

Item 1: Cover Page

Form ADV Part 2A: Firm Brochure

Polaris Technologies, LLC

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This brochure provides information about the qualifications and business practices of Polaris Technologies, LLC. If you have any questions about the contents of this brochure, please contact Jonathan Lebow at (701) 335-6720. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or any State securities authority. Registration with the SEC or State Regulatory Authority does not imply a certain level of skill or expertise.

Additional information about Polaris Technologies, LLC is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Material Changes

This Firm Brochure is our disclosure document prepared according to regulatory requirements and rules. Consistent with the rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

Item 3: Table of Contents

Item 1: Cover Page	1
Item 2: Material Changes	2
Item 3: Table of Contents.....	3
Item 4: Advisory Business.....	5
A. Polaris Technologies, LLC.....	5
B. Advisory Services Offered	5
C. Client-Tailored Services and Client-Imposed Restrictions	5
D. Client Assets Under Management	5
Item 5: Fees and Compensation	6
Item 6: Performance-Based Fees and Side-by-Side Management	9
Item 7: Types of Clients	11
Item 8: Methods of Analysis, Investment Strategies, and Risk of Loss	12
A. Methods of Analysis and Investment Strategies	12
Item 9: Disciplinary Information	26
A. Criminal or Civil Actions	26
B. Administrative Enforcement Proceedings.....	26
C. Self-Regulatory Organization Enforcement Proceedings.....	26
Item 10: Other Financial Industry Activities and Affiliations	27
A. Broker-Dealer or Representative Registration.....	27
B. Futures or Commodity Registration.....	27
C. Material Relationships Maintained by this Advisory Business and Conflicts of Interest.....	27
D. Recommendation or Selection of Other Investment Advisers and Conflicts of Interest	27
Item 11: Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading	28
A. Code of Ethics	28
B. Investment Recommendations Involving a Material Financial Interest.....	28
C. Purchase of Same Securities Recommended to Clients.....	29
D. Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest.....	29
E. Conflicts of Interest	30
Item 12: Brokerage Practices.....	31

A. Factors Used to Select Custodians for Private Fund Transactions	31
B. Aggregating Securities Transactions for Client Accounts	31
Item 13: Review of Accounts	33
A. Private Fund Reviews.....	33
B. Review of Client Accounts on Non-Periodic Basis	33
C. Content of Client-Provided Reports and Frequency	33
Item 14: Client Referrals and Other Compensation	34
A. Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest	34
B. Advisory Firm Payments for Client Referrals.....	34
Item 15: Custody.....	35
Item 16: Investment Discretion.....	36
Item 17: Voting Client Securities.....	37
Item 18: Financial Information	38
A. Balance Sheet	38
B. Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability.....	38
C. Bankruptcy Petitions During the Past Ten Years	38

Item 4: Advisory Business

A. Polaris Technologies, LLC

Polaris Technologies, LLC ("PTLLC," "Polaris," and/or "Adviser"), a limited liability company formed under the laws of Puerto Rico, is a private fund adviser that structures, manages, promotes, sponsors, and through itself and affiliate entities serves as investment manager and/or sub-adviser for various private funds (the "Private Funds"). PTLLC was formed in January 2019 and is owned by Serenity Capital Management LLC, a Delaware Limited Liability Company and PTLLC's sole member.

While PTLLC is registered as an investment adviser, its affiliates serving as Private Fund directors or managing members, investment managers, or sub-advisers and all of their personnel, are supervised by PTLLC as if each such entity were so registered. Therefore, throughout this Brochure, when we refer to "PTLLC," "Polaris," or the "Adviser," we also refer to those affiliated entities and personnel, unless the context indicates otherwise.

B. Advisory Services Offered

PTLLC is an independent investment advisory firm that structures, manages, promotes, sponsors, and through itself and affiliate entities, serves as managing member, investment manager, or sub-adviser for various hedge funds.

PTLLC recommends securities transactions that include securities and strategies as itemized in Item 8 of this Brochure, and as may be described in the Private Funds' offering documents.

C. Client-Tailored Services and Client-Imposed Restrictions

PTLLC does not manage individual client portfolios and instead only manages the Private Funds. Each Private Fund has its own investment strategy that PTLLC either manages or sub-manages.

D. Client Assets Under Management

As of November 29, 2019, PTLLC manages \$192,286,039 in managed hedge fund assets.

Item 5: Fees and Compensation

PTLLC does not have a standard management fee or performance fee schedule. Management and performance fees are subject to negotiation with each Client. In general, PTLLC expects its fees to fall into one of the following categories: (i) an expense pass-through expense ("PTEs") arrangement combined with a performance allocation that is a percentage of net profits for a particular Client, (ii) a management fee combined with a performance allocation, or (iii) some other combination of a charge for full or partial PTEs, direct fund expenses, management fee and/or performance allocation. Full or partial PTEs, direct fund expenses, and manager operating expenses will be described in detail in the applicable Private Fund Governing Documents or IMA. PTLLC's fees are paid in arrears.

Expenses borne by a particular Private Fund pursuant to the Private Fund's Governing Documents may include, but are not limited to:

- all costs and expenses incurred by or on behalf of a Private Fund in connection with the continuing offering of Private Fund interests, including but not limited to legal fees and the cost of preparing and distributing the Private Fund's offering materials (collectively, "Offering Expenses");
- fees of accountants, auditors and attorneys to the Private Fund and any trading entities;
- outsourced middle and back-office services provided by unaffiliated service providers;
- costs of forming new trading entities for a Private Fund to invest in or through;
- ongoing overhead and maintenance costs of the trading entities, including regulatory, legal and compliance fees and costs;
- fees and costs of PTLLC attributable to the Private Fund, including travel expenses related to the services provided to a particular Private Fund;
- expenses related to the trading entities' and Private Funds' trading and investment activities, including but not limited to brokerage fees, exchange and clearinghouse fees, payment for-order flow costs, regulatory fees, payment-for-order flow costs, financing costs including debit financing fees and short stock financing fees, and similar expenses ("Trading Expenses");
- "Manager Operating Expenses," which include, without limitation, communication equipment and services, depreciation, information systems, software (including development), quotation services, legal, accounting, auditing, consulting and other professional services, investment research services, data feeds, vendor fees, data center expenses, connectivity fees, exchange seat impairments, software and licensing fees, and other overhead and maintenance expenses.

To the extent a Private Fund's capital is invested in a master fund, any or all of the fees and expenses payable by the Private Fund are typically paid by the Private Fund or the corresponding master fund, but are not duplicated (other than fees and expenses incurred by both the Private Fund and the master fund such as, without limitation, administration fees and auditing fees). Certain Private Funds will divide the interests into one or more classes

(each, a "Class") or series (each, a "Series") that may have different management fees, performance allocations, capital allocations, allocation percentages, high water mark arrangements, fees, and expenses for different Classes and Series. In general, each Series will pay all of its Offering Expenses, Trading Expenses, and "Designated Series Expenses" which include but are not limited to costs and expenses of a Series' organization and ongoing operation, including: fees of accountants, auditors, consultants and attorneys attributable to the Series; the ongoing overhead and maintenance costs of the Series, including regulatory, legal and compliance fees and costs; the costs of PTLLC attributable to the Series, including, fixed expenses such as employee salaries and benefits, rent, communication equipment and services, depreciation, information systems, software (including development), quotation services, investment research services, data feeds, vendor fees, data center expenses, connectivity fees, exchange seat impairments, software and licensing fees, and other overhead and maintenance expenses; and the costs of PTLLC attributable to the Series. Designated Series Expenses may also include a pro rata allocation (based on weighted annual net assets of the Series) of the above expenses that are charged at the Private Fund level. In determining a Series' liabilities or expenses, PTLLC may estimate expenses of a regular or recurring nature in advance, and may accrue the same into one or more accounting periods, any such accrual to be binding and conclusive on all Fund Investors, irrespective of whether such accrual subsequently proves to have been incorrect in amount.

