

# **Atreides Management, LP**

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This “**Brochure**” provides information about the qualifications and business practices of Atreides Management, LP (hereinafter “**Atreides**”, “**we**”, “**us**”, “**our**” or the “**Firm**”). If you have any questions about the contents of this Brochure, please contact our Chief Compliance Officer (“**CCO**”), Danyelle Rosen, by email at [Danyelle@AtreidesMgmt.com](mailto:Danyelle@AtreidesMgmt.com). Information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (the “**SEC**”) or by any state securities authority.

Atreides has applied as an Investment Adviser with the SEC. Registration as an investment adviser does not imply that Atreides 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 Atreides is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2: Material Changes**

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This Brochure is Atreides' initial Form ADV Part 2A which has been submitted with our application for registration with the SEC; therefore, there are no material changes to report. In the future, if the Brochure contains material changes from our last update, we will identify and discuss those changes in this section. Please note that this Brochure has been prepared to reflect the advisory business that Atreides will be conducting following the approval of its application for SEC registration.

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#### Item 4: Advisory Business

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Atreides Management LP (hereinafter “**Atreides**”, “**we**”, “**us**”, “**our**”, the “**Investment Manager**”, or the “**Firm**”) is organized as a Delaware partnership with a principal place of business in Boston, Massachusetts. Atreides is controlled by its general partner, Atreides Management, LLC, a Delaware limited liability company. Gavin Baker (the “**Portfolio Manager**”) is the managing member of Atreides Management, LLC.

Our registration on Form ADV also covers Atreides Foundation Fund GP, LLC (the “**Fund General Partner**”), which is a limited liability company organized under the laws of the state of Delaware. The Fund General Partner is an affiliate of Atreides and serves or may serve as the general partner of pooled investment vehicles. The Fund General Partner’s facilities and personnel are provided by Atreides.

We serve as the investment adviser, with discretionary trading authority, to private, pooled investment vehicles, the securities of which are offered through a private placement memorandum to accredited investors, as defined under the Securities Act of 1933, as amended, and qualified purchasers, as defined under the Investment Company Act of 1940, as amended. We do not tailor our advisory services to the individual needs of any particular investor.

Following registration with the SEC, Atreides intends to manage the following private, pooled investment vehicles:

- Atreides Foundation Fund, Ltd., a Cayman Islands exempted company (the “**Offshore Fund**”);
- Atreides Foundation Fund, LP, a Delaware limited partnership (the “**Onshore Fund**” and, together with the Offshore Fund, the “**Feeder Funds**”); and
- Atreides Foundation Master Fund LP, a Cayman Islands limited partnership (the “**Master Fund**”).

Atreides also serves as the investment manager to Atreides Special Circumstances Fund, LLC, a Delaware series limited liability company (the “**Atreides Special Circumstances Master Fund**”), and Atreides Special Circumstances Offshore Fund SPC, a Cayman Islands segregated portfolio company (the “**Atreides Special Circumstances Offshore Feeder**” and together with Atreides Special Circumstances Master Fund, (the “**Atreides Special Circumstances Funds**”), that invests all or substantially all of its assets in the Atreides Special Circumstances Master Fund.

The general partner of the Onshore Fund and the Master Fund is the Fund General Partner.

The Master Fund and the Feeder Funds, and the Atreides Special Circumstances Funds are herein each referred to as a “**Fund**” or “**Client**”, and collectively referred to as the “**Funds**” or the “**Clients**”.

The Onshore Fund’s “**Limited Partners**” and the Offshore Fund’s “**Shareholders**” are hereafter collectively referred to as the “**Investors**” where appropriate.

Our investment decisions and advice with respect to the Funds are subject to each Fund’s investment objectives and guidelines, as set forth in its respective “**Offering Documents.**”

We do not currently participate in any Wrap Fee Programs.

Currently, we do not have regulatory assets under management, but we expect to have, within 120 days of the effective date of our initial registration, client assets under management sufficient to allow us to remain eligible for registration with the SEC.

The descriptions set forth in this Brochure of specific advisory services that we offer to our 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.

## Item 5: Fees and Compensation

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The fees applicable to each of the Funds are set forth in detail in the corresponding Offering Documents. A brief summary of such fees is provided below.

### ***Management Fee***

Atreides is paid, in advance, an investment management fee ("**Management Fee**") for management services for each fiscal quarter. The Management Fee will generally range between 1.25% and 1.75% (annualized) of the net asset value of each series of shares of the Master Fund corresponding to each Investor's interest in the Feeder Funds as of the beginning of such fiscal quarter (before taking into account the estimated accrued incentive allocation).

Atreides, in its sole discretion, may elect to waive, reduce or rebate the Management Fee with respect to the capital accounts of certain Investors, including affiliates of the Fund General Partner and/or the Firm and their respective members, managers, partners, directors, officers and employees, any "friends and family" members thereof and members of the management advisory committee (the "Committee", as defined in the Offering Documents) (and the family members and estate planning vehicles of the foregoing persons); provided, however, that no such waiver, reduction or rebate will adversely impact any other Investor or cause them to bear a higher portion of the Management Fee than they would bear absent such waiver, reduction or rebate.

### ***Other Types of Fees or Expenses***

The Fund will pay, whether directly or through reimbursement of the Fund General Partner or one of its affiliates, all costs and expenses related to its investments and its operations, including, without limitation, brokerage and other transaction costs, data fees, clearing and settlement charges, outsourced trading service expenses, trade break fees, research (including research-related travel expenses incurred with respect to specific potential or existing investments) and brokerage products, fees paid to consultants providing services in respect of such systems, that fall within Section 28(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), costs of independent appraisals, broken-deal and/or unconsummated expenses associated with an investment (including, for purposes of clarity, any portion of such expenses that could have been borne by the Atreides Special Circumstances Funds, which will be allocated to the capital accounts of the Sub-Series A-3 Investors or the Sub-Series F-3 Investors (as defined in the Offering Documents) in proportion to their respective participating percentage interests therein unless such co-investors agree otherwise to bear such expenses) legal fees and other expenses in connection with conducting due diligence and negotiating the terms of investments (including investment-related travel expenses incurred with respect to specific potential or existing investments), regardless of whether such investments are consummated, costs of news services, custodial fees, administrator fees and expenses, third party valuation services, expenses and costs of expert networks, expenses and costs of obtaining surveys, analysis or other data sets from third parties related to prospective investments or sectors in which the Fund may invest, initial and variation margin, interest and commitment fees on debit balances or borrowings, stock borrowing fees and proxy solicitation expenses, legal expenses (including expenses relating to regulatory or similar investigations, inquiries and "sweeps"), audit and tax preparation expenses, accounting fees, insurance expenses including costs of any liability insurance obtained on behalf of Atreides or officers' and directors' insurance, indemnification expenses, the Management Fee, government and regulatory costs and expenses (including filing and

license fees and preparation and submission of filings and licenses, including without limitation, Section 13 filings, Form PF preparation and filing fees, blue sky and corporate filing fees and expenses) in connection with specific investments or offering interests in the Fund, any issue or transfer taxes chargeable in connection with any securities transactions, any entity level taxes and fees, costs of reporting and providing information to Investors (including updates to the Offering Documents), expenses relating to any amendment to Atreides' agreements and the solicitation of any Investor consents, expenses relating to annual investor meetings, costs of litigation or investigation involving Firm activities, and any extraordinary expenses. Expenses are generally shared by all of the Funds, while expenses related to one or more particular series or sub-series or classes or sub-classes of Interests will be allocated accordingly by the Fund General Partner. Any investment or other expense relating specifically to a Designated Investment Account shall be charged against the capital accounts of the Sub-Series A-3 Investors or the Sub-Series F-3 Investors participating in such Designated Investment Account in proportion to their respective participating percentage interests therein.

The Feeder Funds will also be responsible for their pro rata portion of the Master Fund's costs and expenses, including the fees and expenses of the Advisory Board (as defined below). A portion of the Feeder Fund's and/or the Master Fund's operating expenses may be shared with other investment entities or accounts managed by the Investment Manager, the Fund General Partner or their affiliates on an equitable basis and the Firm may likewise share a portion of the operating expenses of such other investment entities and accounts.

