputed underpayments” imposed under Section 6225 of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”) (or any similar state or local law)), including governmental fees or other charges payable by or with respect to or levied against the Partnership, its investments, or otherwise payable to federal, state, or other governmental agencies, U.S. or non-U.S., including real estate, stamp, or other transfer taxes, and fees, costs and expenses related to complying with AEOI Obligations (as defined in the Partnership Agreement);
- (xiv) any and all fees, costs and expenses incurred in connection with, related to or arising from the representation by the Tax Matters Partner or the Partnership Representative (each, as defined in the Partnership Agreement);
- (xv) all fees, costs and expenses incurred in connection with, related to or arising from the organization of the Partnership, including all fees, costs and expenses relating to the initial and on-going offer and sale of Interests (and, directly and indirectly, interests in the Master Fund), including any fees, costs and expenses associated with the negotiation and monitoring of, and compliance with, any and all Side Letters;
- (xvi) wind-up and liquidation fees, costs expenses; and
- (xvii) any and all other similar fees, costs and expenses incurred in connection with, related to or arising from the operation and activities of the Master Fund (collectively, the “**Partnership Expenses**”).

For the avoidance of doubt, “similar expenses” refers to any expenses that are similar in type and nature to the expenses described in the previous sentence, and any expenses determined by the General Partner to be primarily related to providing the proper infrastructure for the General Partner and the Management Company in connection with the Partnership’s investments and operations; for instance, fees, costs and expenses relating to the installation, servicing and maintenance of, and consulting with respect to, information technology items that primarily serve the Management Company’s investment and accounting professionals in connection with the Partnership’s investments or accounting needs (e.g., Enfusion or similar computer software); as another example, corporate governance services used by the Management Company to monitor securities, vote proxies, and comply with related books and records requirements.

The use of commissions or “soft dollars,” if any, generated by the Fund or Other Accounts to pay for brokerage- and research-related products, or services, if any, will fall within the safe harbor created by Section 28(e) of the U.S. Securities Exchange Act of 1934, as amended (the “**Exchange Act**”).

To the extent that expenses to be borne by the Fund are paid by the General Partner (in excess of its ratable share) or the Management Company, the Fund will reimburse the General Partner or the Management Company for such expenses.

If any of the above expenses are incurred jointly for the account of the Fund and any Other Accounts, such expenses will be allocated among the Fund and such Other Account in proportion to the size of the investment made by each in the activity or entity to which the expense relates, or in such other manner as the Management Company considers fair and equitable.

Expenses generally will be shared by all of the Partners of the Partnership, including the General Partner (except that the General Partner Capital Account will not be charged a Management Fee), *pro rata* in accordance with their Capital Account balances; *provided, however*, that certain expenses (such as Withholding Taxes) incurred for the benefit of or on behalf of one or a few Limited Partners of the Partnership may be borne only by such Partners.

The Partnership's (and Master Fund's) organizational and offering expenses, to the extent the General Partner deems appropriate, may be, for accounting purposes, amortized by the Partnership (and Master Fund) for up to a sixty (60)-month period. Amortization of such expenses over a period that is up to sixty (60) months is a divergence from U.S. generally accepted accounting principles ("**GAAP**"), which may, in certain circumstances, result in a qualification of the Partnership's (and Master Fund's) annual audited financial statements. In such instances, the General Partner may decide to (i) avoid the qualification by recognizing the unamortized expenses or (ii) make GAAP conforming changes for financial reporting purposes, but amortize expenses for purposes of calculating the Partnership's (and Master Fund's) net asset value. There will be a divergence in the Partnership's (and Master Fund's) fiscal year-end net asset value and in the net asset value reported in the Partnership's (and Master Fund's) financial statements in any year where, pursuant to the foregoing clause (ii), GAAP conforming changes are made only to the Partnership's (and Master Fund's) financial statements for financial reporting purposes. If the Partnership (or Master Fund) is terminated within sixty (60) months of its commencement, any unamortized expenses will be recognized. If a Limited Partner withdraws all or a portion of its Capital Account prior to the end of the sixty (60)-month period during which the Partnership (or Master Fund) is amortizing expenses, the General Partner may, but is not required to, accelerate a proportionate share of the unamortized expenses based upon the amount being withdrawn and reduce withdrawal proceeds by the amount of such accelerated expenses.

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

Performance Allocation

Generally, for the L/S Funds, at the end of each calendar year, an amount of the aggregate net capital appreciation allocable with respect to each Limited Partner's Capital Account during such year, after reduction for the Management Fee with respect to such Capital Account, will be reallocated to the capital account of the General Partner at the Master Fund (the "**Performance Allocation**"); *provided*, that no Performance Allocation will be made with respect to the portion of any net capital appreciation that reduces the balance, if any, of a related Loss Recovery Account to zero. If a Limited Partner withdraws all or a portion of a Capital Account other than at the end of a calendar year, any Performance Allocation allocable to the portion of such Capital Account that is withdrawn will be reallocated to the General Partner at such time. Please see the Fund's offering documents for details of the Performance Allocation.

For the Long Focused Funds, the applicable Performance Allocation is taken at the master fund level on the gross return above a designated benchmark amount (or hurdle rate). Because such Performance Allocation is determined based on the outperformance above a benchmark, it is possible that a Performance Allocation will become due even though the relevant interest has depreciated in value during the period for which a Performance Allocation is being calculated (e.g., the benchmark loses 10.0% of its value but the relevant interest only depreciates in value by 5.0%). In addition, it is possible that such a Performance Allocation will exceed the net capital appreciation allocated to an interest during the period for which a Performance Allocation is being calculated (e.g., the benchmark loses 20.0% of its value and the relevant interest appreciates by 1.0%). Under such circumstances, a Performance Allocation will only be reallocated to the general partner to the extent net capital appreciation is allocated to such interest for the applicable period. To the extent that all or any portion of a Performance Allocation is not reallocated to the general partner because of insufficient net capital appreciation with respect to such interest during the applicable period (such amount, the "Carry Forward Amount"), the Carry Forward Amount generally will be reallocated to the general partner as of the end of the next fiscal year (and/or, as necessary, any subsequent fiscal years) to the extent there is net capital appreciation (a "Catch-Up Performance Allocation"), even if no Performance Allocation is otherwise allocable in any such subsequent fiscal year because of failure to outperform the benchmark in such fiscal year. Notwithstanding the foregoing, in the event that an investor redeems all or a portion of its Interests while there is a Performance Allocation due or a Carry Forward Amount outstanding with respect to such interests, any such Performance Allocation or Catch-Up Performance Allocation allocable to the portion of such Interests that is withdrawn will be reallocated to the general partner as of the effective date of the withdrawal. Please see the Funds' offering documents for details of the Performance Allocation.