Performance Allocation

Depending on the terms of the Client Governing Documents, PTLLC may be entitled to share in the appreciation in value of each Client's account balance. The fees, expenses, and withdrawal terms applicable to each Client are set forth in detail in each of the applicable Client's Governing Documents or IMA. For each fiscal year, PTLLC or an affiliate will be entitled to a performance allocation (the "Performance Allocation") equal to a percentage of net profit allocable to each Fund Investor's capital account.

Other Types of Direct and Indirect Fees or Client Expenses

PTLLC may specially allocate the expenses in another manner if PTLLC reasonably determines, in its sole discretion, that it is equitable to do so. To the extent that expenses to be borne by a Client are (or will be) paid by PTLLC or its affiliates, such Client may reimburse PTLLC or its affiliates for such expenses.

To the extent that a Client is invested in an exchange-traded fund or mutual fund, the Client will bear, along with other shareholders, its pro rata portion of the exchange-traded fund's or mutual fund's management, trading, and administrative fees and expenses (in addition to any PTLLC fees and expenses).

To the extent that a Client is invested in other trading vehicles, such as special purpose vehicles (including affiliated special purpose vehicles) established to implement certain trading strategies, the Client will bear its pro rata portion of such trading vehicle's management, trading and administrative fees and expenses.

Strategies employed by PTLLC require highly frequent trading, resulting in substantial brokerage commissions and other transaction fees and expenses. In these instances, the brokerage and commission expenses of certain Clients may exceed those of other private funds of comparable asset size, though PTLLC believes that the brokerage and commission expenses are necessary in order to implement the PTLLC investment strategy.

If a Client and one or more other Client, or other Clients of PTLLC may be responsible for some or all of a particular cost, PTLLC may allocate the cost among all those entities, Clients, and PTLLC in its discretion in a fair and equitable manner. Any expense common to any other Client or other Clients managed by PTLLC or its affiliates generally will be paid pro rata by such entities based on the eligible Client's assets under management (or in any other manner deemed fair and equitable by PTLLC, in PTLLC's sole discretion). Expenses allocated to Clients may be negotiated individually. At its discretion or pursuant to the terms of an investment advisory agreement or Client Governing Documents, PTLLC may pay expenses that would otherwise be allocated to a Client. Clients that do not pay a portion of these expenses may benefit from services paid for by other Clients or PTLLC.

PTLLC has a conflict of interest in determining the rates or fees paid by a Client to PTLLC, PTLLC affiliates and any operating expenses provided by PTLLC or an affiliate that are paid by Clients.

Withdrawals of capital by a Fund Investor from a private fund client are typically subject to a lock-up period, compulsory notice period, and could be subject to a gate or suspension as described in the relevant Client Governing Documents. PTLLC or an affiliate maintain discretion to waive or modify the notice period.

PTLLC may, as agreed to and as disclosed to certain clients, charge fees that vary from the fees described above. Such fees will be set forth in the applicable Client Governing Documents. Clients and Fund Investors are encouraged to review the applicable Client Governing Documents for a detailed description of fees and expenses applicable to the specific Client.

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

As discussed under *Item 5: Fees and Compensation*, PTLLC or its affiliates receive annual performance-based allocations or fees from Clients, which are based on a percentage of the net capital appreciation of their assets or other performance-based metrics as agreed with Clients. Because of the amount of the fee or allocation is based on the assets, as the assets increase (or decrease) in value so does such fees.

At certain times performance-based allocations or fees could incentivize PTLLC to give preference to a Client paying performance fees over one that does not. Additionally, these allocations may create an incentive for PTLLC to make more speculative or aggressive investments than would otherwise be made, or make decisions regarding the allocation, timing and manner of realization of investments differently than if such incentives were not received. Performance-based compensation at times is based in part on unrealized gains and losses, so PTLLC may have an incentive to inflate the value of Client assets through fair valuation determinations. PTLLC also has conflicts of interest in determining the fair value of client assets, if needed. Despite the presence of these conflicts of interest, PTLLC seeks to act fairly and has adopted written policies and procedures that are designed to ensure fairness. Current and prospective Clients are invited to discuss allocation and valuation policies and procedures.

PTLLC maintains a policy regarding conflicts of interest as well as a code of ethics that, including but not limited to: (i) reminds employees of PTLLC's fiduciary duty, (ii) reminds employees of their obligation to PTLLC's Clients, (iii) memorializes and fosters PTLLC's general standards of business conduct and requires compliance with both the letter and the spirit of federal securities laws, (iv) provides guidance for dealing with certain potential conflicts of interest, (v) requires certain employees to report their personal securities transactions and holdings to PTLLC's chief compliance officer or his/her designee in accordance with the Investment Advisers Act of 1940, (vi) requires certain employees to pre-clear securities transactions, (vii) requires employees to report violations, and (viii) imposes additional record keeping requirements.

With respect to clients formed after August 31, 2012, or investors entering into a Private Fund client after that date, PTLLC may not charge a client a performance fee unless allowed under the Act, as follows:

- Rule 205-3 permits PTLLC to charge to performance fees to "Qualified Clients," who are:
 - a natural person or entity that immediately after entering the Private Fund (or an advisory contract directly with us) has at least \$1,000,000 under management with PTLLC;
 - a natural person or entity that PTLLC reasonably believes, immediately prior to entering into the Private Fund (or an advisory contract directly with PTLLC) either has a net worth (or joint net worth with his or her spouse, if a natural person) of more than \$2,100,000, or is a Qualified Purchaser; or
 - a natural person who is a Supervised Person (other than a clerical, secretarial or

administrative employee) who, in connection with his or her regular duties, participates in the investment function of the firm and has been performing such duties for the firm or substantially similar duties for another company for at least 12 months.

If the client is a company not registered under the 1940 Act because of the exception in §3(c)(1), each equity owner of the company must be a "Qualified Client." For Private Fund clients not using 1940 Act §3(c)(1), the Private Fund itself (not its Investors) must be a "Qualified Client."

Item 7: Types of Clients

PTLLC's only clients are the Private Funds.

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

A. Methods of Analysis and Investment Strategies

PTLLC's investment objective is to seek superior risk-adjusted rates of return that are in accordance with guidelines included within the Client Governing Documents. PTLLC will attempt to meet this objective by making trading and capital allocation decisions based upon proprietary trading methods and the knowledge of its investment management personnel. In pursuit of the investment objective, PTLLC actively trades (i) securities, (ii) currencies (U.S. and foreign), and (iii) derivatives, which include listed equity options, futures contracts (and options thereon), swaps, unlisted equity options, contract for differences ("CFDs") and other financial instruments in the discretion of PTLLC or an affiliate (collectively, "Derivatives"). PTLLC will employ speculative trading strategies.

Among other methods, PTLLC employs a variety of quantitative/statistical and relative value strategies executed by one or more trading entities, traders or trading firms retained by a Private Fund or PTLLC. PTLLC utilizes the market experience of its principals to complement its quantitative approach to trading and investing.

Investing in securities, including listed equities, Derivatives and ETFs, and engaging in investment and trading strategies through the use of quantitative models involves a substantial risk of loss that Clients should be prepared to bear. An investment with PTLLC is not a complete investment program and should represent no more than a portion of a Private Fund Investor's or Client's portfolio management strategy.

The following risk factors do not purport to be a complete enumeration or explanation of the risks involved in an investment with PTLLC.

General Risks

Speculative Investment Strategies. Trading in securities and Derivatives is highly speculative and subject to substantial risks, including a total loss of investment. Among other things, the prices of securities and Derivatives can be highly volatile and subject to rapid and substantial fluctuations. Price movements for securities and Derivatives may be influenced by, among other things:

- company fundamentals
- changes in interest rates
- governmental, agricultural, trade, fiscal, monetary and exchange control programs and policies
- weather and climate conditions
- changing supply and demand relationships
- money supply policies and available liquidity
- changes in balances of payments and trade
- currency devaluations and revaluations
- rates of inflation or deflation
- political and economic events; and

- changes in philosophies and emotions of market participants

A trading method (regardless of the nature of the method) may not take account of all of these factors.