A portion of expenses for certain research and brokerage products and services incurred by the Firm might be paid with "soft dollars" generated through the Fund's trading activities. It is anticipated that the use of commissions or "soft dollars" to pay for research and brokerage products and services will fall within the safe harbor created by Section 28(e) of the Exchange Act. Under Section 28(e) of the Exchange Act, research and brokerage products and services obtained with soft dollars generated by the Fund may be used by Atreides to service accounts other than the Fund and the Firm. Where a product or service obtained with soft dollars provides "mixed-use" research or brokerage products or services to the Atreides, Atreides will make a reasonable allocation of the cost which may be paid for with soft dollars.

Organizational costs of the Firm and the costs incurred in connection with the initial and ongoing issuance of Interests, including legal and accounting fees, document production and printing costs, federal and state filing fees, and other related expenses, will be paid for by the Funds. In addition, the Firm will bear its pro rata portion of the organizational costs of the Fund. Atreides may elect from time to time to pay certain of the Firm's expenses. It is anticipated that initial organizational costs will be amortized by the Firm, in the discretion of the Fund General Partner, over a period of five (5) years. The Fund General Partner believes that amortizing such expenses is more equitable than expensing the entire amount during the first year of operations, as is required by U.S. generally accepted accounting principles ("GAAP"), and also conforms to industry practice. The General Partner believes that amortizing such expenses is more equitable than expensing the entire amount during the first year of operations, as is required by U.S. generally accepted accounting principles ("GAAP"), and also conforms to industry practice. Amortization of the Funds' organizational costs may result in a qualification of the auditor's opinion of the Funds' 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 Funds' net asset value. There will be a divergence in Funds' fiscal year-end net asset value and in the net asset value reported in the

Funds' financial statements in any year where, pursuant to clause (ii), GAAP conforming changes are made only to the Funds' financial statements for financial reporting purposes. If the Fund is terminated within five (5) years of its commencement, any unamortized expenses will be recognized. If an Investor withdraws all or part of its capital account prior to the end of the period during which the 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.

In consideration of the Management Fee, the Investment Manager will bear all of its own normal and recurring operating expenses and overhead costs incurred in connection with the investment and other management services that it will provide to the Fund, including marketing expenses and travel expenses (other than investment or research related travel expenses incurred with respect to specific potential or existing investments), except that research and brokerage products and services expenses incurred by the Investment Manager may be paid for through the permitted use of "soft dollars" (as described below). The Management Fee may exceed the expenses borne by the Investment Manager on behalf of the Fund.

The General Partner or one of its affiliates (including the Investment Manager) may elect from time to time to pay certain of the Funds' expenses.

#### ***Additional Compensation and Conflicts of Interest***

Neither Atreides nor any of its supervised persons accepts compensation (e.g., brokerage commissions) for the sale of securities or other investment products.

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

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We and our affiliates accept performance-based compensation from every Client. As a result, we and our affiliates do not face certain conflicts of interest that may arise when an investment adviser accepts performance-based fees from some clients, but not from other clients.

#### **Item 7: Types of Clients**

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Our clients are the Funds, as described in Item 4 above.

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

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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 as set forth in the Offering Documents. 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.

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

The investment objective of Atreides is to generate attractive absolute returns for investors over a rolling five-to-seven year time horizon.

Atreides' investment mandate is technology and consumer-centric and is expected to be focused on the disruptive forces driving the most significant political, social and economic changes seen since the Industrial Revolution. Atreides will pursue a long-biased, long/short equity strategy to construct a portfolio primarily consisting of publicly listed equities, although Atreides will invest opportunistically in privately held companies. Atreides will seek to achieve the investment strategy by taking a private equity approach to the public markets generally characterized by a long-duration time horizon, investing in a relatively small number of positions, and pursuing an investment process driven by intensive fundamental research and rigorous portfolio construction. Atreides will seek to own a concentrated portfolio of high quality businesses with sustainable – and preferably – expanding competitive advantages run by shareholder friendly management teams operating in industries that are taking share of global gross domestic product. Atreides will also seek to be opportunistically short companies whose long-term prospects are impaired either by disruptive trends and/or declining competitive advantages, especially when the aforementioned realities are not reflected in valuations.

Atreides may invest the Firm's assets in privately placed unregistered securities that do not have a readily ascertainable market value or other illiquid securities which may be valued but are not freely transferable.

There can be no assurance that Atreides' investment objective will be achieved, and certain trading practices (e.g., the use of leverage, short sales, the concentration of investments, and use of commodities) may, in some circumstances, increase any adverse impact to which Atreides' investment portfolio may be subject.

### ***Risk of Loss***

The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the Funds advised by us. These risk factors include only those risks we believe to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis employed by us.

An investment in the Funds involve significant risks, and is suitable only for those persons who can bear the economic risk of the loss of their entire investment, who have limited need for liquidity in their investment, and who have met the conditions set forth in the Offering Documents. There can be no assurances that we will achieve our investment objectives. An investment carries with it the inherent risks associated with investments in publicly-traded stocks and bonds, options, and related instruments, including, without limitation, the risks described below. Each prospective investor should carefully review the Offering Documents and the documents referred to herein before deciding to invest with Atreides.

***Investment and Trading Risks.*** An investment in the Funds involves a high degree of risk, including the risk that the entire amount invested may be lost. No guarantee or

representation is made that the Funds' investment program will be successful or that the Funds will achieve their objective. The Investment Manager will invest substantially all of the Funds' assets in securities, some of which may be particularly sensitive to economic, market, industry and other variable conditions. The markets in which the Funds expect to invest may experience significant volatility and losses. No assurance can be given as to when or whether adverse events might occur that could cause immediate and significant losses to the Funds.

***Equity Securities Generally.*** The Funds intend to invest equity securities and equity-related securities of public and private companies in the U.S. and other countries. The value of these financial instruments generally will vary with the performance of the issuer and movements in the equity markets. As a result, the Funds may suffer losses if they invest in equity instruments of issuers whose performance diverges from the Investment Manager'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 or otherwise qualifying restricted securities for public resale.

***Equity Price Risk.*** The Funds' investment portfolio will include long and short positions in equity securities. Equity securities fluctuate in value in response to many factors, including, among others, the activities and financial condition of individual companies, geographic markets, industry market conditions, interest rates and general economic environments. In addition, events such as the domestic and international political environments, terrorism and natural disasters, may be unforeseeable and contribute to market volatility in ways that may adversely affect investments made by the Funds.

***Risks Associated with TMT Investing.*** Investing in securities and other instruments of companies that focus on technology, media and telecommunication sectors involves substantial risks. These risks include: certain companies in the Funds' portfolio may have limited operating histories; rapidly changing technologies and products which may quickly become obsolete; cyclical patterns in information technology spending which may result in inventory write-offs, cancellation of orders and operating losses; scarcity of management, engineering and marketing personnel with appropriate training; the possibility of lawsuits related to technological patents; changing investors' sentiments and preferences with regard to "TMT" sector investments with their resultant effect on the price of underlying securities; and volatility in the applicable markets affecting the prices of technology company securities, which may cause the performance of the Funds to experience substantial volatility. Furthermore, these sectors, particularly technology and its many sub-sectors, have historically been subject to significant volatility.

***Competition in the Technology Sector.*** Competitors of companies in the technology sector range in size from diversified global companies with significant research and development resources to small, specialized firms whose narrower product lines may let them be more effective in deploying technical, marketing and/or financial resources. Barriers to entry in the software and technology industries are low and software products can be distributed broadly and quickly at relatively low cost. Many of the areas in which the software companies participate evolve rapidly with changing and disruptive technologies, shifting user needs, and frequent introductions of new products and services. The emerging nature and rapid evolution of technological products and services will require technology companies in which the Funds have invested to continually improve the performance, features and reliability of their products or services, particularly in response to possible competitive offerings. There can be

no assurance that these companies will be successful in achieving widespread acceptance of their products or services before competitors offer products and services with features and performance similar to those of such technology companies. In addition, the widespread adoption of new technologies or standards could require substantial expenditures by such technology companies to modify or adapt their products or services. Such expenditures could affect the profitability of these technology companies and in turn the operating results and financial condition of the Funds.