Loss Recovery Account

A separate memorandum account (the "**Loss Recovery Account**") will be maintained by the Partnership with respect to each Capital Account (with an initial balance of zero). At the end of each calendar year (and on any other date on which a Performance Allocation with respect to a Capital Account (or portion thereof) is made), the balance in the Loss Recovery Account corresponding to such Capital Account will be (A) increased to account for net capital depreciation (or underperformance of the benchmark for the Long Focused Funds) allocated to such Capital Account (if any) and (B) reduced for subsequent net capital appreciation (or overperformance of the benchmark for the Long Focused Funds) (before giving effect to the Performance Allocation) (if any) allocated to such Capital Account (but not below zero) (in the case of both (A) and (B), on an aggregate basis and without duplication).

With respect to any withdrawal from a Capital Account, the balance of the related Loss Recovery Account will be reduced as of the beginning of the period immediately following such withdrawal by an amount equal to the product of (i) the related Loss Recovery Account's balance and (ii) a fraction the numerator of which is the amount of such withdrawal and the denominator of which is the balance of the related Capital Account immediately prior to such withdrawal. The General Partner will not be allocated any Performance Allocation until the Limited Partner holding a Capital Account has recovered the balance in its Loss Recovery Account for such Capital Account (as adjusted for partial withdrawals from such Capital Account).

Other Terms Relating to the Performance Allocation

For purposes of determining the amount to be reallocated to the capital account of the General Partner at the Master Fund with respect to the Performance Allocation, each Capital Account will be adjusted for withdrawals, the Management Fee and the balance of such Capital Account's Loss Recovery Account.

For purposes of calculating the amount of net capital appreciation allocated to a Capital Account in respect of a Capital Account that has been partially withdrawn, net capital appreciation and net capital depreciation allocated to such Capital Account attributable to the portion of such Capital Account that has been previously withdrawn will be disregarded.

The General Partner may, in its sole discretion, elect to reduce, waive or calculate differently the Performance Allocation with respect to any Limited Partner, including without limitation, Limited Partners that are (a) officers, directors, managers, employees, direct or indirect shareholders, partners or members, or current or former employees of the EPC Group, including the respective family members, trusts or other charitable entities directed, supported, controlled by, or established primarily for the benefit of, such persons, (b) the Seed Investor and (c) education-related entities (collectively, the "**Excluded Parties**").

The General Partner may, in its sole discretion, elect to have the Performance Allocation reallocated (without duplication) to itself (or any of its affiliates) at the level of the Partnership or any trading or investment vehicle through which the investment program of the Partnership is effectuated, rather than at the level of the Master Fund, without obtaining the consent of any Limited Partner, for so long as such election does not result in any material adverse economic consequences to the Limited Partners.

Side-By-Side Management

The L/S Funds generally invest side-by-side with the L/O Funds to the extent applicable (*i.e.*, with respect to most of the L/S Funds' long equity positions) and when doing so participate in such trades on an aggregated basis based on the designated position sizes (which will often vary) for the L/S Funds and the L/O Funds. By managing the L/S Funds and the L/O Funds in this manner, we mitigate conflicts that might arise from different incentive rates among the Funds and among the different series of interests in the Funds, or differences in the amount of capital invested by employees in each of the Funds. We further mitigate the conflicts that may arise as a result of the different position sizes between the L/S Funds and the L/O Funds by having guidelines in place and monitoring allocation decisions for compliance with such guidelines and a reasonable basis for any deviation therefrom.

Item 7: Types of Clients

Our clients are the Funds, as described above.

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

The descriptions set forth in this Brochure of specific advisory services that we offer to clients, and investment strategies pursued, and investments made by us on behalf of our clients, should not be understood to limit in any way our investment activities. We may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that we consider appropriate, subject to each client's

investment objectives and guidelines. The investment strategies we pursue are speculative and entail substantial risks. Clients 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.

Investment Objective

The primary investment objective of the Funds is to generate absolute returns over a multi-year period. The L/S Funds will invest by creating long or short exposure in equity and equity-related securities, with a primary focus on three core sectors: consumer, technology/media/telecommunications, and business services, whereas the L/O Funds will primarily invest by creating long exposure in these products and sectors. The H/O Funds will also invest by creating long exposure in these products and sectors, but it will not be as limited to issuers in the same three core sectors as the L/S Funds and the L/O Funds.

Investment Strategy

In seeking to achieve the Fund's objective, the Management Company has broad authority to invest on behalf of the Fund in any manner and type of Financial Instrument (as defined below). Although the Management Company has no obligation to do so, it has the authority to invest on behalf of the Fund in any manner and type of Financial Instrument for hedging purposes including, but not limited to, hedging of interest rate risk, market risk, counterparty risk or currency risk.

The Investment Manager uses a fundamental, research driven approach to identify compelling long and short opportunities in its area of focus. The Investment Manager aims to optimize returns through an intense, private equity-like fundamental research discipline and rigorous financial analysis. The Investment Manager aims to marry its deep due diligence with intra-quarter Real Time Data Analysis ("RTDA") tools – which can correlate to actual business trends– to help inform the research process, notably position sizing and managing risk.

The Investment Manager's investment process seeks to follow a "bottoms-up" approach for individual investments and portfolio construction. The Investment Manager also considers broader industry trends and market dynamics to inform the investment process and position sizing.

Risk of Loss Factors

The Investment Manager will cause the Funds to invest in securities and other financial instruments using strategies and investment techniques with significant risk characteristics. While we strive to mitigate these risks through a variety of techniques, we make no guarantee or representation that the Funds' investment program will be successful. We may utilize such investment techniques as option transactions, margin transactions, short sales, forwards, leverage and derivatives trading, which practices can, in certain circumstances, maximize the adverse impact to which the Funds may be subject.

As a result of the foregoing and other factors, the Funds and investors in the Funds risk the loss of all or substantially all of their investment and should be prepared to bear such loss. The following is a summary of some of the material risks associated with the advisory services we provide to the Funds and the investors in the Funds. This summary does not attempt to describe all the risks associated with an investment in a Fund or arising from a Client's investment strategies. Although no summary can fully describe all such risks, please refer to

the relevant Fund's Memorandum for a more complete description of the risks applicable to investments in and by the Funds.

The following risks are generally applicable to all of the Funds.

Flexible Investment Approach. The Management Company has broad and unfettered investment authority, and may trade in any type of Financial Instrument, issuer or group of related issuers, industry, country, region, market and sector that it believes will help the Fund achieve its investment objective. Additionally, the investment techniques, approaches or tactics that the Management Company may pursue for the Funds to achieve its investment strategy are not limited to the investment techniques, approaches or tactics described herein; furthermore, such investment techniques, approaches or tactics may change and evolve materially over time.