Broad Investment Discretion. PTLLC has broad discretion in making investments for clients. PTLLC may change its investment strategy without notice to investors and there are no limitations on the securities, Derivatives or other instruments.

Past Results. There can be no assurance, nor should it be assumed, that the future investment performance of PTLLC will conform to any prior performance history or that PTLLC investments will avoid significant losses, including a total loss of investor capital. The investment results and portfolio compositions set forth in this report are provided for illustrative purposes only and may not be indicative of the future investment results or future portfolio composition.

Private Fund Offerings. An investment in a privately offered commingled fund can be highly illiquid, is speculative and is not suitable for all investors. Investment in privately offered commingled funds is only intended for experienced and sophisticated investors that are willing to bear the high economic risks of the investment. Certain of these risks may include: loss of all or a substantial portion of the investment due to leveraging or other speculative practices; lack of liquidity (in that there may be no secondary market for the security and none expected to develop); volatility of returns; restrictions on transferring interests in the fund; potential lack of diversification and the resulting elevated risk; absence of information about valuations and pricing; complex tax structures and delays in tax reporting; and less regulation and higher fees than other types of investments including mutual funds.

Possible Positive Correlation with Stock and Bonds. One of the goals in incorporating a non-traditional investment such as the Private Funds into a portfolio is to provide a potentially valuable element of diversification. However, there can be no assurance, particularly during periods of market disruption and stress when the risk control benefits of diversification may be most important, that PTLLC will, in fact, be non-or negatively correlated with a traditional portfolio of stocks and bonds.

Counterparties and Brokers. The counterparties with which the trading entities trade or invest or that clear the trading entities trades may encounter financial difficulties and delay or default on their payment obligations. Any such default could result in material losses.

Custody Risk. PTLLC does not control the custodianship of their securities. The banks or brokerage firms selected to act as custodians may become insolvent, causing Clients to lose all or a portion of the funds or securities held by those custodians.

Financing Arrangements; Availability of Credit. The use of leverage is integral to certain of PTLLC's strategies, and Clients depend on the availability of credit in order to finance their portfolio. There can be no assurance that Clients will be able to maintain adequate financing arrangements under all market circumstances. As a general matter, the banks and dealers that provide financing to Clients can apply essentially discretionary margin, haircut, financing, security and collateral

valuation policies. Changes by banks and dealers in such policies, or the imposition of other credit limitations or restrictions, whether due to market circumstances or governmental, regulatory or judicial action, may result in large margin calls, loss of financing, forced liquidation of positions at disadvantageous prices, termination of swap and repurchase agreements and cross-defaults to agreements with other dealers. Any such adverse effects may be exacerbated in the event that such limitations or restrictions are imposed suddenly and/or by multiple market participants at or about the same time. The imposition of such limitations or restrictions could compel a Client to liquidate all or part of its portfolio at disadvantageous prices.

Reliance on Corporate Management and Financial Reporting. Certain of the strategies implemented by PTLLC rely on the financial information made available by the issuers in which Clients' invest. PTLLC has no ability to independently verify the financial information disseminated by the issuers in which a Client invests and is dependent upon the integrity of both the management of these issuers and the financial reporting process in general. Recent events have demonstrated the material losses investors such as Clients can incur as a result of corporate mismanagement, fraud and accounting irregularities.

Competition; Potential Strategy Saturation. Clients compete with numerous other private investment funds as well as other investors, many of which have resources substantially greater than PTLLC. The amount of capital committed to "alternative investment strategies" has increased dramatically during recent years. The profit potential of Clients may be materially reduced as a result of the "saturation" of the alternative investment field.

Intellectual Property Infringement/Misappropriation. Third parties may obtain and use PTLLC's or any of its affiliates' intellectual property or technology, including its trade secrets and trading program software, without permission. Any unauthorized use or misappropriation of PTLLC's or an affiliate's trade secrets, proprietary software and other technology could adversely affect its competitive advantage. Proprietary software and other technology are becoming increasingly easy to duplicate, particularly as employees with proprietary knowledge leave the owner or licensed user of that software or other technology. PTLLC and its affiliates may have difficulty monitoring unauthorized uses of its proprietary software and other technology. The precautions they have taken may not prevent misappropriation or infringement of its proprietary software and other technology. Also, third parties may independently develop proprietary software and other technology similar to that of PTLLC or an affiliate, or claim that PTLLC or an affiliate has violated their intellectual property rights, including their copyrights, trademark rights, trade names, trade secrets and patent rights. As a result, PTLLC or an affiliate may have to litigate in the future to protect its trade secrets, determine the validity and scope of other parties' proprietary rights, defend itself against claims that it has infringed or otherwise violated other parties' rights, or defend itself against claims that its rights are invalid. Any litigation of this type, even if PTLLC or affiliate is successful and regardless of the merits, may result in significant costs, divert its resources from a Client, or require it to change its proprietary software and other technology or enter into royalty or licensing agreements.

Trading in International Markets. The risk of loss in trading securities and Derivatives on markets outside of the U.S. can be substantial. Participation in non-U.S. markets involves the execution and clearing of trades on, or subject to the rules of, a foreign board of trade or foreign securities

market. Some of these non-U.S. markets, in contrast to U.S. markets, are so-called principals' markets in which performance is the responsibility only of the individual counterparty with whom the trader has entered into a transaction—not of the exchange or clearing house. In these kinds of markets, Clients will be subject to the risk of bankruptcy, insolvency, payment failure or other failures or refusals to perform by the counterparty. Moreover, many of these non-U.S. market are unregulated, which means that Clients may have no or limited recourse in the event of such a failure or refusal. Some non-U.S. markets present additional risk because they are not subject to the same degree of regulation as their U.S. counterparts. Neither the SEC nor the CFTC or any domestic exchange regulates activities of foreign boards of trade or securities markets outside of the U.S., including the execution, delivery and clearing of transactions, nor has the power to compel enforcement of the rules of a foreign board of trade or exchange or of any applicable non-U.S. laws. Additionally, trading on non-U.S. markets is subject to the risks presented by exchange controls, expropriation, increased tax burdens and exposure to local economic declines and political instability. An adverse development with respect to any of these variables could reduce the profit or increase the loss earned on trades in the affected international markets. Some non-U.S. markets also may be in a more developmental stage so that prior price histories may not be indicative of current price dynamics. In addition, a Client may not have the same access to certain positions on foreign markets as do local traders, and the historical market data on which PTLLC bases its strategies may not be as reliable or accessible as it is in the U.S.

Market Risks in General. PTLLC's strategies are each subject to certain dimensions of market risk: directional price movements, deviations from historical pricing relationships, changes in the regulatory environment, changes in market volatility, "flights to quality," "credit squeezes," among other possible events. The particular or general types of market conditions in which a Client may incur losses or experience unexpected performance volatility cannot be predicted.

Changing Market Conditions. Certain changes in general market conditions — for example, a decline in listed Derivatives trading volume — could materially reduce a Client's profit potential.

Volatility. The prices of many of the instruments, including securities and Derivatives, have been subject to periods of excessive volatility in the past, and such periods can be expected to recur. Price movements are influenced by many unpredictable factors, such as market sentiment, inflation rates, interest rate movements and general economic and political conditions. While volatility can create profit opportunities for a Client, it can also create the specific risk, in the case of a Client, that historical or theoretical pricing relationships will be disrupted, causing what should otherwise be comparatively low risk positions to incur losses. On the other hand, the lack of volatility can also result in losses for certain of PTLLC's strategies that profit from price movements.

Stagnant Markets. Certain of the investment strategies employed by PTLLC rely for their profitability on market volatility contributing to the mispricings which they are designed to identify. In periods of trendless, stagnant markets and/or deflation, these strategies may have materially diminished prospects for profitability.