***Equity Securities of Growth Companies.*** A portion of the Funds' assets may be invested in equity securities of companies that the Investment Manager believes have potential for capital appreciation significantly greater than that of the market averages, so-called "growth" companies. The market capitalization of the growth companies in which the Funds will invest may range from small to large capitalizations. Growth stocks are generally more sensitive to market movements than other types of stocks, primarily because their stock prices are based heavily on future expectations. Securities of growth companies may be traded in the OTC markets. While OTC markets have grown rapidly in recent years, many OTC securities trade less frequently and in smaller volume than exchange-listed securities. The values of these securities may fluctuate more sharply than exchange-listed securities, and the Funds may experience some difficulty in acquiring or disposing of positions in these securities at prevailing market prices.

***High Growth Industry Related Risks.*** Certain of the high growth companies (e.g., technology, and communications) in which the Funds may invest may allocate, or may have allocated, greater than usual amounts to research and product development. The securities of such companies may experience above-average price movements associated with the perceived prospects of success of the research and development programs. In addition, companies in which the Funds invest could be adversely affected by lack of commercial acceptance of a new product or products or by technological change and obsolescence. Some of these companies may have limited operating histories. As a result, these companies may face undeveloped or limited markets, have limited products, have no proven profit-making history, may operate at a loss or with substantial variations in operating results from period to period, have limited access to capital and/or be in the developmental stages of their businesses.

Further, many high growth companies with proprietary technology rely on a combination of patent, copyright, trademark and trade secret protection and non-disclosure agreements to establish and protect their proprietary rights, which may be essential to the growth and profitability of the company. There can be no assurance that a particular company will be able to protect these rights or will have the financial resources to do so, or that competitors will not develop or patent technologies that are substantially equivalent or superior to the technology of a company in which the Funds invest. Conversely, other companies may make infringement claims against a company in which the Funds invest, which could have a material adverse effect on such company.

The markets in which many high growth companies operate are extremely competitive. New technologies and improved products and services are continually being developed, rendering older technologies, products and services obsolete. Moreover, competition can result in significant downward pressure on pricing. There can be no assurance that companies in which the Funds invest will successfully penetrate their markets or establish or maintain competitive advantages.

***Undervalued Equity Securities.*** The Funds' investment strategy focuses on investing in companies that the Investment Manager believes are undervalued, particularly from a longer-term perspective. Opportunities in undervalued equity securities arise from market inefficiencies or due to a lack of wide recognition of the potential impact (positive or negative) that specific events or trends may have on the value of a security. The identification of investment opportunities in undervalued securities is a difficult task, and there is no assurance that such opportunities will be successfully recognized or acquired, particularly given the Investment Manager's desire to identify securities that are undervalued based on longer-term projections. While investments in undervalued securities offer the opportunities for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses.

***Convertible Securities and Investments in Equity-Related Convertible Securities.*** The Funds may invest a portion of their capital in convertible securities and equity-related convertible securities. Convertible securities are equities, bonds, debentures, preferred stocks or other securities that may be converted into or exchanged for a specified fixed or variable amount of common stock of the same or different issuer within a particular period of time at a specified price or formula. A convertible security entitles the holder to receive interest that is generally paid or accrued on debt or a dividend that is paid or accrued on preferred stock until the convertible security matures or is redeemed, converted or exchanged. Convertible securities have unique investment characteristics in that they generally (i) have higher yields than common stocks, but lower yields than comparable non-convertible securities, (ii) are less subject to fluctuation in value than the underlying common stock due to their fixed-income characteristics and (iii) provide the potential for capital appreciation if the market price of the underlying common stock increases. The value of a convertible security is a function of its "investment value" (determined by its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion privilege) and its "conversion value" (the security's worth, at market value, if converted into the underlying common stock). The investment value of a convertible security is influenced by changes in interest rates, with investment value declining as interest rates increase and increasing as interest rates decline. The credit standing of the issuer and other factors may also have an effect on the convertible security's investment value. The conversion value of a convertible security is determined by the market price of the underlying common stock. If the conversion value is low relative to the investment value, the price of the convertible security is influenced principally by its investment value. To the extent the market price of the underlying common stock approaches or exceeds the conversion price, the price of the convertible security will be increasingly influenced by its conversion value. A convertible security generally will sell at a premium over its conversion value by the extent to which investors place value on the right to acquire the underlying common stock while holding a fixed-income security. Generally, the amount of the premium decreases as the convertible security approaches maturity. A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument. If a convertible security held by the Funds is called for redemption, the Funds will be required, depending on the terms of the security, to permit the issuer to redeem the security, convert it into the underlying common stock, or sell it to a third party. Any of these actions could have an adverse effect on the Funds' ability to meet their investment objective.

***Investments in Preferred Stock.*** The Funds may invest the preferred shares of certain companies. Preferred shares may pay dividends at a specific rate and generally have preference over common stock in the payment of dividends in a liquidation of assets but rank after debt securities. Unlike interest payments on debt securities, dividends on preferred

shares are generally payable at the discretion of the board of directors of the issuer. The market prices of preferred shares are subject to changes in interest rates and are more sensitive to changes in the issuer's creditworthiness than are the prices of debt securities.

**Regulatory Restrictions.** The investment strategies pursued by the Funds may be affected by U.S. state and federal laws governing the beneficial ownership of securities in public companies, which may inhibit the Funds' ability to freely acquire and dispose of certain securities. Should the Funds be affected by such rules and regulations, it may not be able to transact in ways that would realize value for the Funds. In addition, any changes to government regulations could make some or all forms of corporate governance strategies unlawful or impractical. Accordingly, such changes, if any, could have an adverse effect on the ability of the Funds to achieve their investment objective.

**Control Issues.** Although the Investment Manager may seek protective provisions, including, possibly, board representation, in connection with certain of its public and private investments, to the extent the Funds take minority positions in companies in which they invest, the Investment Manager may not be in a position to exercise control over the management of such companies, and, accordingly, may have a limited ability to protect its position in such companies.

**Board Appointments.** The Funds may designate a director to serve on the board of directors of certain portfolio companies as to which it obtains such rights. The designation of directors and other measures contemplated could expose the assets of the Funds to claims by a portfolio company, its security holders and its creditors. While the General Partner will try to minimize exposure to these risks, the possibility of successful claims cannot be precluded. The Funds may be subject to certain restrictions with respect to transacting in securities of any such portfolio company to which it has designated a director.

**Reduced Liquidity due to Inside Information.** From time to time the Investment Manager or its affiliates, or members of a group of investors or managers with which the Investment Manager is acting, may work with the management team of a company in which the Funds have invested or propose to invest in order to design an alternate strategic plan and assist them in its execution, and may secure the appointment of persons selected by the Investment Manager or other members of the group to the company's management team or board of directors. In the course of such activities, the Investment Manager may come into possession of material, non-public information concerning such company, and the possession of such information may limit the ability of the Investment Manager to cause the Funds to buy or sell the securities issued by such company. Therefore, the Funds may be required to refrain from buying or selling such securities at times when the Investment Manager might otherwise wish to cause the Funds to buy or sell such securities.

**Short Sales.** The Investment Manager will engage in short sales as part of hedging transactions or when it believes securities are overvalued and/or for hedging purposes. Short sales are sales of securities the Funds borrow but do not actually own, usually made with the anticipation that the prices of the securities will decrease and the Funds will be able to make a profit by purchasing the securities at a later date at the lower prices. The Funds will incur a potentially unlimited loss on a short sale if the price of the security increases prior to the time it purchases the security to replace the borrowed security. A short sale presents greater risk than purchasing a security outright since there is no ceiling on the possible cost of replacing the borrowed security, whereas the risk of loss on a "long" position is limited to the purchase

price of the security. Closing out a short position may cause the security to rise further in value creating a greater loss.

Short sale transactions have been subject to increased regulatory scrutiny in response to market events in recent years, including the imposition of restrictions on short selling certain securities and reporting requirements. The Funds' ability to execute a short selling strategy may be materially adversely impacted by temporary and/or new permanent rules, interpretations, prohibitions, and restrictions adopted in response to these adverse market events. Temporary restrictions and/or prohibitions on short selling activity may be imposed by regulatory authorities with little or no advance notice and may impact prior trading activities of the Funds. Additionally, the SEC, its foreign counterparts, other governmental authorities and/or self-regulatory organizations may at any time promulgate permanent rules or interpretations consistent with such temporary restrictions or that impose additional or different permanent or temporary limitations or prohibitions. The SEC might impose different limitations and/or prohibitions on short selling from those imposed by various non-U.S. regulatory authorities. These different regulations, rules or interpretations might have different effective periods.

