

PART 2A OF FORM ADV:
FIRM BROCHURE

DME CAPITAL MANAGEMENT, LP

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This brochure provides information about the qualifications and business practices of DME Capital Management, LP. If you have any questions about the contents of this brochure, please contact us at (212) 973-1900 and/or info@greenlightcapital.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

Being a "registered investment adviser" or describing ourselves as being "registered" does not imply a certain level of skill or training.

This brochure is not an offering or solicitation of interests in funds managed by DME Capital Management, LP or its affiliates.

Item 2. Material Changes

This brochure includes no material changes since the brochure dated March 30, 2018.

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Item 4. Advisory Business

DME Capital Management, LP is a Delaware limited partnership that began operations in 2010. We are a value-oriented investment management firm that primarily invests and trades in long and short publicly listed equity securities, as well as distressed debt when cyclically attractive and gold and gold-related instruments. DME Advisors GP, LLC is our general partner and David Einhorn is our President and portfolio manager.

We provide investment advisory services to: (i) Greenlight Capital Investors, LP, a Delaware limited partnership; (ii) Greenlight Capital Offshore Investors, Ltd., a British Virgin Islands business company, which is the feeder fund for Greenlight Capital Offshore Master, Ltd.; and (iii) Greenlight Capital Offshore Master, Ltd., a British Virgin Islands business company (collectively, the “**DMEM Funds**”).

We make all investment decisions on behalf of the DMEM Funds. Our primary responsibilities for the DMEM Funds are to identify, review, and select investment opportunities that can achieve the DMEM Funds’ investment objectives. We and our affiliate, DME Management GP, LLC, the general partner of the domestic DMEM Fund, also provide certain administrative and management services to the DMEM Funds.

The primary investment objective of the DMEM Funds is to achieve capital appreciation by buying securities with trading values materially lower than their intrinsic values and by selling short securities with trading values materially higher than their intrinsic values. In addition, the DMEM Funds also offer investors the option to participate in the DMEM Funds’ investment program through the Gold Interests (as defined below), which are backed by exposure to Gold (as defined below). The DMEM Funds aim to achieve high absolute rates of return while minimizing the risk of capital loss. There can be no assurance that this investment objective will be achieved and investment results may vary substantially.

The DMEM Funds are authorized to invest, on margin or otherwise, in securities and other financial instruments of United States and foreign issuers, including, but not limited to: (i) capital stock; shares of beneficial interest; partnership interests and similar financial instruments; loans; bonds, notes, debentures (whether subordinated, convertible or otherwise), bank debt and other evidence of indebtedness; debt securities or other obligations of United States and foreign governments, or any states, agencies or instrumentalities thereof; commercial paper; other obligations and instruments or evidences of indebtedness of whatever kind or nature; in each case, of any person, government or other entity whatsoever, whether or not publicly traded or readily marketable; equipment lease certificates; equipment trust certificates; accounts and notes receivable and payable held by trade or other creditors; trade acceptances; contract and other claims; executory contracts; participations; open- and closed-end investment companies and other mutual funds; money market funds; exchange traded funds (“**ETFs**”); repurchase agreements; certificates of deposit; banker’s acceptances; trust receipts; currencies; and commodities; (ii) futures on the securities and instruments listed in (i) above, as well as futures relating to stock indices and other financial instruments; and (iii) derivatives, such as swaps, options, warrants, caps, collars, floors and forwards on the securities, instruments and futures listed in (i) and (ii) above, as well as interest rate, currency, commodity, equity and other derivatives, all without restriction of any kind.

We currently do not provide investment advisory services to clients apart from our management of the DMEM Funds and do not participate in wrap fee programs, although our affiliates do provide advice to other persons and/or entities (including other privately-offered pooled alternative investment vehicles, some of which have an investment strategy substantially similar to the DMEM Funds) and we and/or one or more affiliates may do so in the future.

As of January 1, 2019, the regulatory assets under management by DME Capital Management, LP were approximately \$1,302,189,595.

For a further discussion of these and related items, see **Item 7** (Types of Clients), **Item 8** (Methods of Analysis, Investment Strategies and Risk of Loss) and **Item 10** (Other Financial Industry Activities and Affiliations).