Lack of Market Liquidity. Certain of the markets in which a Client trades will from time to time experience periods of illiquidity. Illiquid markets can make it economically unfeasible for a Client to recognize profits on open positions or to close out open positions against which the market is

moving.

Certain Risks Associated with Cybersecurity. Investment advisers, including PTLLC, must rely in part on digital and network technologies (collectively, “cyber networks”) to conduct their businesses. Such cyber networks might in some circumstances be at risk of cyber-attacks that could potentially seek unauthorized access to digital systems for purposes such as misappropriating personal data or sensitive information, corrupting data, or causing operational disruption.

Cyber-attacks might potentially be carried out by persons using techniques that could range from efforts to electronically circumvent network security or overwhelm websites to intelligence gathering and social engineering functions aimed at obtaining information necessary to gain access. PTLLC maintains a cybersecurity policy, cybersecurity committee and certain technical and physical safeguards intended to protect the confidentiality of its internal data. Nevertheless, cyber incidents could potentially occur, and might in some circumstances result in unauthorized access to sensitive information about PTLLC or its Clients as PTLLC does not directly control the cyber security systems of issuers or third party service providers.

Certain Strategy Risks

Market-Making Strategies. Certain strategies involve market-making and seek to provide liquidity with respect to securities and Derivatives. Market-making is dependent for its profitability on sufficient spreads between prices that can be “bid” and “asked” by market-makers. If bid-ask spreads shrink, the per trade profit decreases accordingly. Market-makers are also subject to regulatory risk. Options market-makers must be registered as broker-dealers with the SEC and members of the exchanges on which they quote. Similarly, futures market liquidity providers are members of the futures exchanges on which they trade. In such capacities, those entities are subject to audit and regulatory action, and must expend resources on compliance with applicable rules. Other factors that affect the profitability of market-making include: liquidity; the depth and breadth of an order book; suspensions of trading activity; exchange, regulatory and clearing fees; margin levels, collateral valuation policies and other financing policies of clearing brokers; and volume levels, among other things. Regardless of the ability of the Manager or the effectiveness of its strategies, an increase in fees, an adverse change in financing policies, and a lack of volume in the markets a Trading Entity quotes could each cause the Private Fund to experience substantial losses.

Multiple-Strategy Approaches. The diversification of PTLLC’s strategies may not be significant and, even if significant, may not provide meaningful risk control, while reducing a client’s profit potential as a result of certain strategies being unprofitable while others are profitable. Certain of these strategies and markets may involve an unusually high degree of risk considered on a stand-alone basis, and combining multiple strategies inherently involves the opportunity cost of certain strategies’ losses offsetting the gains recognized by other strategies.

Macro Strategies. Macro strategies are directional strategies that seek to profit from forecasting near- to medium-term price movements. The multitude of different factors which go into determining futures price levels makes any attempt at market forecasting inherently speculative and unexpected political, international, weather and other events can cause major losses for

strategies even if they correctly identified “true value” in the positions taken.

Technical Strategies. Technical strategies implemented by PTLLC will take multiple forms, including “technical investing” based on various historical price patterns and market indicia. Other technical methods are more related to supply and demand driven by corporate life cycle events or by changes in rules or regulations in the markets. In general, PTLLC considers technical investing/trading not only to include the generic technical market factors used by most “technical” traders, but any approach based on identifying a “technical” reason why there will be an imbalance between investors moving in and out of a given financial instrument. There are many risks associated with this style of investing, including the non-consummation of the event that created the opportunity, particularly if many investors are making their investment decisions based on the assumption of consummation. Also, PTLLC could be wrong in identifying the technical opportunity and/or in executing trades to exploit the opportunity.

Relative Value Strategies. The success of PTLLC’s relative value trades is dependent on PTLLC’s ability to exploit relative mis-pricings among interrelated instruments. Although relative value positions are considered to have a lower risk profile than directional trades as the former attempt to exploit price differentials not overall price movements, relative value strategies are by no means without risk. Mis-pricings, even if correctly identified, may not converge within the time frame within which the Private Fund maintains its positions. Even pure “riskless” arbitrage—which is rare—can result in significant losses if the arbitrage is not able to be sustained (due, for example, to margin calls) until expiration. PTLLC’s relative value strategies are subject to the risks of disruptions in historical price relationships, the restricted availability of credit and the obsolescence or inaccuracy of its or third-party valuation models. Market disruptions may also force PTLLC to close out one or more positions. Such disruptions have in the past resulted in substantial losses for funds employing relative value strategies.

PTLLC’s relative value trading may involve spreads between two or more positions. To the extent the price relationships between such positions remain constant, no gain or loss may occur. Such positions do, however, entail a substantial risk that the price differential could change unfavorably and, due to the leveraged nature of trading, result in increased losses.

“Event Driven” Strategies. PTLLC will invest in positions whose profitability depends on the result of some significant corporate event, for example, a merger, tender offer, exchange offer or liquidation. Corporate events are affected by numerous factors—including not only market movements but also regulatory intervention, shareholders’ consent and changes in interest rates and economic outlook—that can have a particularly adverse effect on even the most apparently safe risk arbitrage investments. The risk of non-consummation in such transactions is high, and unexpected outcomes can lead to substantial losses.

Event-driven strategies generally incur significant losses when proposed transactions are not consummated. The consummation of mergers, tender offers, and exchange offers and other significant corporate events can be prevented or delayed by a variety of factors, including: (i) regulatory intervention; (ii) efforts by the target company to pursue a defensive strategy, including a merger with, or a friendly tender offer by, a company other than the offeror; (iii) failure to obtain the necessary shareholder approvals; (iv) adverse market or business conditions resulting in

material change or termination of the pending transaction; (v) additional requirements imposed by law; and inability to obtain adequate financing.

Other Strategies. PTLLC is seeking to continually develop new, and adapting and refining existing, strategies. Each of these strategies has its own peculiar risks and may, in connection with the other strategies then being used for a Private Fund, increase the overall risk and decrease the diversification of a Private Fund's overall portfolio.

Active Trading. Client trading activities may involve substantial portfolio turnover and correspondingly high transactional costs.

Commingled Fund Risk. PTLLC may allocate investments to one or more affiliated and unaffiliated commingled funds in which the managed fund consists of assets from several accounts that are blended together. PTLLC relies on performance information provided by the investment manager of such commingled funds. PTLLC does not participate in the calculation of a commingled funds' performance. The cost to Clients of investing in such vehicles may be higher than investing directly in such vehicles.

Model and Data Risk. PTLLC relies on quantitative models and systems (both proprietary models developed by PTLLC or affiliates and those supplied by third parties) and information and data supplied by third parties (collectively, "Models and Data"). Models and Data are used to construct sets of transactions and investments and to provide risk management insights, and may be used to assist in hedging the investments. When Models and Data prove to be incorrect or incomplete, any decisions made in reliance thereon expose Clients to potential risks. Similarly, any hedging based on faulty Models and Data may prove to be unsuccessful. Some of the models used by PTLLC are predictive in nature. The use of predictive models has inherent risks. Because predictive models are usually constructed based on historical data, the success of relying on such models may depend heavily on the accuracy and reliability of the historical data. All models rely on correct market data inputs. If incorrect market data is entered into even a well-founded model, the resulting information will be incorrect. However, even if market data is input correctly, "model prices" will often differ substantially from market prices. In addition, PTLLC relies on its staff to properly operate and maintain its computer and communications systems upon which the trading systems rely. Execution and operation of PTLLC's computer and communications systems is subject to human error. Any failure, inaccuracy or delay in implementing any PTLLC or affiliates computer and communications systems and executing the trading entities' transactions will impair its ability to identify profit opportunities and benefit from them. It could also result in decisions to undertake transactions based on inaccurate or incomplete information. This could cause substantial losses to a Client. In addition, the cost of Data and technology infrastructure is subject to change and increases in prices for Data and technology infrastructure necessary to implement investment and trading strategies could negatively impact Client returns and/or the ability of PTLLC to implement such strategies.