Regulatory authorities may impose restrictions that adversely affect the Funds' ability to borrow certain securities in connection with short sale transactions. In addition, traditional lenders of securities might be less likely to lend securities under certain market conditions. As a result, the Funds may not be able to effectively pursue a short selling strategy due to a limited supply of securities available for borrowing. The Funds may also incur additional costs in connection with short sale transactions, including in the event that it is required to enter into a borrowing arrangement in advance of any short sales. Moreover, the ability to continue to borrow a security is not guaranteed and the Funds are subject to strict delivery requirements. The inability of the Funds to deliver securities within the required time frame may subject the Funds to mandatory close out by the executing broker-dealer. A mandatory close out may subject the Funds to unintended costs and losses. Certain action or inaction by third-parties, such as executing broker-dealers or clearing broker-dealers, may materially impact the Funds' ability to effect short sale transactions. Such action or inaction may include a failure to deliver securities in a timely manner in connection with a short sale effected by a third-party unrelated to the Funds.

The European Union ("EU") Regulation on Short Selling and Certain Aspects of Credit Default Swaps (the "SSR") applies directly to all member states of the EU. The SSR applies to short sales of, and short positions relating to: (a) the issued share capital of companies whose shares are admitted to trading on a regulated market or multilateral-trading facility in the EU (unless the principal trading venue for the relevant shares is located in a country outside the EU) ("EU listed shares"); and (b) debt instruments issued by an EU sovereign issuer ("EU sovereign debt"). The SSR imposes certain private and public disclosure obligations in respect of short positions in EU listed shares and EU sovereign debt which apply to all natural or legal persons, irrespective of regulatory status, located inside and outside the EU. The SSR also contains prohibitions on uncovered short sales of EU listed shares and EU sovereign debt in certain circumstances. In addition, the SSR prohibits uncovered positions in CDS referencing EU sovereign debt issuers. National regulators, and in certain circumstances the European Securities and Markets Authority ("ESMA"), are able to take certain additional emergency measures (including complete bans on short-selling activities) if certain conditions are met. The SSR may prevent the Investment Manager from fully expressing negative views in relation to EU listed shares and/or EU sovereign debt and may also, inter alia, restrict the ability of the Investment Manager to hedge certain risks through EU sovereign CDS. Accordingly, the ability

of the Investment Manager to implement the investment approach and to fulfil the investment objective of the Funds may be constrained.

**Use of Leverage.** The Investment Manager expects to use leverage in connection with the Funds' portfolio through margin and other debt in order to increase the amount of capital available for investments. Although leverage increases returns to the Investors if the Funds earn a greater return on the incremental investments purchased with borrowed funds than it pays for such funds, the use of leverage decreases returns to the Investors if the Funds fail to earn as much on such incremental investments as it pays for such funds. In the event that the Funds leverages their portfolio, fluctuations in the market value of the Funds' portfolio will have a significant effect in relation to the Funds' capital and the risk of loss and the possibility of gain will each be increased. In addition, when the Funds utilize leverage, the level of interest rates generally, and the rates at which the Funds can borrow in particular, will be an expense of the Funds and therefore affect the operating results of the Funds. Leverage increases the risk of substantial losses (including the risk of a total loss of capital), and leverage can significantly magnify the volatility of the Funds' portfolio.

The Funds may use short-term margin borrowing in purchasing securities positions. Such borrowing, if made, may result in certain additional risks to the Funds. For example, should the securities pledged to brokers to secure the Funds' margin accounts decline in value, the Funds could be subject to a "margin call" pursuant to which the Funds would be required to either deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden, precipitous drop in value of the Funds' assets, the Funds might not be able to liquidate assets quickly enough to pay off the margin debt.

**American Depositary Receipts and Global Depositary Receipts.** It is expected that a portion of the Funds' assets will be invested in ADRs and GDRs (as each term is defined below). American Depositary Receipts ("ADRs") are receipts issued by a U.S. bank or trust company evidencing ownership of underlying securities issued by foreign issuers. ADRs may be listed on a national securities exchange or may be traded in the over-the-counter market. Global Depositary Receipts ("GDRs") are receipts issued by either a U.S. or non U.S. banking institution representing ownership in a foreign company's publicly traded securities that are traded on foreign stock exchanges or foreign over-the-counter markets. Holders of unsponsored ADRs or GDRs generally bear all the costs of such facilities. The depository of an unsponsored facility frequently is under no obligation to distribute investor communications received from the issuer of the deposited security or to pass through voting rights to the holders of depositary receipts in respect of the deposited securities. Investments in ADRs and GDRs pose, to the extent not hedged, currency exchange risks (including blockage, devaluation and non-exchangeability), as well as a range of other potential risks relating to the underlying shares, which could include expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, political or social instability or diplomatic developments that could affect investments in those countries, illiquidity, price volatility and market manipulation. In addition, less information may be available regarding the underlying shares of ADRs and GDRs, and foreign companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to, or as uniform as, those of U.S. companies. Such risks may have a material adverse effect on the performance of such investments and could result in substantial losses.

**Exchange Traded Funds.** The Funds may buy and sell short shares of exchange traded funds ("ETFs") and other similar instruments. These transactions may be used to adjust the Funds'

exposure to the general market or industry sectors and to manage the Funds' risk exposure. ETFs and other similar instruments involve risks generally associated with investments in a broadly based portfolio of common stocks, including the risk that the general level of stock prices, or that the prices of stocks within a particular sector, may increase or decrease, thereby affecting the value of the shares of the ETF or other instruments.

**Limited Diversification; No Formal Diversification Requirements.** It is anticipated that the Funds will focus on investing in companies in certain industries. Accordingly, such concentration could have a material adverse effect on the Funds including if any of the industries in which the Funds invest experiences adverse news. Although the Funds have certain self-imposed guidelines on diversification, there are no specific limits on the Investment Manager's investment discretion. The Investment Manager has full discretion to allocate capital among strategies and may determine to concentrate such capital in particular strategies from time to time or not allocate capital to particular strategies. Such investment concentrations may increase volatility and cause the Funds to incur greater losses than would be the case if the Investment Manager implemented a more diversified portfolio. Even when the Investment Manager is seeking to diversify the Funds' portfolio, certain risks may be correlated in unanticipated ways, resulting in unintended risk exposure. This limited diversity could expose the Funds to significantly greater volatility than in a more diversified portfolio. Furthermore, these sectors, particularly technology and its many sub-sectors, have historically been subject to significant volatility.

**No Material Limitations on Strategies.** There are no substantive limitations on the strategies that may be employed on behalf of the Funds. The Investment Manager will opportunistically implement whatever strategies it believes from time to time may be best suited to prevailing market conditions and to the Investment Manager's investment approach, expertise and personnel. Such strategies may involve higher levels of risk than the ones discussed herein. There can be no assurance that the Investment Manager will be successful in applying any strategy to the Funds' investing.

**Small-Cap and Mid-Cap Risks.** The Funds may trade equities of small- and mid-capitalization companies. While, in the Investment Manager's opinion, the securities of small- and mid-cap issuers may offer the potential for greater capital appreciation than investment in securities of larger-cap issuers, securities of small- and mid-capitalization issuers may also present greater risks. For example, some small- and mid-cap issuers have limited product lines, markets, or financial resources and may be dependent for management on one or a few key persons. In addition, such issuers may be subject to high volatility in revenues, expenses and earnings. Their securities may be thinly traded, may be followed by fewer investment analysts and may be subject to wider price swings and thus may create a greater chance of loss than when investing in securities of larger-cap issuers. In addition, due to thin trading in many smaller capitalization stocks, an investment in such stocks may be characterized by reduced liquidity. Further, the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) is potentially higher than for larger, "blue-chip" companies. The market prices of securities of small- and mid-cap issuers generally are more sensitive to changes in earnings expectations, corporate developments, and market rumors than are the market prices of larger-cap issuers. Transaction costs in securities of small- and mid-cap issuers may be higher than in those of large-cap issuers. There may be less information about small and mid-cap companies than larger cap companies.