Investors must recognize that in investing in the Funds, they are placing their capital indirectly under the full discretionary management of the Management Company and authorizing the Management Company indirectly to trade for the Funds using whatever investment techniques, approaches or tactics in such manner as the Management Company may determine. Any new investment techniques, approaches or tactics may not be thoroughly tested before being employed and may have operational or other shortcomings which could result in unsuccessful investments and, ultimately, losses to the Fund. In addition, any new investment technique, approach or tactic developed by the Management Company may be more speculative than earlier investment techniques, approaches or tactics and may involve material and as-yet-unanticipated risks that could increase the overall risk associated with an investment in the Fund. While Investors will receive unaudited performance information at least quarterly, as well as annual audited financial statements, Investors generally will not be notified of any changes in the Management Company's investment techniques, approaches and tactics.

In addition, the Management Company has broad latitude with respect to the management of the Funds' risk and exposure parameters. The Funds are subject neither to any strict quantitative exposure or concentration guidelines limiting the Funds' portfolio nor to formal leverage policies limiting the leverage to be used by the Funds. The Management Company will opportunistically implement whatever investment techniques, approaches or tactics, as it believes from time to time may be suited to prevailing market conditions. The Management Company may use such leverage, position size, duration and other portfolio management techniques as it believes are appropriate for the Funds.

Concentration Risk. The Management Company is not required to adhere to strict quantitative exposure or concentration guidelines to reduce its risk of loss. Subject to the Management Company's risk framework and exposure or concentration guidelines, in the normal course of making investments on behalf of the Funds, the Management Company may select investments for the Funds that potentially could be highly concentrated, for example, in a limited number or type of Financial Instruments or in any one issuer, country, region, market or sector. Market conditions may create opportunities within certain investment strategies, which may cause the Management Company to increase the concentration of certain investment strategies. Such concentration of risk may expose the Funds to losses disproportionate to those incurred by the market in general if the areas in which the Funds' investments are concentrated are disproportionately adversely affected by price movements. The Funds could be subject to significant losses if it holds a large position in a particular

investment that declines in value or is otherwise adversely affected, including as a result of the default of the issuer.

No Participation in the Management of the Issuers in Which the Fund Invests. The Funds will, from time to time, acquire substantial positions in the Financial Instruments of particular issuers. Nevertheless, the Funds will not usually obtain representation on the board of directors or any control over the management of any issuer in which the Fund invests. The consummation/non-consummation of a particular transaction will typically depend heavily on the actions taken by the respective management teams of the issuers involved. The Management Company expects to have little, if any, input into such actions. Consequently, the Funds will be dependent on such management teams, incumbent or otherwise. Evaluating the quality of the management teams of the issuers in which the Funds invests is a highly uncertain process.

Undervalued Financial Instruments. One of the key objectives of the Funds is to identify and invest in undervalued Financial Instruments ("**misvalued Financial Instruments**"). The identification of investment opportunities in misvalued Financial Instruments is a difficult task, and there can be no assurance that such opportunities will be successfully recognized. While purchases of undervalued Financial Instruments offer opportunities for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from the investments of the Funds may not adequately compensate for the business and financial risks assumed in acquiring misvalued Financial Instruments.

The Funds may make certain speculative investments in Financial Instruments which the Management Company believes to be misvalued; however, there can be no assurance that the Financial Instruments purchased and sold will in fact be misvalued. In addition, the Funds may be required to maintain positions in such Financial Instruments for a substantial period of time before realizing their anticipated value. During this period, a portion of the capital of the Funds may be committed to the Financial Instruments, thus possibly preventing the Funds from investing in other opportunities. In addition, the Funds may finance any such purchases with borrowed funds and thus will have to pay interest on such funds during such waiting period.

Importance of Market Judgment; Availability of Investment Strategies. The market judgment and discretion of the Management Company's personnel are fundamental to the development and implementation of the strategies described in this Memorandum. The success of the investment activities of the Funds will depend on the Management Company's ability to identify overvalued and undervalued investment opportunities and to exploit price discrepancies in the financial markets, as well as to assess the importance of news and events that may affect the financial markets. Identification and exploitation of the investment strategies to be pursued by the Funds involves a high degree of uncertainty. No assurance can be given that the Management Company will be able to locate suitable investment opportunities in which to deploy all of the Funds' assets or to exploit discrepancies in the Financial Instruments and derivatives markets. A reduction in money market liquidity or the pricing inefficiency of the markets in which the Funds seeks to invest, as well as other market factors, will reduce the scope for the Funds' investment strategies. Among other factors, competition for suitable investments from other pooled investment vehicles, the public equity markets and other investors may reduce the availability of investment opportunities.

Fundamental Analysis. Certain decisions made by the Management Company may be based on fundamental analysis. Data on which fundamental analysis relies may be inaccurate and/or generally available to other market participants. To the extent that any such data is inaccurate or that other market participants have developed, based on such data, trading strategies similar to the Funds' trading strategies, the Funds may not be able to realize its investment goals. In addition, fundamental market information is subject to interpretation. To the extent that the Management Company misinterprets the meaning of certain data, the Funds may incur losses.

Equity Securities. The Funds' investment portfolios may include long and short positions in equity securities of public and private, listed, and unlisted companies, including equity-linked securities (such as preferreds), and derivatives (such as options and warrants). Equity securities fluctuate in value in response to many factors, including, among others, the activities and financial condition of individual companies, the business market in which individual companies compete, geographic markets, industry market conditions, interest rates and general economic environments. As a result, the Funds may suffer losses if it invests in equity securities of issuers whose performance diverges from the Management Company's expectations or if equity markets generally move in a single direction and the Funds have not hedged against such a general move. The Funds also may be exposed to risks that issuers will not fulfill contractual obligations such as, in the case of convertible securities or private placements, delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale.

Leverage and Borrowings—General. When deemed appropriate by the Management Company and subject to applicable regulations, the Management Company may use financial or option leverage in the Funds' investment program. Leverage may take a wide variety of forms, including total return swaps and other derivatives, repurchase transactions, reverse repurchase transactions, buy/sell-back transactions, securities lending transactions, loans for borrowed money, trading on margin and the use of inherently leveraged instruments (such as credit default swaps or total return swaps). As a result of the use of leverage, the possibilities of profit and loss are increased. There is no restriction on the amount of leverage that the Funds may utilize.

Generally, with respect to the overall portfolio of the Funds, the Management Company will seek to balance the amount of leverage to be employed by the Funds and the estimated long-term volatility of the portfolio. The Funds' perception of any strategy's volatility is expected to change from time to time and the market for leverage is expected to be dynamic. Accordingly, the amount, kinds and pricing of leverage utilized with respect to such strategy will also change. An inability of the Funds to obtain a desired amount of leverage, however, may limit the Funds' overall investment exposure and/or inhibit inverse correlation, thereby reducing the Funds' performance.

The instruments and borrowings utilized by the Funds to leverage investments may be collateralized by the Funds' portfolio. Accordingly, the Funds may pledge its Financial Instruments in order to borrow additional funds or otherwise obtain leverage for investment or other purposes. The amount of borrowings which the Funds may have outstanding at any time may be substantial in relation to its capital.