Market Disruptions. A Client 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 a Client from its banks, dealers and other counterparties may be reduced in disrupted markets. Such a reduction may result in substantial losses to a Client.

In 1994 and again in 1998, sudden restrictions of credit by the dealer community resulted in forced liquidations and major losses for a number of private investment funds. Market disruptions caused by unexpected political, military and terrorist events may from time to time cause dramatic losses for a Client, and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk.

No True Arbitrage. PTLLC strategies do not generally involve true arbitrage — in which profits will necessarily be realized if a position can be maintained until maturity. Certain of the PTLLC strategies generally involve taking what are evaluated to be only partially offsetting positions in instruments whose true price and correlations to other instruments are uncertain and liquidity may be limited. What PTLLC analyzes as a mispricing may be evaluated quite differently by other market participants who may, in fact, use pricing models materially different from those used by PTLLC. No representation can be made that PTLLC will correctly identify any “true arbitrage” in any Derivatives market. Even if a true arbitrage is identified, there can be no assurance that a client will be able to maintain an arbitrage position until the inherent profit is recognized. In addition, all arbitrage strategies are subject to the risks that increasing market liquidity, technological innovation and new theoretical constructs or refinements will reduce or eliminate the arbitrage opportunity and the profitability of its exploitation.

Volatility Assessment Risk. PTLLC’s strategies require it to estimate, utilizing proprietary assumptions, future levels of the price volatility of given instruments. This means that a Client is exposed to the risk of actual levels of price volatility differing from those estimated by PTLLC. Changes in the volatility of the price of an underlying security or index may make a large difference to the theoretical value of a Derivative.

Lack of Diversification. PTLLC focuses Client investments in options, futures, and related instruments, and is likely to be invested only in a limited number of classes of such instruments at any time. Concentration of Client investments in a limited number of markets and instruments results in increased risk. Diversification is not a goal of the PTLLC investment strategy. PTLLC is not restricted as to the percentage of the Client’s assets that may be invested in any particular instrument, market or strategy. PTLLC does not and will not maintain any fixed requirements for diversifying its Client portfolio.

Exchange Rates. Client assets will invest in securities, Derivatives and other instruments denominated in non-U.S. currencies. Such investments are subject to the risk that the value of a particular currency will change in relation to the U.S. Dollar, which is the base currency of Clients. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. PTLLC may seek to hedge these risks by investing directly in non-U.S. currencies and buying and selling options, futures or forward contracts thereon. PTLLC cannot, however, assure any Client that those strategies, if implemented, will be effective.

Duration of Investment Positions. PTLLC does not typically know (except in the case of certain options or other Derivatives positions that have pre-established expiration dates) the maximum — or, often, even the expected (as opposed to optimal) — duration of any particular position at the time of initiation. Actual holding periods will depend on numerous market factors which can both expedite and disrupt price convergences. There can be no assurance that Clients will be able to maintain any particular position, or group of related positions, for the duration required to realize the expected gains, or avoid losses, from such positions.

Securities Lending. A Client may borrow and lend securities on an ongoing basis in the regular course of its investing. Third parties that borrow securities from Clients may not be able to return them on demand (possibly causing a Client to default on its obligations to other parties) and may also default on the payment obligations owed to the Client in connection with such securities loans, potentially resulting in substantial losses to the Client.

Short Sales. PTLLC will routinely “sell securities short.” A short sale is effected by selling a security which is not owned, or selling a security which is owned but which does not deliver upon consummation of the sale. In order to make delivery to the buyer of a security sold short, a seller must borrow the security. In so doing, it incurs the obligation to replace that security, whatever its price may be, at the time it is required to deliver it to the lender. The seller must also pay to the lender of the security any dividends or interest payable on the security during the borrowing period and may have to pay a premium to borrow the security. This obligation must, unless the seller then owns or has the right to obtain, without payment, securities identical to those sold short, be collateralized by a deposit of cash or marketable securities with the lender. Short selling is subject to a theoretically unlimited risk of loss because there is no limit on how much the price of a security may appreciate before the short position is closed out. There can be no assurance that the security necessary to cover the short position will be available for purchase. In addition, purchasing securities to close out the short position can itself cause the price of the relevant securities to rise further, thereby increasing the loss incurred. Furthermore, a PTLLC may prematurely be forced to close out a short position if a counterparty from which the Client borrowed securities demands their return, resulting in a loss on what might otherwise have been a profitable position.

Absence of Hedging and Presence of Hedging. PTLLC will not, in general, attempt to hedge all market or other risks inherent in the Client’s positions, and will hedge certain risks, if at all, only partially. Specifically, PTLLC may choose not, or may determine that it is economically unattractive, to hedge certain risks — either in respect of particular positions or in respect of Client’s overall portfolio. Clients may have significant market risk, despite the hedging costs which it incurs. PTLLC expects to engage in certain hedging strategies in both long and short investments, including through the use of equities, equity options, equity and sector indices, credit, currencies, futures and other marketable securities. To the extent that PTLLC hedges, its hedges will not be static but rather will need to be continually adjusted based on PTLLC’s assessment of market conditions, as well as the expected degree of non-correlation between the hedges and the portfolio being hedged. The mechanisms employed by PTLLC to monitor and manage the risks associated with its trading activities on behalf of the Client may not succeed in mitigating any or all identified risks. The success of PTLLC’s hedging strategy will depend on the ability to implement this strategy efficiently and cost-effectively, as well as on the accuracy of the ongoing judgments concerning the hedging

positions to be acquired by a client.

Trade Execution Risk. Many of the trading techniques used by PTLLC will require the rapid and efficient execution of transactions. Inefficient executions can eliminate the small pricing differentials which PTLLC is seeking to exploit.

Trading Errors. While PTLLC will attempt to correct trading errors as soon as they are discovered, PTLLC will not be responsible for poor executions, erroneous orders, rogue algorithms or trading errors.

Compliance. PTLLC provides no assurance that any controls, procedures, safeguards or policies will be sufficient to prevent a violation of applicable law, including the rules or orders of a federal agency or securities or futures exchange with jurisdiction over PTLLC.

Developing New or Additional Investment Strategies. PTLLC is not restricted from developing and incubating new strategies, even if PTLLC has limited or no experience in a new strategy. There can be no assurance PTLLC will be successful in developing and implementing new or additional strategies.

Speculative Position Limits. Speculative position limits imposed by various regulators and exchanges may limit PTLLC's ability to effect desired trades. Position limits are the maximum amounts of gross, net long or net short positions that any one person or entity may own or control in a particular financial instrument. All positions owned or controlled by the same person or entity, even if in different accounts, may be aggregated for purposes of determining whether the applicable position limits have been exceeded. Thus, even if PTLLC does not intend to exceed applicable position limits, it is possible that different accounts managed by PTLLC or its affiliates may be aggregated. If at any time positions managed by PTLLC were to exceed applicable position limits, PTLLC would be required to liquidate positions, which might include positions of a Client, to the extent necessary to come within those limits. Further, to avoid exceeding the position limits, a Client might have to forego or modify certain of its contemplated trades.

Electronic Trading and Order Routing Systems. PTLLC intends to trade on electronic trading and order routing systems for a portion of its order flow. Transactions using an electronic system are subject to the rules and regulations of the exchanges offering the system or listing the contract. Characteristics of electronic trading and order routing systems vary widely among the different electronic systems with respect to order matching procedures, opening and closing procedures and prices, error trade policies and trading limitations or requirements. There are also differences regarding qualifications for access and grounds for termination and limitations on the types of orders that may be entered into the system. Each of these matters may present different risk factors with respect to trading on or using a particular system. Each system may also present risks related to system access, varying response times and security. In the case of internet-based systems, there may be additional risks related to service providers and the receipt and monitoring of electronic mail. Trading through an electronic trading or order routing system is also subject to risks associated with system or component failure. In the event of system or component failure, it is possible that for a certain time period, it might not be possible to enter new orders, execute existing orders or modify or cancel orders that were previously entered. System or component

failure may also result in loss of orders or order priority, or the sending of erroneous orders. Some contracts offered on an electronic trading system may be traded electronically and through open outcry during the same trading hours. Exchanges offering an electronic trading or order routing system and listing the contract may have adopted rules to limit their liability, the liability of futures brokers and software and communication system vendors and the amount that may be collected for system failures and delays. These limitations of liability provisions vary among the exchanges.