**Private Investments.** The Funds may make later-stage and early-stage private investments. Investments in the private equity of companies at an early stage of development involves a



high degree of business and financial risk. Early-stage companies often experience unexpected problems in the areas of product development, manufacturing, marketing, financing and general management, which, in some cases, cannot be adequately solved. Early-stage companies with little or no operating history may require substantial additional capital to support expansion or to achieve or maintain a competitive position, may produce substantial variations in operating results from period to period or may operate at a loss. Investments by the Funds in start-up or other early-stage companies may depend significantly on an entrepreneur or management team that the Investment Manager may have selected. Such companies face intense competition, including competition from companies with greater financial resources, more extensive development, better marketing and service capabilities and a larger number of qualified management and technical personnel. Such risks may adversely affect the performance of such investments and result in substantial losses to the Sub-Series A-3 Limited Partners and Sub-Series F-3 Limited Partners. There can be no assurance that such companies will ever be profitable or even have assets or products that generate meaningful revenue.

Investments in companies in a later-stage of development also involve substantial risks. These companies typically have obtained capital in the form of debt and/or equity to expand rapidly, reorganize operations, acquire a business or develop new products and markets. These activities by definition involve a significant amount of change, which can give rise to significant problems in sales, manufacturing and general management of business activities.

Furthermore, the marketplace for such “venture capital investing” has become increasingly competitive. Involvement by financial intermediaries has increased, substantial amounts of funds have been dedicated to making investments in the private sector and the competition for investment opportunities is at high levels. There can be no assurance that the Investment Manager will locate attractive investment opportunities in private investments.

***Illiquid Securities; Designated Investments.*** In the event that certain investments held by the Funds to such a degree that such previously liquid assets are rendered illiquid, restricted or difficult to value, the General Partner has the authority to establish additional series or sub-series of Interests, or segregated accounts to separately account for such assets from the other assets of the Funds for the benefit of the Investors at the date of such establishment. Designated Investments may include (in addition to the assets or securities being so designated) any related hedging positions designated as such. All Sub-Series A-3 Limited Partners and Sub-Series F-3 Limited Partners at the date of such designation will participate on a pro rata basis in such Designated Investments. Such Designated Investments may have to be held for a substantial period of time before they can be liquidated, if at all. Market prices for such Designated Investments may be volatile and may not be ascertainable. The resale of restricted and illiquid securities often may have higher brokerage charges. Designated Investments may represent capital not available for withdrawal by such Sub-Series A-3 Limited Partners or Sub-Series F-3 Limited Partners.

***Purchasing Securities of Initial Public Offering.*** From time to time the Funds may purchase securities that are part of initial public offerings. The prices of these securities may be very volatile. The issuers of these securities may be undercapitalized, have a limited operating history, and lack revenues or operating income without any prospects of achieving them in the near future. Some of these issuers may only make available a limited number of shares for trading and therefore it may be difficult for the Funds to trade these securities without unfavorably impacting their prices. In addition, investors may lack extensive knowledge of the issuers of these securities. The Funds may trade securities that are “new issues,” as defined

by Rule 5130. Rule 5130 and Rule 5131 restrict certain persons from participating in “new issues”. The Offering Documents provide a mechanism for the purchase of new issues that excludes participation in such investment by any Partner that is deemed restricted.

***Investments in Restricted Investments.*** The Funds may invest their assets in restricted securities or securities that are subject to certain liquidity restrictions, including, without limitation, lock-up periods. These securities may be subject to legal or contractual restrictions on resale and transfer and, therefore, may be illiquid and subject to wide fluctuations in value. Such securities may be held by the Funds until the occurrence of certain events or for an extended period, as determined by the Investment Manager. The resale of restricted and illiquid securities may be difficult to value and oftentimes may have higher brokerage charges.

***Foreign Securities.*** The Funds may invest in securities of non-U.S. issuers. The Funds’ investments in securities and instruments in foreign markets involve substantial risks not typically associated with investments in U.S. securities. Foreign securities investments may be affected by changes in currency rates or exchange control regulations, changes in governmental administration or economic or monetary policy (in the U.S. and abroad) or changed circumstances in dealings between nations. Changes in foreign currency exchange rates relative to the U.S. dollar will affect the U.S. dollar value of the Funds’ assets denominated in that currency and thereby impact the Funds’ total return on such assets. The Funds may utilize options and forward contracts to hedge against currency fluctuations, but there can be no assurance that such hedging transactions will be effective.

Investments in foreign securities will also occasion risks relating to political and economic developments abroad, including the possibility of expropriations or confiscatory taxation, limitations on the use or transfer of Fund assets and any effects of foreign social, economic or political instability. Foreign companies are not subject to the regulatory requirements of U.S. companies and, as such, there may be less publicly available information about such companies. Moreover, foreign companies are not subject to uniform accounting, auditing and financial reporting standards and requirements comparable to those applicable to U.S. companies. Finally, in the event of a default of any foreign debt obligations, it may be more difficult for the Funds to obtain or enforce a judgment against the issuers of such securities.

Securities of foreign issuers may be less liquid than comparable securities of U.S. issuers and, as such, their price changes may be more volatile. Furthermore, foreign exchanges and broker-dealers are generally subject to less government and exchange scrutiny and regulation than their American counterparts. Brokerage commissions, dealer concessions and other transaction costs may be higher in foreign markets than in the U.S. In addition, differences in clearance and settlement procedures in foreign markets may occasion delays in settlements of the Funds’ trades affected in such markets.

In addition, changes or modifications in existing judicial decisions or in the current positions of the IRS, either taken administratively or as contained in published revenue rulings and revenue procedures (which changes or modifications may apply with retroactive effect), and the passage of new legislation, could lead to unfavorable treatment of certain non-U.S. investments which could adversely impact the Funds’ portfolio.

***Currencies.*** The Funds may invest portions of their assets in instruments denominated in non-U.S. currencies or instruments, the prices of which are determined with reference to currencies other than the U.S. dollar, including, without limitation, options on non-U.S. currencies. The Funds, however, values their securities and other assets in U.S. dollars. The

Investment Manager may or may not seek to hedge all or any portion of the foreign currency exposure of the Funds. To the extent unhedged, the value of the assets of the Funds will fluctuate with U.S. dollar exchange rates as well as the price changes of the positions of the Funds in the various local markets and currencies. Thus, an increase in the value of the U.S. dollar compared to the other currencies in which the Funds makes its investments will reduce the effect of increases and magnify the effect of decreases in the prices of the securities and other financial instruments owned by the Funds in the local markets of such other currencies. Conversely, a decrease in the value of the U.S. dollar will have the opposite effect on the non-U.S. dollar securities and other financial instruments owned by the Funds.

**Hedging.** The Funds may utilize certain financial instruments and investment techniques for risk management or hedging purposes. There is no assurance that such risk management and hedging strategies will be successful, as such success will depend on, among other factors, the Investment Manager's ability to predict the future correlation, if any, between the performance of the instruments utilized for hedging purposes and the performance of the investments being hedged. Since the characteristics of many securities change as markets change or time passes, the success of the Funds' hedging strategies may also be subject to the Investment Manager's ability to correctly readjust and execute hedges in an efficient and timely manner. There is also a risk that such correlation will change over time rendering the hedge ineffective. It may be more difficult to hedge a position in a smaller cap issuer than a larger-cap issuer. The Funds' portfolio is not expected to be completely hedged at all times and at various times the Investment Manager may elect to be more fully hedged and at other times hedged only to a limited extent, if at all. Accordingly, the Funds' assets may not be adequately protected from market volatility and other conditions.

**Other Derivative Investments.** Derivative instruments or "derivatives" include futures, options, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark currency or index at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are leveraged, and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement may expose the Funds to the possibility of a loss exceeding the original amount invested. Derivatives may also expose investors to liquidity risk, as there may not be a liquid market within which to close or dispose of outstanding derivatives contracts. Swaps and certain options and other custom instruments are subject to the risk of non-performance by the swap counterparty, including risks relating to the creditworthiness of the swap counterparty.

Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits". Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent the Investment Manager from promptly liquidating unfavorable positions and subject the Funds to substantial losses.

The Investment Manager expects to claim exemption from registration with the CFTC as a CPO pursuant to Rule 4.13(a)(3) under the CEA. Unlike a registered commodity pool operator, the Investment Manager is not required to deliver a disclosure document and a certified report to participants in the Funds. The Investment Manager has claimed an exemption from registration with the CFTC as a CTA pursuant to Rule 4.14(a)(8) under the CEA.