While the foregoing strategies and techniques increase the opportunity to achieve higher returns on the amounts invested, they also increase the risk of loss and magnify the volatility of changes in the value of the investments of the Funds. To the extent the Funds purchase

Financial Instruments with leverage, its net assets will tend to increase or decrease at a greater rate than if leverage is not used. The level of interest rates generally, and the rates at which such funds may be borrowed in particular, could affect the operating results of the Funds. If the interest expense on this leverage were to exceed the net return on the investments made with borrowed funds, the Funds' use of leverage would result in a lower rate of return than if the Funds were not leveraged.

If the amount of leverage which the Funds may have outstanding at any one time is large in relation to its capital, fluctuations in the market value of the Funds' portfolio will have disproportionately large effects in relation to the Funds' capital and the possibilities for profit and the risk of loss will therefore be increased. Any investment gains made with the additional leverage will generally cause the net asset value of the Funds to rise more rapidly than would otherwise be the case. Conversely, if the investment performance of the leveraged capital fails to cover its cost to the Funds, the net asset value of the Funds will generally decline faster than would otherwise be the case.

Overall, the use of leverage, while providing the opportunity for a higher return on investments, also increases the volatility of such investments and the risk of loss. Investors should be aware that an investment program utilizing leverage is inherently more speculative, with a greater potential for losses, than a program that does not utilize leverage.

Derivative Instruments in General. The Management Company may invest in all equity-related and debt-related derivative products, including, without limitation, (i) U.S. and non-U.S. futures contracts (and options thereon (whether "calls" or "puts" and whether as a seller or as a buyer)) relating to stock indices listed on securities exchanges or traded in the over-the-counter ("OTC") market and other financial instruments, (ii) swaps (including securities-based swaps), options (whether "calls" or "puts" and whether as a seller or as a buyer), swaptions and warrants, (iii) forward contracts and options thereon (whether "calls" or "puts" and whether as a seller or as a buyer), (iv) equity-related convertible securities and (v) agreements relating to or securing such transactions, as part of its investment strategy and for hedging purposes. Derivative instruments are highly volatile and speculative, involve certain special risks and expose investors to a high risk of loss. Certain positions may be subject to wide and sudden fluctuations in market value. Derivatives, especially over-the-counter derivatives entered into as privately negotiated contracts with a principal counterparty, may be subject to adverse valuations reflecting the counterparty's marks (or valuations), which might not correspond to the valuations of other market or exchange-traded instruments. Derivatives used for hedging purposes may not correlate strongly with the underlying investment or risk that is being hedged. Derivative instruments may be marked to the market each day and variation margin payments may be paid to or by the Funds. There is no limitation on daily price movements on these instruments. Derivative instruments may not be liquid in all circumstances, so that in volatile markets the Funds may not be able to close out a position without incurring a loss. In addition, participants in OTC derivatives markets are generally not required to make continuous markets in the instruments in which they trade, and could also refuse to quote prices for derivative instruments or could quote prices with an unusually wide spread (the difference between the price at which the counterparty is prepared to buy and that at which it is prepared to sell). Any market illiquidity or disruption could result in significant losses to the Funds. Trading in derivative instruments may permit the Funds to incur additional leverage, which may magnify the gains and losses experienced by the Funds and could cause the Funds' net asset value to be subject to wider fluctuations than would otherwise be the case. While derivatives used for hedging purposes can reduce or eliminate losses, they can also reduce or eliminate gains. When the Funds use derivatives as an

investment vehicle to gain market exposure, rather than for hedging purposes, any loss on the derivative investment will not be offset by gains on another hedged investment. The Fund is therefore directly exposed to the risks of that derivative. Derivatives may not be available to the Fund upon acceptable terms. As a result, the Funds may be unable to use derivatives for hedging or other purposes.

Futures. Futures markets are highly volatile and are influenced by factors such as changing supply and demand relationships, governmental programs and policies, national and international political and economic events and changes in interest rates. Because of the low margin deposits normally required in futures trading, a high degree of leverage is typical of a futures trading account, and a relatively small price movement in a futures contract may result in substantial gains or losses to the trader. Futures positions are marked to the market each day and variation margin payments must be paid to or by the Fund. In addition, investments in futures are also subject to the risk of the failure of any of the exchanges on which the Fund's positions trade or of its clearing houses or counterparties.

Futures trading may also be illiquid, and certain exchanges do not permit trading in particular contracts at prices that represent a fluctuation in price during a single day's trading beyond certain set 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 taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent the Funds from promptly liquidating unfavorable positions and subject the Funds to substantial losses or prevent it from entering into desired trades. In extraordinary circumstances, a futures exchange or the Commodity Futures Trading Commission ("**CFTC**") could suspend trading in a particular futures contract, or order liquidation or settlement of all open positions in such contract. In addition, certain futures contracts in physical commodities are subject to position limits set by the CFTC.

Swap Agreements. Swap agreements (including security-based swap agreements) are privately negotiated over-the-counter derivative products in which two parties agree to exchange actual or contingent payment streams that may be calculated in relation to a rate, index, instrument, or certain securities, and a particular "notional amount." Swaps may be subject to various types of risks, including market risk, liquidity risk, structuring risk, tax risk, and the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty. Swaps 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 exposure of the Fund to long-term or short-term interest rates (in the United States or abroad), non-U.S. currency values or other factors such as Financial Instrument prices, baskets of equity Financial Instruments, or inflation rates.

Swap agreements can take many different forms and are known by a variety of names. The Funds are not limited to any particular form of swap agreement if the Management Company determines that other forms are consistent with the Funds' investment objective and policies. Swap agreements tend to shift investment exposure from one type of investment to another. Depending on how they are used, swap agreements may increase or decrease the overall volatility of the portfolio of the Funds. If a swap calls for payments by the Funds, the Funds must have sufficient cash availability to make such payments when due. If a default, an event of default, termination event or other similar condition or event were to occur with respect to the Funds under any swap agreement, the relevant counterparty may generally terminate

all transactions with the Funds, potentially resulting in significant losses to the Funds. In addition, if a counterparty's creditworthiness declines, the value of a swap agreement may also decline, potentially resulting in losses to the Fund.

Trading in Forward Contracts. The Funds may engage in the trading of forward contracts. In contrast to futures contracts traded on an exchange, forward contracts are not guaranteed by any exchange or clearing house and are subject to the creditworthiness of the counterparty of the trade. Banks and other dealers with whom the Funds may transact in such forwards may require the Funds to deposit margin with respect to such trading, although margin requirements may at times be minimal. The Funds' counterparties are not required to continue to make markets in such contracts and these contracts 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 difference between 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. In addition, disruptions can occur in any market traded by the Funds due to unusually high trading volume, political intervention, or other factors. Market illiquidity or disruption could result in major losses to the Funds.