Item 5. Fees and Compensation

Management Fee and Performance Allocation

We receive from the DMEM Funds quarterly investment management fees (the “**Management Fee**”) at an annual rate equal to 1.5% of the value of each investor's investment, valued and payable as of the beginning of each quarter (0.375% per quarter). The Management Fee for capital contributions made, or shares purchased, during a calendar quarter will be charged pro rata for the initial quarter of purchase. The Management Fee is also adjusted for withdrawals or redemptions within a calendar quarter.

In consideration for the Management Fee, we bear the administrative expenses of the DMEM Funds and provide to the DMEM Funds office space and utilities, quotation and computer equipment and services, administrative services and secretarial, clerical and other personnel. The Management Fee may exceed or may be less than the expenses borne by us on behalf of the DMEM Funds.

Our affiliate, DME Management GP, LLC, is entitled to receive from the DMEM Funds an annual performance-based profit allocation (the “**Performance Allocation**”) generally at the end of each fiscal year in an amount equal to 20% of the increase in the value of each investor's investment, subject to a modified high water mark described below. The Performance Allocation generally will be allocated (a) at the end of each fiscal year and (b) with respect to withdrawals prior to the end of any fiscal year, immediately prior to the withdrawal.

The Performance Allocation taken in respect of the Dollar Interests (as defined below) will not take into account changes in value due to the receipt of the Dollar Series Compensation (as defined below). The Performance Allocation taken in respect of the Gold Interests will not take into account changes in value of the Gold Backing (as defined below) or the payment of the Dollar Series Compensation.

If at any time a loss occurs that results in the value of an investor's capital being less than the highest value of such capital at the close of any fiscal year since such investor's admission to the DMEM Funds, or the initial amount of capital contributed by such investor to the relevant DMEM Fund (the “**High Water Mark**”), then the Performance Allocation with respect to such

investor shall be 10% of such investor's allocable share of net profits, if any, until such time as the value of such investor's capital (gross of the Performance Allocation and the Dollar Series Compensation but net of all fees) is equal to the sum of (a) the High Water Mark, plus (b) an additional amount equal to 150% of the losses incurred by such investor (the sum of (a) plus (b) being the "**Modified High Water Mark**"). After such investor reaches the Modified High Water Mark, the Performance Allocation with respect to such investor will revert to 20%. Withdrawals by and distributions made to an investor will result in a proportional reduction of the Modified High Water Mark.

The Management Fee and the Performance Allocation may be waived, reduced or rebated for any investor, including, without limitation, for investments we or our affiliates make and/or for investments made by our employees and their family members.

Expenses

The DMEM Funds pay, whether directly or through reimbursement of us and our affiliates, all costs and expenses related to its investments and operations, including each DMEM Fund's pro rata share of such costs and expenses incurred, which costs and expenses include, 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 and services (including market data terminals, risk management services and order management systems) that fall within Section 28(e) of the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), 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, 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 DMEM Funds may invest, initial and variation margin, interest and commitment fees on debit balances or borrowings, stock borrowing fees and proxy solicitation expenses, legal costs and expenses, audit and tax preparation expenses, accounting fees, insurance expenses including costs of any liability insurance and fidelity bonds obtained on behalf of the DMEM Funds or officers' and directors' insurance, directors' fees and expenses, indemnification expenses, government and regulatory costs and expenses (including filing and license fees and preparation and submission of filings and licenses, including without limitation, Form PF preparation and filing fees) in connection with specific investments or offering interests in the DMEM Funds, 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 offering documents), costs of maintaining recognition as a professional fund, costs of maintaining registered agents and registered offices, costs of litigation or investigation involving the DMEM Funds' activities and fees of the administrator. A portion of these operating expenses may be shared with other investment entities or accounts we and our affiliates manage on an equitable basis.

Interest, fees, costs and expenses related to the Gold Leverage (as defined below) will generally be allocated solely to, and deducted from the value of, the Gold Backing. In addition,

expenses relating to (a) the Gold Backing, (b) the increased PB Leverage (as defined below), if any, due to the existence of the Gold Backing, including any interest and custodial expenses related thereto, and (c) the increased trading costs incurred by the DMEM Funds due to adjustments to the Gold Backing or the investment portfolio, will generally be specially allocated to the Gold Interests.