**Options.** The Funds may invest, from time to time, in options. In addition, the Funds may write and sell covered and uncovered call and put option contracts. A call option gives the purchaser of the option the right to buy, and obligates the writer to sell, the underlying investments at a stated exercise price at any time prior to the expiration of the option. Similarly, a put option gives the purchaser of the option the right to sell, and obligates the writer to buy, the underlying investments at a stated exercise price at any time prior to the expiration of the option. Options written by the Funds may be wholly or partially covered (meaning that the Funds hold an offsetting position) or uncovered. Options on specific investments may be used by the Funds to seek enhanced profits with respect to a particular investment. Alternatively, they may be used for various defensive or hedging purposes. For example, they may be used to protect against a future adverse change in the market price of particular portfolio investments held by the Funds without requiring a sale of the investments.

Investing in options can provide greater potential for profit or loss than an equivalent investment in the underlying asset. The value of an option may decline because of a change in the value of the underlying asset relative to the strike price, the passage of time, changes in the market's perception as to the future price behavior of the underlying asset, or any combination thereof. In the case of the purchase of an option, the risk of loss of an investor's entire investment (i.e., the premium paid plus transaction charges) reflects the nature of an option as a wasting asset that may become worthless when the option expires. Where an option is written or granted (i.e., sold) uncovered, the seller may be liable to pay substantial additional margin, and the risk of loss is unlimited, as the seller will be obligated to deliver, or take delivery of, an asset at a predetermined price which may, upon exercise of the option, be significantly different from the market value. Over-the-counter ("OTC") options that the Funds may use in its investment strategies generally are not assignable except by agreement between the parties concerned, and no party or purchaser has any obligation to permit such assignments. The OTC market for options is relatively illiquid, particularly for relatively small transactions.

Use of put and call options may result in losses to the Funds, force the sale or purchase of portfolio investments at inopportune times or for prices higher than (in the case of put options) or lower than (in the case of call options) current market values, limit the amount of appreciation the Funds can realize on their investments or cause the Funds to hold an investment it might otherwise sell. For example, a decline in the market price of a particular investment could result in a complete loss of the amount expended by the Funds to purchase a call option (equal to the premium paid for the option and any associated transaction charges). An adverse price movement may result in unanticipated losses with respect to covered options sold by the Funds. The use of uncovered option writing techniques may entail greater risks of potential loss to the Funds than other forms of options transactions. For example, a rise in the market price of the underlying investment will result in the Funds realizing a loss on the calls written, which would not be offset by the increase in the value of the underlying investments to the extent the call option position was uncovered.

**Futures Contracts.** The value of futures depends upon the price of the securities, commodities, instruments, indices or other financial measures underlying them. The prices of futures are

highly volatile, and price movements of futures contracts can be influenced by, among other things, interest rates, inflation, foreign exchange rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, investments in futures are also subject to the risk of the failure of any of the exchanges on which the Funds' positions trade or of its clearing houses or futures commission merchants. Futures positions may be illiquid because certain exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits". Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in that contract can neither be 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 could prevent the Funds from entering into desired trades. In extraordinary circumstances, a futures exchange, the CFTC or another similar non-U.S. regulatory body or agency could suspend trading in a particular futures contract, or order liquidation or settlement of all open positions in such contract.

**Swap Transactions.** The Funds may enter into swap agreements with respect to securities, indexes of securities and other assets or other measures of risk or return. Swap agreements are typically two-party contracts entered into primarily by institutional investors for periods ranging from a few weeks to many years. In a standard "swap" transaction, two parties agree to exchange the returns (or the differential in rates of return) earned or realized on particular predetermined investments, instruments, or indices. The gross returns to be exchanged or "swapped" between the parties are generally calculated with respect to a "notional amount". Whether the Funds' use of swap agreements will be successful will depend on the Investment Manager's ability to select appropriate transactions for the Funds. Swap transactions may be highly illiquid. Moreover, the Funds bear the risk of loss of the amount expected to be received under a swap agreement in the event of the default or insolvency of its counterparty. Many swap markets are relatively new and still developing. It is possible that developments in the swap markets, including potential government regulation, could adversely affect the Funds' ability to terminate existing swap transactions or to realize amounts to be received under such transactions. Swaps and certain other custom instruments are subject to the risk of non-performance by the swap counterparty, including risks relating to the creditworthiness of the swap counterparty.

Total return swaps are another form of swap transaction that the Funds may utilize in its investment program. A total return swap allows the total return receiver to receive the change in market value of an asset (whether a security, interest rate, form of debt, currency or other asset) from the total return payer in return for paying a floating or fixed interest-rate on a predetermined amount. The total return payer is synthetically short and the total return receiver is synthetically long. Thus, total return swap agreements may effectively add leverage to the Funds' portfolio because, in addition, to its total net assets, the Funds would be subject to investment exposure on the notional amount of the swap agreement.

In addition, the Funds may enter into credit default swap transactions. The credit default swap market in high yield securities is comparatively new and rapidly evolving compared to the credit default swap market for more seasoned and liquid investment grade securities. Swap transactions dependent upon credit events are priced incorporating many variables, including, for example, the pricing and volatility of the common stock, potential loss upon default and the shape of the U.S. Treasury Yield curve, among other factors. As such, there

are many factors upon which market participants may have divergent views. The Funds may also enter into credit default swap transactions, even if the credit outlook is positive, if the Investment Manager believes that participants in the marketplace have incorrectly valued the components which determine the value of a swap.

**Money Market Instruments.** The Investment Manager may invest, for defensive purposes or otherwise, all or a portion of the Funds' assets in high quality fixed-income securities, money-market instruments, and money-market mutual funds, or hold cash or cash equivalents in such amounts as the Investment Manager deems appropriate under the circumstances. Money market instruments are high quality, short-term fixed-income obligations, which generally have remaining maturities of one year or less, and may include U.S. government securities, commercial paper, certificates of deposit and bankers' acceptances issued by domestic branches of U.S. banks that are members of the Federal Deposit Insurance Corporation, and repurchase agreements. However, there can be no assurances that such investments will not be subject to significant risks.

**Cash Holdings.** The Funds may hold substantial cash balances which will vary depending on the Investment Manager's view of available investment opportunities. During times in which substantial capital is held in cash or cash equivalents, such capital may not be subject to the same returns as the rest of the Funds' portfolio.

**Loans of Portfolio Securities.** The Funds may lend its portfolio securities on terms customary in the securities industry, enter into reverse repurchase agreements or enter into other transactions constituting a loan of the Funds' assets. By doing so, the Funds attempts to increase its income through the receipt of interest on the loan. In the event of the bankruptcy of the other party to a securities loan, the Funds could experience delays in recovering the securities it lent. To the extent that the value of the securities the Funds lent has increased, the Funds could experience a loss if such securities are not recovered.

**Change in Investment Strategies.** The investment strategies, approaches and techniques discussed herein may evolve over time due to, among other things, market developments and trends, the emergence of new or enhanced investment products, changing industry practice and/or technological innovation. As a result, these investment strategies, approaches and techniques may not reflect the investment strategies, approaches and techniques actually employed by the Funds. Nevertheless, the investments made on behalf of the Funds will be consistent with the Funds' investment objective.

**Competition.** The securities industry and the varied strategies engaged in by the Investment Manager are extremely competitive and each involves a degree of risk. The Funds compete with firms, including many of the larger securities and investment banking firms, which have substantially greater financial resources and research staffs.

**General Economic and Market Conditions.** The success of the Funds' activities will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the Funds' investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect, among other things, the level and volatility of securities' prices, the liquidity of the Funds' investments and the availability of certain securities and investments. Volatility or illiquidity could impair the Funds' profitability or result in losses. The Funds may

maintain substantial trading positions that can be materially adversely affected by the level of volatility in the financial markets—the larger the positions, the greater the potential for loss.

The Funds may incur major losses in the event of disrupted markets and other extraordinary events in which historical pricing relationships become materially distorted. The risk of loss from pricing distortions is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving. The financing available to the Funds from its banks, dealers and other counterparties will typically be reduced in disrupted markets. Such a reduction may result in substantial losses to the Funds. Market disruptions may from time to time cause dramatic losses for the Funds, and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk.