Options. The cost of options is related, in part, to the degree of volatility of the underlying securities, currencies or other assets. Accordingly, options on highly volatile securities, currencies or other assets may be more expensive than options on other investments. Put options and call options typically have similar structural characteristics and operational mechanics regardless of the underlying instrument or asset on which they are purchased or sold. A put option gives the purchaser of the option, upon payment of a premium, the right to sell, and the writer the obligation to buy, the underlying security, commodity, index, currency or other instrument or asset at the exercise price. A call option, upon payment of a premium, gives the purchaser of the option the right to buy, and the seller the obligation to sell, the underlying instrument at the exercise price.

If a put or call option purchased by the Funds were permitted to expire without being sold or exercised, the Funds would lose the entire premium it paid for the option. The risk involved in writing a put option is that there could be a decrease in the market value of the underlying instrument or asset caused by rising interest rates or other factors. If this occurred, the option could be exercised and the underlying instrument or asset would then be sold to the Funds at a higher price than its current market value. The risk involved in writing a call option is that there could be an increase in the market value of the underlying instrument or asset caused by declining interest rates or other factors. If this occurred, the option could be exercised and the underlying instrument or asset would then be sold by the Funds at a lower price than its current market value.

Purchasing and writing put and call options and, in particular, writing "uncovered" options (where the writer does not own the underlying asset in at least the amount of which the option applies), are highly specialized activities and entail greater than ordinary investment risks. In particular, the writer of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying instrument or asset above the exercise price of the option. This risk is enhanced if the instrument or asset being sold short is highly volatile and there is a significant outstanding short interest. The instrument or asset necessary to satisfy the exercise of the call option may be unavailable for purchase except at

much higher prices. Purchasing instruments or assets to satisfy the exercise of the call option can itself cause the price of the instruments or assets to rise further, sometimes by a significant amount, thereby exacerbating the loss. Accordingly, the sale of an uncovered call option could result in a loss by the Funds of all or a substantial portion of its assets.

Exchange Traded Funds ("ETFs"). The Funds may invest in shares of ETFs, including for hedging purposes. ETFs may be passively or actively managed. Passively managed ETFs generally seek to track the performance of a particular market index, including broad-based market indexes, as well as indexes relating to particular sectors, markets, regions or industries. Actively managed ETFs do not seek to track the performance of a particular market index and instead actively make investment decisions regarding the securities to be included in an investment portfolio. As an investor in ETFs, the Funds will bear its ratable share of various fees, allocations and expenses of the ETF, all of which are embedded in the net asset value of the ETF. ETFs represent shares of ownership in either funds or unit investment trusts that hold portfolios of common stocks, bonds or other instruments, which, in the case of passively managed ETFs, are designed to generally correspond to the price and yield performance of an underlying index. A primary risk factor relating to ETFs is that the general level of stock or bond prices may decline, thus affecting the value of an equity or fixed income ETF, respectively. An ETF may also be adversely affected by the performance of the specific sector or group of industries on which it is based. Moreover, although passively managed ETFs are designed to provide investment results that generally correspond to the price and yield performance of their underlying indices, ETFs may not be able to exactly replicate the performance of the indices because of their expenses and other factors.

Hedging Transactions. The Funds may (but are not required to) utilize any manner and type of Financial Instruments, both for investment purposes and for risk management purposes in order to (i) protect against possible changes in the market value of the Funds' investment portfolios resulting from fluctuations in the markets (including as a result of changes in various economic factors and other events) and changes in interest rates; (ii) protect the Funds' unrealized gains in the value of its investment portfolio; (iii) facilitate the sale of any such investments; (iv) enhance or preserve returns, spreads, or gains on any investment in the Funds' portfolio; (v) hedge against a directional trade; (vi) hedge the interest rate, credit, or currency exchange rate on any of the Funds' Financial Instruments; (vii) protect against any increase in the price of any Financial Instruments the Funds anticipates purchasing at a later date; or (viii) act for any other reason that the Management Company deems appropriate. The Funds may also engage in short selling for hedging purposes.

Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but other positions designed to gain from those same developments have been established that offset the decline in the value of the portfolio positions. Such hedging transactions also limit the opportunity for gain if the value of the portfolio position should increase. Moreover, it may not be possible for the Funds to hedge against certain risks, such as an interest rate fluctuation, that are so generally anticipated that the Funds are not able to enter into a hedging transaction at a price sufficient to protect the Funds from the decline in value of the portfolio position anticipated as a result of such risks.

The success of the Funds' hedging strategy will depend, in part, upon the Management Company's ability to correctly assess the degree of correlation between the performance of the Financial Instruments used in the hedging strategy and the performance of the investments in the portfolio being hedged. Since the characteristics of many Financial

Instruments change as markets change or time passes, the success of the Funds' hedging strategy will also be subject to the Management Company's ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. While the Funds may enter into hedging transactions to seek to reduce risk, such transactions may result in poorer overall performance for the Funds than if it had not engaged in such hedging transactions. For a variety of reasons, the Management Company 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 Funds from achieving the intended hedge or expose the Funds to risk of loss. The Management Company has no obligation to invest on behalf of the Funds in any manner and type of Financial Instrument for hedging purposes. Moreover, it should be noted that the portfolio will always be exposed to certain risks that may not be hedged.

Currency. The Funds' accounts will be denominated in U.S. dollars. The assets of the Funds may, however, be invested in Financial Instruments and other investments which are denominated in currencies other than U.S. dollars. The value of such assets may be affected favorably or unfavorably by fluctuations in currency rates and, as described below, the Funds may or may not hedge such fluctuations. Investors bear all risks of exchange rate fluctuations in respect of any purchase of Financial Instruments using currencies other than U.S. dollars.

The Management Company may in its discretion hedge the non-U.S. currency exposure of the Fund by entering into currency hedging transactions, such as treasury locks, forward contracts, futures contracts, cross-currency swaps, or by shorting non-U.S. debt. However, the assets of the Funds will nevertheless remain subject to foreign exchange risks. In addition, prospective investors whose assets and liabilities are predominately in other currencies should take into account the potential risk of loss arising from fluctuations in value between the U.S. dollar and other currencies. To the extent unhedged, the value of the Funds' positions in non-U.S. investments will fluctuate with U.S. dollar exchange rates as well as with the price changes of the investments in the various local markets and currencies. In such cases, an increase in the value of the U.S. dollar compared to the other currencies in which the Funds make investments will reduce the effect of any increases and magnify the effect of any decreases in the prices of the Funds' Financial Instruments in their local markets and may result in a loss to the Funds. Conversely, a decrease in the value of the U.S. dollar will have the opposite effect on the Funds' non-U.S. dollar investments. Even if the Funds hedge against such fluctuations, there is no guarantee such hedges will eliminate or reduce such losses.

In addition to hedging transactions, the Funds may take speculative positions in currency. Such positions may be leveraged and be subject to significant volatility based on a wide variety of factors which could subject the Funds to significant loss.