Securities, Derivatives and Financial Instruments Risks

Derivatives Generally. PTLLC will use a variety of Derivatives to implement its investment strategies. The pricing of Derivatives is uncertain, variable and based primarily on theoretical models, the outputs of which may vary substantially from the prices actually recognized in the market. The market for many types of Derivatives is comparatively illiquid and inefficient, creating the potential for substantial mispricings, as well as sustained deviations between theoretical and market value.

Options. PTLLC will make extensive use of listed options on single stocks and stock indices (including volatility indices) for Client's portfolios. These activities involve risks that can be substantial, depending on the circumstances. Options trading is highly specialized and is subject to risks that are in addition to the risks generally associated with trading Derivatives. If a Client purchases a put or a call option, the Client may lose the entire premium paid. If a Client writes or sells a put or call option, the Client's loss is potentially unlimited. For example, the seller of an uncovered call option is subject to the risk that the price of the underlying security will increase, thereby subjecting the seller to significant losses. Also, option prices tend to decline over time as options near their exercise dates. This "time decay" must be offset by other factors, such as increased volatility, or options positions will decline in value.

Futures Contracts. Clients will buy and sell futures contracts, including futures contracts on equity indices. Futures prices can be highly volatile. Because of the low margin deposits normally required in futures trading, an extremely high degree of leverage is typical. The amount of margin funds necessary to be deposited with a bank or broker to enter into a futures contract is typically about 2% to 10% of the total value of the contract (and may even be zero). As a result of this leveraging, even a small movement in the price of a contract can cause major losses. Any purchase or sale of a futures contract may result in losses that substantially exceed the amount invested in the contract. For example, if \$2,200 in margin is required to hold one U.S. Treasury bond futures contract with a face value of \$100,000, a \$2,200 decrease in the value of that contract could, if the contract is then closed out, result in a complete loss of the margin deposit, without taking into account deductions for fees and/or commissions. Severe short-term price declines could thus force the liquidation of open positions with large losses. If a Client suffers losses, PTLLC may de-leverage its account(s), which would materially impair the Client's ability to recover its initial losses. Futures contract gains and losses are marked-to-market daily for purposes of determining margin requirements. Options on futures contracts generally are not marked-to-market daily, although short option positions will require additional margin if the market moves against the position. Due to these differences in margin treatment between futures and options thereon, there may be periods in which positions on both sides must be closed down prematurely due to short term cash flow needs. If, for example, this occurs during an adverse move in a spread or straddle relationship, then a substantial loss could occur.

Equities. Equities invested in by a Client may involve substantial risks and may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses. There are no absolute restrictions in regard to the size or operating experience of the companies in which the Client may invest.

Foreign Exchange. The prices of assets held by a Client may be sensitive to foreign exchange-rate fluctuations; such fluctuations could cause the U.S. dollar value of long and short positions to move in unanticipated directions. To the extent that foreign exchange-rate assumptions underpin the hedging of a particular position, fluctuations in rates could invalidate those underlying assumptions and expose Clients to losses. PTLLC is not obligated to hedge Client exposure to any risks, including, foreign exchange-rate risks.

Non-U.S. Securities. Clients may trade in securities of companies domiciled or operating in one or more non-U.S. countries. Investing in these securities involves considerations and possible risks not typically involved in investing in securities of companies domiciled and operating in the United States ("U.S."), including instability of certain non-U.S. governments, the possibility of expropriation, limitations on the use or removal of funds or other assets, changes in governmental administration or economic or monetary policy (in the U.S. or abroad) or changed circumstances in dealings between nations. The application of non-U.S. tax laws (e.g., the imposition of withholding taxes on dividend or interest payments, income taxes and excise taxes) or confiscatory taxation may also affect a Client investment in non-U.S. securities. Clients may incur higher expenses from investment in non-U.S. securities than from investment in U.S. securities because of the costs that must be incurred in connection with conversions between various currencies and because non-U.S. brokerage commissions may be higher than commissions in the U.S. Non-U.S. securities markets also may be less liquid, more volatile and less subject to governmental supervision than in the U.S. Client investments in non-U.S. countries could be adversely affected by other factors not present in the U.S., including lack of uniform accounting, auditing and financial reporting standards and potential difficulties in enforcing contractual obligations.

Other Instruments and Future Developments. Clients may take advantage of opportunities in the area of swaps, options on various underlying instruments and swaptions and certain other customized "synthetic" or derivative investments in the future. In addition, Clients may take advantage of opportunities with respect to certain other "synthetic" or derivative instruments which are not presently contemplated for use by a client or which are currently not available, but which may be developed to the extent such opportunities are both consistent with a client's investment objective and legally permissible for the client. Special risks may apply to a client's investments in the future.

Structural Risks

Projections and Opinions. Statements contained marketing PTLLC strategies that are not historical facts are based on current expectations, estimates, projections, opinions and beliefs of PTLLC. Such statements involve known and unknown risks, uncertainties and other factors, and undue reliance should not be placed thereon. No assurance can be given that returns from a Client will be equal or similar to those achieved or expected to be achieved by any past results, and no assurances can be

given that actual results will achieve PTLLC's stated objectives.

Importance of PTLLC. Clients must rely on the ability of PTLLC to implement and maintain PTLLC's trading and investment program. PTLLC, in turn, is dependent on the services of certain key personnel—including its traders—and the loss of the services of one or more such professionals would likely materially impair the ability of PTLLC to provide services to Clients.

Affiliations. From time to time, PTLLC may form other trading entities on behalf of a Client without prior notice. The capital of the Client is exposed to the performance of such trading entities.

Reliance on Beneficial Member Rates. In conducting its trading activities, certain Client's will rely upon the transaction and clearing rates afforded to members of certain exchanges (including the trading entities), which rates are substantially lower than the rates assessed to non-members of such exchanges. To the extent that a Client no longer qualifies for a member rate, the costs and expenses of the Client would materially increase.

Valuation Risk; Use of Estimates. PTLLC will value Client's positions in such manner as it deems fair. A Client's Net Asset Value is based to the extent possible on market prices or quotes provided by brokers and other competent third-party pricing sources. The fair market value of those investments of a Client for which a reliable third-party quote is not available or is overruled will be based on other relevant sources deemed reliable by PTLLC's valuation committee in its good faith judgment. The Performance Allocation, as well as amounts due to investors upon withdrawal or in connection with distributions, may be determined on the basis of estimates.

Valuation/Withdrawal Discrepancies. In many cases, even if a Client has correctly valued an asset, there will be (or potentially will be) a wide disparity between such valuation and the amount that the Client could actually realize on the sale of such asset.

Risk of Litigation. In the ordinary course of its business, PTLLC may be subject to litigation from time to time. The outcome of such proceedings may be impossible to anticipate, and such proceedings may continue without resolution for long periods of time. Any litigation may consume substantial amounts of PTLLC's time and attention, and that time and the devotion of these resources to litigation may, at times, be disproportionate to the amounts at stake in the litigation. In addition, the costs related to such litigation may be borne by Clients pursuant to the Client Governing Documents and, as such, any litigation may reduce returns to such Clients.