***Market Disruptions; Governmental Intervention; Dodd-Frank Wall Street Reform and Consumer Protection Act.*** The global financial markets have in recent years gone through pervasive and fundamental disruptions that have led to extensive governmental intervention. Such intervention was in certain cases implemented on an “emergency” basis, suddenly and substantially eliminating market participants’ ability to continue to implement certain strategies or manage the risk of their outstanding positions. In addition, certain of these interventions have been unclear in scope and application, resulting in confusion and uncertainty which in itself has been materially detrimental to the efficient functioning of the markets as well as previously successful investment strategies.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”), which aims to reform various aspects of the U.S. financial markets, covers a broad range of market participants including investment advisers (registered and unregistered) such as the Investment Manager. The Dodd-Frank Act may directly affect the Investment Manager by mandating additional new reporting requirements, including, but not limited to, position information, use of leverage and counterparty and credit risk exposure. Until the SEC implements all of the new reporting requirements, the full burden of such reporting obligations will not be known.

The Dodd-Frank Act may also affect the Funds in a number of other ways. Pursuant to the Dodd-Frank Act, banks and other financial firms (like the Funds and the Investment Manager) may be designated as “Systemically Important Financial Institutions” or “SIFIs”. Any bank or financial firm so designated will be subject to regulation by the Federal Reserve Board. In the area of derivatives, the Dodd-Frank Act provides for the registration and comprehensive regulation of “major swap participants”. Although the General Partner and the Investment Manager believe they are unlikely to be classified as SIFIs and are not subject to the requirements for “major swap participants,” the consequences of being so classified could be substantial and adverse. In addition, the cost of derivative transactions may substantially increase as result of the Dodd-Frank Act as additional margin, capital and collateral obligations are implemented.

***Counterparty Risk.*** Some of the markets in which the Funds may effect transactions are “over-the-counter” or “interdealer” markets. The participants in such markets are typically not subject to the credit evaluation and regulatory oversight to which members of “exchange-based” markets are subject. 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 Funds to suffer a loss. Such “counterparty risk” is accentuated for contracts

with longer maturities where events may intervene to prevent settlement, or where the Funds have concentrated its transactions with a single or small group of counterparties. Counterparties in foreign markets face increased risks, including the risk of being taken over by the government or becoming bankrupt in countries with limited if any rights for creditors. The Funds are not restricted from concentrating any or all of its transactions with one counterparty. The ability of the Funds to transact business with any one or number of counterparties and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Funds. Counterparty risks also include the failure of executing brokers to honor, execute, or settle trades.

Pursuant to the Dodd-Frank Act, some derivatives transactions will be subject to mandatory clearing and will also be subject to the margin requirements set forth by the clearinghouse. The additional margin, capital and collateral obligations may increase the cost of derivatives transactions and thereby potentially decrease the profitability of certain positions.

**Broker Risk.** The Funds' assets may be held in one or more accounts maintained for the Funds by its prime brokers or at other brokers or custodian banks, which may be located in various jurisdictions, including emerging market jurisdictions. The prime brokers, other brokers (including those acting as sub-custodians) and custodian banks are subject to various laws and regulations in the relevant jurisdictions that are designed to protect their customers in the event of their insolvency. Accordingly, the practical effect of the laws protecting customers in the event of insolvency and their application to the Funds' assets may be subject to substantial variations, limitations and uncertainties. For instance, in certain jurisdictions brokers could have title to the Funds' assets or not segregate customer assets. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a prime broker, another broker or a clearing corporation, it is impossible further to generalize about the effect of the insolvency of any of them on the Funds and its assets. Investors should assume that the insolvency of any of the prime brokers, local brokers, custodian banks or clearing corporations may result in the loss of all or a substantial portion of the Funds' assets or in a significant delay in the Funds having access to those assets.

**MiFID II.** The EU Markets in Financial Instruments Directive (Directive 2014/65/EU) and Markets in Financial Instruments Regulation (Regulation (EU) No 600/2014) (together, "MiFID II") governs the provision of investment services and activities in relation to, as well as the organized trading of, financial instruments such as shares, bonds, units in collective investment schemes and derivatives. MiFID II was required to be implemented in EU member states as of January 3, 2018. Although the Funds are not organized in the EU, and is not authorized or regulated by any EU member state financial services regulator, certain aspects of MiFID II may have an impact on the Funds. MiFID II imposes certain restrictions as to the trading of shares and derivatives, which could apply to transactions made by or with the Funds. Subject to certain conditions and exceptions, the Funds may be unable to trade shares or derivatives with affected counterparties other than as provided by MiFID II. MiFID II also applies position limits to the size of a net position that a person can hold at all times in commodity derivatives traded on EU trading venues and in "economically equivalent" OTC derivatives.

More generally, EU regulated firms that have trading relationships with the Funds may be obliged by MiFID II to impose certain requirements on the Funds, or they may seek to do so contractually, with a view to satisfying their own compliance obligations. It is difficult to predict the full impact of MiFID II on the Funds. Prospective investors should also be aware that there may be costs (whether direct or indirect) of compliance with MiFID II.



**European Market Infrastructure Regulation.** In addition to MiFID II, the European Market Infrastructure Regulation (“EMIR”) introduced certain requirements in respect of derivative contracts, which apply to varying degrees to entities established in the EU, regardless of whether they are transacting with counterparties established in the EU or outside of the EU. As such, where the Funds transact with EU counterparties, they will likely require the transaction to be EMIR-compliant, with the result that the Funds becomes subject to additional obligations and/or costs that may not otherwise have applied.

Broadly, EMIR’s requirements in respect of derivative contracts are: (i) mandatory clearing of OTC derivative contracts declared subject to the clearing obligation; (ii) risk mitigation techniques in respect of uncleared OTC derivative contracts; and (iii) reporting and record-keeping requirements in respect of all derivative contracts. The application of these requirements is dependent on the classification of the counterparties as financial counterparties (“FCs”), non-financial counterparties above the clearing threshold (“NFC+s”) or non-financial counterparties below the clearing threshold (“NFC-s”) and trading systems with programming logic errors.

Prospective investors should be aware that there may be ongoing costs (whether direct or indirect) of compliance with EMIR, and that EMIR may adversely affect the Funds’ ability to engage in certain transactions in derivatives.

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

To the best of our knowledge, there are no legal or disciplinary events that are material to an Investor’s or prospective investor’s evaluation of our advisory business or the integrity of our management.

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

As part of its investment research process, Atreides communicates with a variety of third parties about investment ideas and analyses. Such third parties may include other investors in the securities markets and the information discussed may include references to specific securities in which the Master Fund has invested or may in the future invest and other proprietary information of the Firm. We share such information when the Firm believes that doing so will benefit the Funds through the mutual exchange of information and the resultant idea generation and exposure to different perspectives on relevant issuers and/or industries. It is possible that in any particular instance the sharing of particular proprietary information could be viewed in isolation as harmful to the Funds, though we believe that, in aggregate, the mutual exchange of information is beneficial to the Funds.

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.

We and our 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.

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***

Atreides 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 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 Personal Investment Policy (described below); and
- Employees should not take inappropriate advantage of their position at the Firm.

Employees are generally discouraged to maintain personal brokerage accounts for the purpose of trading “**Reportable Securities**” (as defined in the Code of Ethics, and which includes a wide variety of investments such as stocks, bonds, fixed income, options, warrants, futures, and derivatives). Employees and Covered Accounts must obtain the CCO’s pre-approval for all trades in Reportable Securities in any Covered Account(s). Employees are prohibited from participating in Initial Public Offerings (“**IPOs**”), absent pre-clearance from the CCO. Employees are also prohibited from personally, or on behalf of a Client, purchasing or selling securities that appear on the Firm’s Restricted List. Employees are not required, however, to obtain pre-clearance for personal investments in certain other asset classes and goods, including certain investments in residential real estate and mutual funds, whether or not our Clients have invested in the same or similar assets.

Employees must obtain pre-approval from the CCO before: (i) engaging in any outside business activities; or (ii) making any private investments.

We will provide a copy of our Code of Ethics to our Investors, or any prospective investor, upon request, to be viewed on the premises. Investors may make such a request by contacting us at the address or telephone number listed on the first page of this document.