Our principals, members, managers, directors, officers and employees (collectively, “*supervised persons*”) and we do not accept any compensation for the sale of securities or other investment products, including interests in the DMEM Funds.

For a further discussion of these and related items, see **Item 12** (Brokerage Practices).

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

We manage only the DMEM Funds, which are subject to the Performance Allocation. We may provide investment advisory services to additional clients in the future that may have similar or different performance-based fees and/or allocations than the performance-based fees and/or allocations of the DMEM Funds (including other privately-offered pooled alternative investment vehicles, some of which may have an investment strategy substantially similar to the DMEM Funds).

The Performance Allocation may create an incentive for us to make investments that are riskier or more speculative than would be the case in the absence of the Performance Allocation.

We are required to act in a manner that we consider fair, reasonable and equitable in allocating investment opportunities to the DMEM Funds, but we and our affiliates are not otherwise subject to any specific obligations or requirements concerning the allocation of time, effort or investment opportunities, or any restrictions on the nature or timing of investments for the DMEM Funds. We are not required to accord exclusivity or priority to the DMEM Funds in the event of limited investment opportunities arising from the application of speculative position limits or other factors.

For a further discussion of these and related items, see **Item 5** (Fees and Compensation).

Item 7. Types of Clients

We provide investment advisory services to the DMEM Funds. We may in the future provide investment advisory services to additional clients including, but not limited to, other pooled investment vehicles, corporations, trusts, institutions, high net worth individuals, investment companies, pension plans, sovereign wealth funds, family offices, foundations and endowments.

For a further discussion of these and related items, see **Item 4** (Advisory Business) and **Item 10** (Other Financial Industry Activities and Affiliations).

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

We are a value-oriented investment management firm that primarily invests and trades in long and short publicly listed equity securities, as well as distressed debt when cyclically attractive and Gold. On behalf of the DMEM Funds, we seek to achieve capital appreciation by buying securities with trading values materially lower than their intrinsic values and by selling short securities with trading values materially higher than their intrinsic values. We aim to achieve high absolute rates of return while minimizing the risk of capital loss.

We combine the analytical discipline of determining intrinsic value with a practical understanding of markets. We seek to invest in mispriced securities where we can ascertain the reason for the market's mispricing. Our approach is rooted in fundamental analysis and rigorous examination of financial statements.

All investments involve risk of loss including loss of principal. There can be no assurance that our investment objective will be achieved, and investment results may vary substantially.

Investment Philosophy

We believe that capital markets are efficient over the long term. At the same time, however, we recognize that capital markets are inefficient over the short term in certain circumstances. The challenge we see for investors seeking to consistently outperform a market yardstick lies in 1) the recognition of temporary inefficiencies and/or the circumstances giving rise to such inefficiencies and 2) the ability to capitalize upon these value dislocations in a timely fashion.

We believe that a security's trading value is influenced by each of the following:

Fundamentals: This refers to a security's "intrinsic" value. We define intrinsic value as the present value of the cash flows that will be distributed to the owners of a security discounted at a rate that properly reflects the time value of money, the risk that expected cash flows will not be obtained, the volatility of the cash flows, and the security's liquidity. In the case of corporate securities, the cash flows derive either from the company's operations or from the sale of the company's operations and/or its assets.

Technicals: This refers to a security's historical trading pattern and prices. An example of a strategy that relies largely upon technical analysis is "momentum" investing wherein investors purchase securities that have recently appreciated in price in the expectation of further price increases.

Psychology: This refers to the propensity of investors to make investment decisions based upon greed and fear. Investors who have made money in an investment are often inclined to hope for additional profits and increase their exposure, while investors who have lost money in an investment are often inclined to worry about further losses and reduce their exposure. In today's markets, group psychological swings foster excessive movements in security prices.

Liquidity: This refers to the amount of capital committed to investing in an asset class vis-à-vis the size of the asset class. Assuming that intrinsic value remains unchanged, supply and demand dictate that security prices will rise when additional investment capital enters an asset class and will fall when investment capital leaves an asset class. For example, in today's equity market, when investors add liquidity by purchasing mutual funds or Exchange-Traded Funds, the managers of those funds face pressure to buy stocks regardless of the cheapness or dearness of equity prices.