Leverage. PTLLC expects to utilize substantial leverage in investing Client assets, including through engaging in trading on margin by borrowing funds, pledging securities as collateral, and through instruments with embedded leverage such as derivatives (e.g., options, futures, and swaps). Losses incurred on a Client's leveraged investments increase in direct proportion to the degree of leverage employed. Clients may also incur interest expense on the borrowings used to leverage its positions. To the extent the assets of Clients have been leveraged through borrowings, the purchase of securities on margin or otherwise, the interest expense and other costs and premiums incurred in relation thereto may not be recovered. If gains earned by the Client's portfolio fail to cover such costs, the Net Asset Value of the Client portfolio may decrease faster than if there had been no borrowings.

Other Strategies. The descriptions of specific investment strategies and methods that may be engaged in by PTLLC should not be understood as limiting PTLLC's investment activities. For example, PTLLC may move client assets to cash equivalents or Treasuries for defensive purposes or in an effort to preserve capital in the event PTLLC has identified what PTLLC feels is a widespread market disruption. PTLLC may engage in investment strategies and methods not described that PTLLC considers appropriate; provided, however, PTLLC will keep Clients informed of any material change in overall strategy or approach. There can be no assurance that the investment objective of a client will be achieved. Clients must be prepared to lose their entire investment. There are no material restrictions on the strategies, leverage, markets or instruments that may be incorporated into the portfolio or the percentage of assets that may be committed to any particular issuer, strategy type, market or instrument. By investing with PTLLC, subscribers are relying on the discretionary market judgment of PTLLC and affiliates, without any meaningful diversification, leverage, type of trading or strategy concentration limitations. An investment with PTLLC is speculative and involves substantial risks, including, without limitation, general market and investment risks, risks associated with certain instruments, trading techniques and strategies, risks associated with derivatives, structural risks and tax risks. Prospective Clients or Clients are encouraged to consult their own financial, legal, and tax advisers regarding their individual circumstances and the suitability of an investment.

Conflict-related Risks

PTLLC and its Affiliated Persons; Co-investments. PTLLC and each Private Fund has been formed by the same group of persons. A Private Fund's selection of PTLLC and the establishment of its arrangements with PTLLC is not the result of an arm's length negotiation; however, the arrangements with PTLLC are comparable to what would have been achieved on an arm's-length negotiation. PTLLC (or an affiliate) acts as the Investment Manager to one or more current and upcoming Private Funds and have its own interest in such Private Funds; and, in some cases, any or all of PTLLC, its members, officers and/or employees (or members, officers and/or employees of any affiliate of PTLLC) ("Affiliated Persons") may invest their own additional capital into the Private Fund vehicle. In these cases, PTLLC and its Affiliated Persons each have their own investment interest to consider along with the interest of PTLLC Clients.

Please refer to each Client's Governing Documents for a more detailed description of risks and conflicts associated with a PTLLC investment and trading strategies.

Item 9: Disciplinary Information

A. Criminal or Civil Actions

PTLLC has nothing to disclose for this item.

B. Administrative Enforcement Proceedings

PTLLC has nothing to disclose for this item.

C. Self-Regulatory Organization Enforcement Proceedings

PTLLC has nothing to disclose for this item.

Item 10: Other Financial Industry Activities and Affiliations

A. Broker-Dealer or Representative Registration

PTLLC is not registered as broker-dealer and does not have an application to register pending.

B. Futures or Commodity Registration

PTLLC is not registered as a commodity firm, futures commission merchant, commodity pool operator, or commodity trading adviser and does not have an application to register pending.

C. Material Relationships Maintained by this Advisory Business and Conflicts of Interest

PTLLC's affiliates include Alliance Principal Fund Lt, Alliance Principal Offshore Investors Ltd, Serenity Capital Management LLC and Serenity Capital Asia Limited.

D. Recommendation or Selection of Other Investment Advisers and Conflicts of Interest

The firm does not recommend third-party investment advisers.

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

A. Code of Ethics

PTLLC has adopted a Code of Ethics (the "Code"). Among other things, the Code includes written procedures governing the conduct of the firm's advisory and access persons. The Code also imposes certain reporting obligations on persons subject to the Code. The Code and applicable securities transactions are monitored by the Chief Compliance Officer of the firm. PTLLC will send clients a copy of its Code of Ethics upon written request.

PTLLC has policies and procedures in place to ensure that the interests of its clients are given preference over those of the firm, its affiliates, and its employees. For example, there are policies in place to prevent the misappropriation of material nonpublic information, and such other policies and procedures reasonably designed to comply with federal and state securities laws.

B. Investment Recommendations Involving a Material Financial Interest

PTLLC, either individually or through affiliate entities, may sell or purchase assets from one affiliate Private Fund to another affiliate Private Fund which may pose a conflict of interest. Although PTLLC strives to put the interests of its Private Fund clients first, such inter-Private Fund transactions could be viewed as being in the best interest of one Private Fund versus another Private Fund. Inter-Private Fund transactions may occur for a variety of reasons such as lack of liquidity, the closing of a Private Fund, tax and related issues. PTLLC and its affiliates will ensure among other things, that inter-Private Fund transactions are properly disclosed to the parties of the transaction.

A Private Fund may, from time to time, have the opportunity to retain third parties who have prior business relationships with another Private Fund to act as a consultant or in some other capacity. If a Private Fund retains any such parties, the Private Funds may experience a conflict between one Private Fund's interests and its interest in preserving any ongoing business relationship with that party. This conflict may result in a Private Fund paying more for these services than would otherwise be the case.

As a result of the foregoing, the members and/or partners and principals and affiliates of the PTLLC affiliates may have conflicts of interest in allocating their time and activity between the Private Funds and other clients, in allocating investments among Private Funds and other clients, and in effecting transactions for the Private Funds and other clients, including ones in which a Private Fund may have a greater financial interest.

C. Purchase of Same Securities Recommended to Clients

PTLLC, its affiliates, employees and their families, trusts, estates, charitable organizations and retirement plans established by it are not prohibited from purchasing or having any direct or indirect interest in the same assets as are purchased for the Private Funds, provided such purchase or interest is in accordance with PTLLC's Code of Ethics policies and procedures. The personal asset or securities transactions by employees may raise potential conflicts of interest when they acquire an interest in a property that is:

- owned by the Private Funds, or
- considered for purchase or sale for the Private Funds.

PTLLC has adopted policies and procedures that are intended to address these conflicts of interest. These policies and procedures:

- require our employees to act in the client's best interest,
- require our employees to disclose any direct or indirect interest in a property considered for purchase in one or more affiliate Private Funds.
- require our employees to follow PTLLC's procedures.

D. Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest

PTLLC, its affiliates, employees and their families, trusts, estates, charitable organizations and retirement plans established by it may effect securities transactions for their own accounts that differ from those recommended or effected for other of the firm's clients. It is the policy of PTLLC to place the clients' interests above those of the firm and its employees.

PTLLC and its principals and affiliates (collectively, the "Related Parties") may serve as advisers or managers to other accounts and conduct investment activities for their own accounts. Such other entities, clients, or accounts may have investment objectives or may implement investment strategies similar to those of the Private Funds. The Related Parties may also have investments in certain of the entities managed by any of the Related Parties. In addition, certain of the Related Parties receive certain fees described herein regardless of the success of the Private Funds and their investments.

As a result of the foregoing, the members and/or partners and principals and affiliates of the Related Parties may have conflicts of interest in allocating their time and activity between the Private Funds and other clients, in allocating investments among Private Funds and other clients, and in effecting transactions for Private Funds and other clients, including ones in which the Related Party may have a greater financial interest. In addition, there is no assurance that the Investment Manager will devote adequate time to the Private Funds' operations or that any Related Party will devote adequate time to the Related Party with respect to which it performs services or management. If a Related Party suffers or is distracted by adverse financial or operational developments in connection with its operations unrelated to the Related Party to which it is performing management or other services, it may allocate less time and/or resources to such Related Party's operations. If any of these things occur, the value of your investment may suffer.