### ***Securities in which Atreides or a Related Person Has a Material Financial Interest***

#### ***Cross Transactions***

Investment advisers that manage accounts for multiple clients also have a number of obligations and limitations regarding their ability to effect transfers of securities from one client to another (each such transfer, a “**Cross Trade**”). We manage a single master-feeder fund structure, and therefore generally only execute trades or make investments on behalf of a single master fund.

To the extent that we determine that it would be in the best interests of certain clients to engage in a Cross Trade (which can happen for a variety of reasons, including tax purposes, liquidity purposes, to rebalance client portfolios, or to reduce transaction costs that may arise in an open market transaction), we will follow a policy whereby we determine that the trade is in the best interests of both of the clients involved and take steps to ensure that the transaction is consistent with the duty to obtain best execution for each of those clients.

#### *Principal Transactions*

To the extent that Cross Trades may be viewed as principal transactions (as such term is used under the “Advisers Act”) due to the ownership interest in a Fund by the Fund General Partner or otherwise, Atreides or its personnel, for the avoidance of doubt, will comply with the requirements of Section 206(3) of the Advisers Act for any principal transactions. To the extent that we engage in any such transactions, we will obtain written approval from all impacted Investors.

From time to time, the Fund may engage in principal transactions and certain other related party transactions, including any arrangements and/or transactions relating to the transfer of Warehoused Investments (as defined in the Offering Documents) to the Fund. In no event shall any such transaction or other transaction or relationship involving actual conflicts of interest be entered into unless it complies with applicable law. In such an event, other than in relation to the transfer of such Warehoused Investments, the Fund may delegate to the Advisory Board the right to, or to appoint a third party (the “Independent Client Representative”) unaffiliated with the Investment Manager or any of its affiliates (which may be an independent director of the Fund (if any)), to act as the agent of the Fund to give or withhold any consent of the Fund required under applicable law (subject always to applicable law), including, but not limited to, a transaction in which the Investment Manager causes the Fund to purchase securities or other instruments from, or sell securities or other instruments to, the Master Fund, the Investment Manager or its affiliates. An Independent Client Representative may be paid by the Fund and may receive an indemnity from the Fund for claims arising out of its activity in such capacity.

#### ***Investing in Securities that Atreides or a Related Person Recommends to Clients***

To the extent that we, or any of our affiliates or employees transact in or hold securities that are also held by Clients, Atreides, its affiliates and its employees may give advice or take action for their own accounts that may differ from, conflict with or be adverse to advice given or action taken for our clients. These activities may adversely affect the prices and availability of other securities held by or potentially considered for purchase by our Clients.

We and/or our affiliates may, from time to time, offer one or more Investors, investors in other Clients, and/or other third-party investors the opportunity to co-invest with the Master Fund in particular investments. We and our affiliates are not obligated to arrange co-investment opportunities, no Investor will be obligated to participate in such an opportunity, and we may offer co-investment opportunities only to certain of the persons referenced above in our sole discretion. We and our affiliates have sole discretion as to the amount (if any) of a co-investment opportunity that will be allocated to a particular Investor and may allocate co-investment opportunities instead to investors in other Client vehicles or to third parties. If we determine that an investment opportunity is too large for the Master Fund, we and our affiliates may, but will not be obligated to, make proprietary investments therein. We or our affiliates may receive fees and/or allocations from co-investors, which may differ as among co-investors and also may differ from the fees and/or allocations borne by the Funds.

Other terms and rights applicable to such co-investors (including without limitation, withdrawal rights, information rights and the terms related to the particular structure of any co-investment vehicle) may also differ from the terms and rights applicable to Investors as well as among co-investors.

### ***Conflicts of Interest Created by Contemporaneous Trading***

Investment advisers that manage accounts for multiple clients have a number of obligations governing their allocation of orders and their ability to aggregate trades across clients. We manage a single master-feeder fund structure, and therefore generally only execute trades or make investments on behalf of a single master fund. To the extent that in the future we have multiple clients that are both investing in the same securities, we will allocate investment opportunities to those clients on a fair and equitable basis, to the extent practical and in accordance with Clients' applicable investment strategies, over a period of time. Investment opportunities will generally be allocated among those Clients for which participation in the respective opportunity is considered appropriate.

## **Item 12: Brokerage Practices**

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Atreides is authorized to determine the broker-dealer to be used for executing securities transaction for the Master Fund. 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. It is not our practice to negotiate "execution only" commission rates; therefore, the Master Fund may be deemed to be paying for research, brokerage or other services provided by the broker which are included in the commission rate.

### ***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 relevant factors, including, but not limited to, price quotes; the size of the transaction; the nature of the market for the security; the timing of the transaction; the difficulty of execution; the broker or dealer's expertise in the relevant market or sector; the extent to which the broker or dealer makes a market in the security or has access to such market; the broker or dealer's skill in positioning the relevant market; the broker or dealer's facilities, reliability, promptness and financial stability; the broker or dealer's reputation for diligence and integrity (including in correcting errors); confidentiality considerations; the quality and usefulness of research products and services and investment ideas presented by the broker or dealer; and other factors deemed appropriate by the Firm.

### ***Soft Dollars***

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

The provision by a broker of research and other services and property to us creates an incentive for us to select such broker since we would not have to pay for such research and other services and property as opposed to solely seeking the most favorable execution for a Client. Any research, services or property provided by a broker may benefit any client and such benefits may not be proportionate to commission dollars related to the provision of such research, services or property.

### ***Brokerage for Client Referrals***

Neither Atreides nor any related person receives client referrals from any broker-dealer or third party. However, subject to best execution, we 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 Master Fund.

### ***Directed Brokerage***

We do not recommend, request or require that a client direct us to execute transactions through a specified broker-dealer.

### ***Order Aggregation***

Investment advisers that manage accounts for multiple clients have a number of obligations governing their allocation of orders and their ability to aggregate trades across clients. We manage a single master-feeder fund structure, and therefore generally only execute trades or make investments on behalf of a single master fund.

The provision by a broker of research and other services and property to us creates an incentive for us to select such broker since we would not have to pay for such research and other services and property as opposed to solely seeking the most favorable execution for a Client. Any research, services or property provided by a broker may benefit any client and such benefits may not be proportionate to commission dollars related to the provision of such research, services or property.

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

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Our Portfolio Manager and investment professionals continuously monitor and analyze the transactions, positions, and investment levels of the Master Fund to ensure that they conform with the investment objectives and guidelines that are stated in the Offering Documents of the Funds. In these reviews, the Firm pays 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. A review of a Client account may be triggered by any unusual activity or special circumstance.

We will distribute an audited financial report with respect to the previous fiscal year to all Investors within 120 days of fiscal year end. We may also distribute quarterly unaudited net

asset value statements, quarter-end performance reports, and a quarterly investor letter to all Investors.

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

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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, compensate any person who is not a supervised person for client referrals.

#### **Item 15: Custody**

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We will be deemed to have custody of Client funds and securities because we have the authority to obtain Client funds or securities, for example, by deducting advisory fees from a Client's account or otherwise withdrawing funds from a Client's account. Account statements related to the Clients are sent by qualified custodians to Atreides.

We will comply with Rule 206(4)-2 of the Investment Advisers Act of 1940, as amended (the "**Advisers Act**") (i.e., the "custody rule") by meeting the conditions of the pooled vehicle annual audit approach. Upon completion of the relevant Fund's annual audit by an independent auditor that is registered with, and subject to inspection by, the Public Company Accounting Oversight Board (PCAOB), we will distribute the Fund's audited financials to Investors within 120 days of such Fund's fiscal year end.

#### **Item 16: Investment Discretion**

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We will have full discretionary investment authority with respect to the Funds, 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. We, or one of our affiliates, have entered into an investment management agreement, or similar agreement, with each Fund, pursuant to which we (or any applicable affiliate) has been granted discretionary trading authority.

#### **Item 17: Voting Client Securities**

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In compliance with Rule 206(4)-6 of the Advisers Act (i.e., the "proxy voting rule"), we have adopted proxy voting policies and procedures. The general policy is to vote all proxy proposals, amendments, consents or resolutions (each, a "**Proxy**" and collectively, "**Proxies**") in a prudent and diligent manner that will serve the applicable Client's best interests and is in line with the Client's investment objectives.

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.

Generally, Clients may not direct our vote in a particular solicitation.

Conflicts of interest may arise between the interests of our Clients and us or our affiliates. 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**

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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.