Necessity for Counterparty Trading Relationships; Counterparty Risk. The Funds expect to establish relationships with counterparties to obtain financing, engage in derivative transactions and obtain prime brokerage services, all of which permit the Funds to trade in any variety of markets or asset classes over time; however, there can be no assurance that the Funds will be able to establish such relationships and/or maintain such relationships. An inability to establish or maintain such relationships would limit the Funds' trading activities and could create losses, preclude the Funds from engaging in certain transactions, financing, derivative intermediation and prime brokerage services or prevent the Funds from trading at optimal rates and terms. Moreover, a disruption in the financing, derivative intermediation and prime brokerage services provided by any such relationship before the Funds establish

additional relationships could have a significant impact on the Funds' business due to the Funds' reliance on such counterparties.

Some of the markets in which the Funds may effect its transactions are "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to the same degree of credit evaluation and regulatory oversight as are members of "exchange-based" markets (although the Dodd-Frank Act does impose minimum capital requirements on certain dealers and major participants). This exposes the Funds to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Fund to suffer a loss. In addition, in the case of a default, the Funds could become subject to adverse market movements while replacement transactions are executed. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Fund has concentrated its transactions with a single counterparty or small group of counterparties.

Furthermore, there is a risk that any of the Funds' counterparties could become insolvent and/or the subject of insolvency proceedings. If one or more of the Funds' counterparties were to become insolvent or the subject of insolvency proceedings in the United States (either under the U.S. Securities Investor Protection Act of 1970, as amended (the "**Protection Act**"), or the United States Bankruptcy Code), there exists the risk that the recovery of the Funds' Financial Instruments and other assets from the Funds' prime broker or broker-dealers will be delayed or be of a value less than the value of the Financial Instruments or assets originally entrusted to such prime broker or broker-dealer. The insolvency of such prime broker or broker-dealer could seriously damage the operations of the Funds, and the Funds could lose a substantial portion or all of its assets held with such prime broker or broker-dealer. Securities and other assets deposited with custodians or brokers may not be clearly identified as being assets of the Funds, and hence the Funds may be exposed to a credit risk with regard to such parties.

Assets that are deposited with the Funds' brokers as margin will be available to the creditors of the brokers in the event of the bankruptcy or insolvency of the broker. For example, while brokers are required to segregate client assets from their proprietary assets and are required to hold specified amounts of capital in reserve, client assets are normally held in pooled client accounts for the benefit of all clients. The broker may be able to transfer client assets out of such client accounts in the ordinary course of business, or rehypothecate the assets. If the *pro-rata* share that the Funds receives is less than 100% of what the broker owes it (the Funds are entitled as a matter of law to the cash and marked-to-market value of the Financial Instruments in its prime brokerage account, minus any indebtedness to the relevant broker), the Funds could recover cash or Financial Instruments with a marked-to-market value of up to a specified statutory limit from a fund established under U.S. law to reimburse customers of insolvent brokers. If the Funds do not recover all cash and Financial Instruments, including Financial Instruments that have been rehypothecated, from its account with a broker after receiving its *pro-rata* share of customer property recovered from the insolvent broker's estate, if any, and maximum payment from the customer reimbursement fund established under U.S. law to reimburse customers of insolvent broker-dealers, then it will be an unsecured creditor of the insolvent broker with respect to such shortfall and, therefore, may not be able to recover equivalent assets in full, or at all. In addition, while the return of client property is designed to occur on an expedited basis (usually by transfer of the accounts to a solvent broker), the Funds may be unable to trade the assets that were held by the insolvent broker during this transfer period. In certain circumstances, the assets of the Funds held at a

broker could be at risk if other clients of the broker fail to meet margin requirements and the assets of the broker are insufficient to cover any shortfall. Further, there may be practical or timing problems associated with enforcing the Funds' rights to its assets in the case of an insolvency of any such party.

In addition, the Funds may transact with counterparties located in jurisdictions outside the United States. Such local counterparties are subject to the laws and regulations in non-U.S. jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to the Funds' assets are subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a counterparty, it is impossible to generalize about the effect of their insolvency on the Funds and its assets. Investors should assume that the insolvency of any counterparty would result in a loss to the Funds, which could be material.

The Funds are not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. For example, the Funds are not subject to any formal requirements regarding the credit ratings of such counterparties and, as historical developments have shown, such credit ratings may not be accurate measures of a counterparty's creditworthiness. Moreover, the Management Company's internal credit function which evaluates the creditworthiness of the Funds' counterparties may prove insufficient and/or inaccurate. The ability of the Funds to transact business with any one or more counterparties, the lack of complete and "foolproof" evaluation of the financial capabilities of the Funds' counterparties and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Funds.

Lack of Operating History. The Fund, the Management Company, and the General Partner are recently-formed entities and have a limited operating history upon which prospective investors can evaluate the likely performance of those entities. There is no assurance that the Funds will succeed in meeting its investment objective. Partners of the Management Company have deployed some of the core strategies described herein in connection with their roles prior to joining the Investment Manager. The past performance of these partners and the Funds is not necessarily indicative of the future performance of the Funds. The investment program of the Fund should be evaluated on the basis that there can be no assurance that the Management Company's assessment of the short-term, intermediate-term, or long-term prospects of investments will prove accurate or that the Fund will achieve its investment objective.

Dependence on the Principal and the Management Company. The Funds' success will depend on the management of the Management Company, and primarily on the skill and acumen of Amir Mokari (the "Principal"), who serves as the Management Company's portfolio manager for the Funds. If the Principal should cease to participate in the Funds' business, the Funds' ability to manage its portfolio could be severely impaired.

An investor should be aware that it will have no right to participate in the conduct or control of the business of the Funds, and that it will have no opportunity to select or evaluate any of the Funds' investments or strategies. Accordingly, a prospective investor should not invest in the Funds unless it is willing to entrust all aspects of the conduct or control of the business of the Funds and its investments to the discretion of the Management Company. Although the Principal intends to devote a substantial part of his time to the business of the Funds, he is under no obligation to do so.

Seed Investor: David Stemerman and/or entities controlled by David Stemerman (“The “Seed Investors”) has committed to make a substantial investment (the “Seed Investment”) in the Funds to be locked up for multiple years. The Seed Investor will have the ability to withdraw his capital prior to the expiry of these multiple years upon the occurrence of certain events that we believe to be unlikely to occur and out-of-the-ordinary events. In connection with the Seed Investment, the Seed Investor will benefit from certain rights that are in addition to, and more favorable than, the rights of the Limited Partners.