The Private Funds or a Related Party may, from time to time, have the opportunity to retain third

parties who have prior business relationships with a Related Party to act for the Private Funds or Related Party as consultants or in some other capacity. If the Private Funds or Related Party retains any such parties, the Related Parties may experience a conflict between the Related Party's interests and its interest in preserving any ongoing business relationship with that party. This conflict may result in our paying more for these services than would otherwise be the case.

E. Conflicts of Interest

The Investment Manager, and its principals shall devote such time to the Private Fund's affairs as they deem necessary to effectively manage the business and affairs of the Private Fund. The Investment Manager and its principals may engage in other business activities and shall not be required to refrain from any other activity or disgorge any profits from any such activity, whether as general partner/managing member of additional investment funds or otherwise.

The Performance Allocation paid by the Private Funds to the Investment Manager is based on a percentage of the net new profits allocable to an investor's shares in a Private Fund. This arrangement may create an incentive for the Investment Manager to make trades that are riskier or more speculative than would be the case if the Investment Manager was compensated solely with an asset-based management fee.

The Investment Manager may have a conflict of interest in selecting banks, brokers, lawyers and other such parties because of continuing business dealings with such parties.

The Private Fund may pay broker-dealer commissions for agency transactions that are in excess of the amount of commissions charged by other broker-dealers in recognition of their research and execution services. This interest conflicts with a Private Fund's interest of obtaining the lowest commission rate available.

Item 12: Brokerage Practices

A. Factors Used to Select Custodians for Private Fund Transactions

A.1. Brokerage and Transactional Practices

PTLLC has discretion in deciding what brokers and dealers a Private Fund uses and in negotiating rates of brokerage compensation. In addition to using brokers as “agents” and paying commissions, the Private Fund may buy or sell securities directly from or to dealers acting as principals at prices that include markups or markdowns.

As of the date hereof, PTLLC anticipates that a substantial portion of the Private Fund’s brokerage business will be directed to a Private Fund’s clearing brokers (each, a “Clearing Broker”). Each Clearing Broker acts as a primary executing broker to the Private Fund and will clear Private Fund transactions. Accordingly, Clearing Brokers may receive substantial brokerage commissions related to the securities, futures, and options transactions of a Private Fund. A Private Fund is not committed to continue its brokerage relationship with any single Clearing Broker for any minimum period and may enter into clearing brokerage relationships with other brokers at any time.

Each Clearing Broker is a service provider to a Private Fund and is not responsible for the preparation of this brochure or any of the Private Fund’s governing documents.

A.2. General Selection Criteria

In choosing broker-dealers, PTLLC is not required to consider any particular criteria. For the most part, PTLLC seeks the best combination of quality execution and brokerage expenses, but PTLLC is not required to select the broker-dealer that charges the lowest transaction cost, even if that broker otherwise provides execution quality comparable to other broker-dealers. In evaluating “execution quality,” historical net prices (after markups, markdowns, or other transaction-related compensation) on other transactions are a principal factor, but other factors are also relevant, including the execution, clearance, and settlement and error correction capabilities of the broker-dealer generally and in connection with securities of the type and in the amounts to be bought or sold, the broker-dealer’s willingness to commit capital, its reliability and financing stability, the size of the transaction, the availability of securities to borrow for short sales, and the market for the security. A Private Fund has no obligation to deal with any broker-dealer in executing transactions for the Private Fund’s portfolio of securities.

B. Aggregating Securities Transactions for Client Accounts

B.1. Security Allocation

Since PTLLC may be managing Private Funds with similar investment objectives, the firm may aggregate transactions for assets for such Private Funds. In such event, allocation of the assets so purchased or sold, as well as expenses incurred in the transaction, is made by PTLLC in the manner it considers to be the most equitable and consistent with its fiduciary obligations to such Private Funds.

PTLLC's allocation procedures seek to allocate investment opportunities among Private Funds in the fairest possible way, taking into account the Private Funds' best interests, available cash, conditions, and other operating criteria as disclosed in the applicable Private Fund offering documents. PTLLC will follow procedures to ensure that allocations do not involve a practice of favoring or discriminating against any Private Fund or group of Private Funds. Private Fund performance is never a factor in trade allocations.

PTLLC's advice to certain Private Funds and entities and the action of PTLLC for those and other Private Funds are frequently premised not only on the merits of a particular investment but also on the applicable investment objective, guidelines, and conditions of the applicable Private Fund. Thus, any action of PTLLC with respect to a particular investment may, for a particular Private Fund, differ or be opposed to the recommendation, advice, or actions of PTLLC to or on behalf of other Private Funds.

B.2. Order Aggregation

Transactions for the same asset effected on behalf of more than one Private Fund may be aggregated.

B.3. Soft Dollar Arrangements

PTLLC does not utilize soft dollar arrangements.

B.4. Brokerage for Client Referrals

PTLLC does not engage in the practice of directing brokerage commissions in exchange for the referral of advisory clients.

Item 13: Review of Accounts

A. Private Fund Reviews

The management and monitoring of the Private Funds is done by PTLLC. PTLLC is also responsible for ensuring that any significant change in a Private Fund's investment strategy or in the concentration of a Private Fund's assets is appropriate for the respective Private Fund.

B. Review of Client Accounts on Non-Periodic Basis

PTLLC may perform ad hoc reviews on an as-needed basis if there have been material changes in the Private Fund's investment objectives or a material change in how PTLLC formulates investment advice.

C. Content of Client-Provided Reports and Frequency

PTLLC provides annual reports of the Private Funds to their respective investors. Performance reports are provided to investors monthly.

Item 14: Client Referrals and Other Compensation

A. Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest

PTLLC does not receive economic benefits for referring clients to third-party service providers.

B. Advisory Firm Payments for Client Referrals

PTLLC does not pay for client referrals.

Item 15: Custody

PTLLC is considered to have custody of client assets for purposes of Advisers Act for the following reasons:

- The firm or its affiliate is a managing member or general partner to a private fund vehicle. An independent public accountant annually audits a pooled investment vehicle(s) the firm manages and the audited financial statements are distributed to the investors in the pooled vehicle within 120 days from the end of the private fund's fiscal year end or 180 days in the event of a feeder/master fund structure.

Item 16: Investment Discretion

PTLLC, either individually or through its affiliates, acts as investment manager for various private Funds. As such, it has full discretionary authority to act on behalf of the Private Funds in all aspects. Such activity includes, but is not limited to, acquisition and disposition of Private Funds' assets, control of Private Funds' bank accounts, the selection of third-party vendors (some of whom may be affiliates and receive compensation from the applicable Private Fund), selection of advisers, authorizing terms of contractual agreements, and any and all matters related to the operation, financing, and management of the Private Funds.

PTLLC's authority is described in the applicable Private Fund's governing documents.

Item 17: Voting Client Securities

PTLLC does not take discretion with respect to voting proxies on behalf of its clients. PTLLC will endeavor to make recommendations to clients on voting proxies regarding shareholder vote, consent, election or similar actions solicited by, or with respect to, issuers of securities beneficially held as part of PTLLC supervised and/or managed assets. In no event will PTLLC take discretion with respect to voting proxies on behalf of its clients.

Except as required by applicable law, PTLLC will not be obligated to render advice or take any action on behalf of clients with respect to assets presently or formerly held in their accounts that become the subject of any legal proceedings, including bankruptcies.

From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. PTLLC has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. PTLLC also has no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, PTLLC has no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose securities are held by clients.

Where PTLLC receives written or electronic notice of a class action lawsuit, settlement, or verdict affecting securities owned by a client, it will forward all notices, proof of claim forms, and other materials to the client. Electronic mail is acceptable where appropriate and where the client has authorized contact in this manner.

Item 18: Financial Information

A. Balance Sheet

PTLLC does not require the prepayment of fees of \$1,200 or more, six months or more in advance, and as such is not required to file a balance sheet.

B. Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients

PTLLC does not have any financial issues that would impair its ability to provide services to clients.

C. Bankruptcy Petitions During the Past Ten Years

There are no bankruptcy petitions to report.