Execution Risks and Management Company Error. The execution of the trading and investment strategies employed by the Management Company for the Funds may require time-sensitive trades, complex trades, difficult-to-execute trades, use of negotiated terms with counterparties such as in the use of derivatives and the execution of trades involving less common or novel instruments. In each case, the Management Company seeks best execution and has trained execution and operational staff devoted to supervising the execution, settlement and clearing of such trades. However, in light of the time pressures and complexity involved, some slippage, errors and miscommunications with brokers and counterparties are inevitable and may result in losses to the Funds. Such losses may be caused by the Funds’ brokers and counterparties or by the Management Company or by a combination of the broker or counterparty and the Management Company. The Management Company may, but is not required to, attempt to recover losses from brokers or counterparties. The Management Company is not liable to the Funds for losses caused by brokers or agents; *provided*, that such broker or agent was engaged by the Management Company directly or on behalf of the Funds absent any Disabling Conduct by the Management Company. The Management Company will also not be liable to the Funds for any act or omission by the Management Company taken, or omitted to be taken, in connection with the Fund; *provided*, that such act or omission by the Management Company is not primarily and directly attributable to Disabling Conduct of the Management Company.

Operational Risk. The Funds depend on the Management Company to develop the appropriate systems and procedures to control operational risk. These systems and procedures may not account for every actual or potential disruption of their operations. The Funds’ business is dynamic and complex. As a result, certain operational risks are intrinsic to the Funds’ operations, especially given the volume, diversity and complexity of transactions that the Funds are expected to enter into daily. The Funds’ business is highly dependent on its ability to process, on a daily basis, transactions across numerous and diverse markets. Operational risks arising from mistakes made in the confirmation or settlement of transactions, from transactions not being properly booked, evaluated or accounted for or other similar disruption in the Funds’ operations may cause the Funds to suffer, among other things, financial loss, the disruption of its business, liability to clients or third parties, regulatory intervention or damage to its reputation. Consequently, the Funds rely heavily on its financial, accounting and other data processing systems. The ability of its systems to accommodate an increasing volume, diversity and complexity of transactions could also constrain the Fund’s ability to properly manage its portfolio.

Location and Infrastructure. Most of the key personnel of the Management Company are located in one building in Connecticut. Loss of the building and/or key personnel, whether through fire, terrorist action, earthquake or some other catastrophic event, could adversely affect its operations and the investment returns of the Funds. A serious impairment to the infrastructure of the building such as extended loss of power or a prolonged restriction of physical access to the building by governmental authorities also could adversely affect the

Management Company's operations and investment returns of the Funds. The Management Company has contracted for offsite data backup and recovery and has a disaster recovery plan for offsite operation, but the risk of disruption of operations remains. Similar risks may apply with respect to such occurrences involving the brokers, dealers and other custodians of the Funds' assets.

Cybersecurity Risk. As part of its business, the Management Company processes, stores and transmits large amounts of electronic information, including information relating to the transactions of the Funds and personally identifiable information of its investors. Similarly, service providers of the Management Company, or the Funds, especially the Administrator, may process, store and transmit such information. The Management Company has procedures and systems in place to protect such information and prevent data loss and security breaches. However, such measures cannot provide absolute security. The techniques used to obtain unauthorized access to data, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time. Hardware or software acquired from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Network connected services provided by third parties to the Management Company may be susceptible to compromise, leading to a breach of the Management Company's network. The Management Company's systems or facilities may be susceptible to employee error or malfeasance, government surveillance or other security threats. On-line services provided by the Management Company to its investors may also be susceptible to compromise. Breach of the Management Company's information systems may cause information relating to the transactions of the Fund and personally identifiable information of its investors to be lost or improperly accessed, used or disclosed.

The service providers of the Management Company and the Funds are subject to the same electronic information security threats as the Management Company. If a service provider fails to adopt or adhere to adequate data security policies, or in the event of a breach of its networks, information relating to the transactions of the Fund and personally identifiable information of its investors may be lost or improperly accessed, used or disclosed.

The loss or improper access, use or disclosure of the Management Company's or the Funds' proprietary information may cause the Management Company or the Funds to suffer, among other things, financial loss, the disruption of its business, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing events could have a material adverse effect on the Funds and its investor's investments therein.

The following risk are primarily applicable to the L/S Fund:

Short Sales. When deemed appropriate by the Management Company, the L/S Fund may engage in short selling of any of the instruments it trades. Short selling involves the sale of a security that the L/S Fund does not own and must borrow in order to make delivery in the hope of purchasing the same security at a later date at a lower price. In order to make delivery to its purchaser, the L/S Fund must borrow securities from a third-party lender. The L/S Fund subsequently returns the borrowed securities to the lender by delivering to the lender the securities it receives in the transaction or by purchasing securities in the open market. The L/S Fund must generally pledge cash with the lender equal to the market price of the borrowed securities. This deposit may be increased or decreased in accordance with changes in the market price of the borrowed securities. During the period in which the securities are borrowed, the lender typically retains his or her right to receive interest and dividends accruing to the securities. In exchange, in addition to lending the securities, the lender

generally pays the L/S Fund a fee for the use of the Fund's cash. This fee is based on prevailing interest rates, the availability of the particular security for borrowing and other market factors.

Theoretically, securities sold short are subject to unlimited risk of loss because there is no limit on the price that a security may appreciate before the short position is closed. In addition, the supply of securities that can be borrowed fluctuates from time to time. The L/S Fund may be subject to losses if a security lender demands return of the lent securities and an alternative lending source cannot be found.

Under certain market conditions, the L/S Fund might have difficulty purchasing instruments to meet its short sale delivery obligations (such as to complete a dealer buy-in of the underlying instrument). The L/S Fund may also have to sell instruments to raise the capital necessary to meet its short sale margin call obligations at a time when fundamental investment considerations would not favor closing out such short position. Furthermore, "directional" short-selling may subject the Fund to risk of litigation. Lawsuits can be brought against short sellers of a company's stock to discourage short selling. Among other claims, these suits may allege libel, conspiracy, and market manipulation and may expose the Fund to significant liabilities.

Short selling activities are subject to restrictions imposed by U.S. and non-U.S. securities laws and the various securities exchanges. Limitations on short selling have been imposed on an emergency basis in the past during market disruptions. Short selling may be subject to further regulatory restrictions in the future, including reporting requirements on short selling, which may prevent the Fund from successfully implementing its investment strategies involving short selling.

The following risks are applicable to the Long Focused Funds:

Benchmark-Based Performance Allocation. The General Partner is entitled to receive a Performance Allocation based on the amount, if any, by which the net capital appreciation allocated to any Capital Account for each year (or other calculation period) exceeds the performance of the S&P 500 Index during such period (after reduction for the balance of the Underperformance Recovery Account, if any). Because the Performance Allocation is calculated based on a Capital Account's performance relative to this benchmark, rather than on an absolute scale, the Performance Allocation for any calculation period may be greater (or less) than it would have been had the Performance Allocation been calculated based solely on the performance of the applicable Capital Account during such period. In particular, it is possible that a Performance Allocation will be allocable with respect to a Capital Account for a given period even if the balance of such Capital Account declined during such period, if such decline was less than any decline in the performance of the benchmark during such period. These arrangements may also create an incentive for the Management Company, which is an affiliate of the General Partner, to manage the Long Focused Funds differently than would be the case were the Performance Allocation calculated based solely on the performance of each Capital Account.

Item 9: Disciplinary Information

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

Item 10: Other Financial Industry Activities and Affiliations

Neither we nor our management persons are registered as broker-dealers, and neither of us has any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer, respectively.

The Investment Manager and its management persons are not registered as, and do not have any application to register as, futures commission merchants, commodity pool operators, commodity trading advisors or associated persons of the foregoing entities. The Investment Manager is an exempt commodity pool operator.

We do not recommend or select other investment advisers for our clients.

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

Code of Ethics

Emerson has adopted a “**Code of Ethics**” that establishes the high standard of conduct that we expect of our employees and procedures regarding our employees’ personal trading of securities. Our employees are required to certify their adherence to the terms set forth in the Code of Ethics, at a minimum, upon commencement of employment and annually thereafter. Employees also are required to provide quarterly certifications of compliance with certain Code of Ethics provisions.

The foundation of our Code of Ethics is based upon the following underlying fiduciary principles:

- Employees must at all times place the interests of the Funds and Investors first;
- Employees must ensure that all personal securities transactions are conducted consistent with the Code of Ethics’ Employee Investment Policy (described below); and
- Employees should not take inappropriate advantage of their position at the Firm.

Personal Securities Trading

Employees, their spouses and other dependents are required to provide the Investment Manager with details of all security transactions in reportable accounts. These records are used to monitor compliance with Emerson’s “**Employee Investment Policy**.” The Employee Investment Policy limits employees’ personal securities trading related to single name securities to only liquidating trades of securities held by the employee at the time of employment with the Firm (a “**Liquidating Trade**”), subject to pre-clearance by the CCO. Employees are prohibited from trading in any single named securities except for the purpose of holding or liquidating any such holdings after the commencement of employment.

Employees must obtain pre-approval from the CCO before: (i) making a Liquidating Trade; (ii) engaging in any outside business activities that may present a conflict with the employees’ duties at the Firm; or (iii) making any private investments.

We will provide a copy of our Code of Ethics to our Investors, or any prospective investor or client, upon request, to be viewed on the premises.

Item 12: Brokerage Practices

Emerson is authorized to determine the broker-dealer to be used for executing securities transactions for the Funds. In selecting broker-dealers to execute transactions, we do not need to solicit competitive bids and do not have an obligation to seek the lowest available commission cost. The Funds' securities and other assets are held in securities accounts at our prime brokers that are "Qualified Custodians" as defined in the Advisers Act.

Best Execution

In selecting an appropriate broker-dealer to effect a client trade, we seek to obtain "**Best Execution**," meaning generally the execution of a securities transaction for a client in such a manner that a client's total costs or proceeds in the transaction are most favorable under the circumstances. Accordingly, in seeking Best Execution, we will take into consideration the price of a security offered by the broker-dealer, as well as a broker-dealers' full range and quality of their services including, among other things, their facilities, reliability and financial responsibility, execution capability, commission rates, responsiveness to us, brokerage and research services provided to us (for example, research ideas, analysis, and investment strategies), special execution and block positioning capabilities, clearance, and settlement and custodial services.

Soft Dollars

The Firm may use "**Soft Dollars**" generated by the Fund's trading activities to purchase brokerage and research services or products that would otherwise have been our expense. We intend to keep any such arrangements within the parameters of the safe harbor of Section 28(e) of the Securities Exchange Act of 1934.

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

Item 13: Review of Accounts

Our portfolio managers and investment professionals continuously monitor and analyze the transactions, positions, and investment levels of the Fund to ensure that they conform with the investment objectives and guidelines that are stated in the relevant Funds' offering documents. In these reviews, we pay particular attention to any changes in the investment's fundamentals, overall risk management and changes in the markets that may affect price levels.

Account Reporting

We perform various periodic reviews of each client's portfolio. Such reviews are conducted by our officers.

We will distribute annual audited financial statements with respect to the previous fiscal year to all Investors within 120 days of relevant Fund's fiscal year end. We also may distribute other interim reports to Investors.

Item 14: Client Referrals and Other Compensation

We do not receive economic benefits from non-clients for providing investment advice and other advisory services. Neither we nor any of our related persons directly or indirectly compensates any person who is not a supervised person, including placement agents, for client referrals.

Item 15: Custody

We will comply with Advisers Act's "**Custody Rule**," by meeting the conditions of the pooled vehicle annual audit provision. Annually, upon completion of the relevant Fund's annual audit, we will distribute the Fund's audited financials to Investors within 120 days of the Fund's fiscal year end.

Item 16: Investment Discretion

We will have full discretionary authority over the Fund including authority to make decisions with respect to which securities to be bought and sold, as well as the amount and price of those securities.

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

The Investment Adviser or an affiliate of the Investment Adviser entered into an investment management agreement, or similar agreement, with each Fund, pursuant to which the Investment Adviser or an affiliate of the Investment Adviser was granted discretionary trading authority.

Item 17: Voting Client Securities

In compliance with the Advisers Act's Proxy Voting Rule, we have adopted proxy voting policies and procedures. The general policy is to vote proxy proposals, amendments, consents or resolutions (collectively, "**Proxies**") in a prudent and diligent manner that will serve the applicable client's best interests and is in line with each client's investment objectives. The Investment Adviser has appointed an unaffiliated third-party proxy voting services firm to manage the receipt of incoming proxies, maintain a log of all proxies, and place votes based on specified policies and guidelines established by Emerson. Emerson has the authority to pull back a proxy from the services firm and directly exercise voting discretion. In the event that Emerson decides to directly exercise discretion to vote a proxy, Emerson will vote any such proxies in the best interests of its clients based on the guidelines below.

We may take into account all relevant factors, as determined by us in our discretion, including, without limitation:

- the impact on the value of the securities or instruments owned by the relevant client and the returns on those securities;
- the anticipated associated costs and benefits;
- the continued or increased availability of portfolio information; and
- industry and business practices.

In limited circumstances, we may refrain from voting Proxies where we believe that voting would be inappropriate, taking into consideration the cost of voting the Proxies and the anticipated benefit to our clients. Generally, clients may not direct our vote in a particular solicitation.

Conflicts of interest may arise between the interests of the clients on the one hand and us or our affiliates on the other hand. If we determine that we may have, or be perceived to have, a conflict of interest when voting Proxies, we will vote in accordance with our Proxy voting policies and procedures.

Clients may obtain a copy of our Proxy voting policies and our Proxy voting record upon request.

Item 18: Financial Information

We are not required to include a balance sheet for our most recent fiscal year, are not aware of any financial condition reasonably likely to impair our ability to meet contractual commitments to clients, and have not been the subject of a bankruptcy petition at any time during the past ten years.