We believe that trading values in the long term are determined by fundamental analysis. Notwithstanding this belief, technical, psychological and liquidity factors clearly influence trading values in the short term. Such temporary value dislocations create attractive opportunities for the alert, diligent and patient investor focused on intrinsic value.

Dislocations between intrinsic and trading values exist in two forms. In the first form, the influences of technicals, psychology and liquidity cause trading value to diverge from intrinsic value. The market temporarily focuses on something other than intrinsic value. We invest on the premise that the market will refocus on fundamentals and when it does trading value will converge with intrinsic value. In the second form, the market miscalculates intrinsic value due to a lack of either effort or ability. Here, we invest on the premise that the market will correct its assessment of intrinsic value and that the trading value will adjust accordingly.

We believe that an investment approach that emphasizes intrinsic value will achieve consistent absolute investment returns and safeguard capital regardless of market conditions.

Investment Methodology

We believe that there are four essential steps in making an investment. We believe our investment professionals possess particular competence with respect to each of these steps—identification, analysis, strategy and execution.

1) *Opportunity Identification:* We benefit from a voluminous and diverse flow of ideas. We have developed substantial professional relationships with investment bankers, lawyers, independent researchers, brokers, sell-side analysts, other fund managers, and corporate managers. Such relationships afford the DMEM Funds numerous opportunities that are consistent with our philosophy.

2) *Opportunity Analysis:* In view of the unquestionable breadth and diversity of investment opportunities available to the sophisticated investor, consistent outperformance in the capital markets requires successive narrowings of the opportunity universe based both upon one's competencies and one's desired level of risk. We invest primarily in publicly listed equity securities and corporate debt. In assessing a potential investment in a company, we typically use thorough financial analysis to determine whether or not a disparity exists between the company's intrinsic value and its market value.

Long equity positions are often in areas where we believe there may be systematic inefficiencies, such as spinoffs and companies undergoing significant structural or organizational changes. Long positions may also include securities trading at a discount to intrinsic value.

Short positions are generally in securities that we believe are overvalued and subject to fundamental deterioration.

We have substantial experience determining the intrinsic values of companies. Most of our professionals have worked in the corporate finance departments of leading investment banks or at other investment managers. They have been responsible for financial analyses and valuations of public and private companies. They have conducted qualitative evaluations of corporate management and strategy through on-site due diligence and deep fundamental research. Throughout our history, we have evaluated thousands of investment opportunities and selected only a small fraction for inclusion in the DMEM Funds' portfolios.

While we do not limit the industries in which we invest, we concentrate our efforts on situations where intrinsic value is most readily determinable by financial or accounting analysis. We believe that the key determinants of intrinsic value are the level, growth and prospective use of discretionary cash flows and realizable asset values. In other words, we believe corporate securities represent ownership in or a claim on a business and should not be viewed merely as speculative instruments bought in the hope that another buyer will pay a higher price in the future.

In developing a financial analysis, we typically cull and evaluate information from company financial statements and meetings and conversations with management, competitors, industry analysts and other market participants. If this financial analysis confirms a valuation disparity hypothesis, we attempt to determine the risk/return characteristics of the potential investment. Such a determination at the outset is not merely a mathematical computation using probabilities and return scenarios intended to select all investments with positive weighted returns. Rather, it is an attempt to further hone the opportunity universe from which to build an investment portfolio by rejecting those potential investments with relatively high or more difficult to ascertain risks.

When we determine that intrinsic value is sufficiently disparate from current trading value, we attempt to identify the reason for the disparity to assess the likelihood the disparity will be eliminated. Possible reasons include the market's miscalculation of intrinsic value (often because the analysis is technically difficult), selling pressure from investors who are either unable (e.g., a distressed seller) or unmotivated (e.g., a tax driven seller) to hold the position, or overly strong market optimism or pessimism as a result of recent news events. We believe that, intrinsic value notwithstanding, unless apparent market anomalies are understood and their resolutions considered, disparities between trading and intrinsic values can persist for the intermediate term.

3) *Investment Strategy:* Any particular security of any particular company may be an attractive investment on its own merits, in relation to another security of the same company, or in relation to a security of another company. In each opportunity, we seek to optimize the risk/return ratio. Our professionals have experience not only in buying publicly listed equity securities and corporate debt, but also in selling securities short and investing in private placements, futures, currencies, commodities, credit default swaps, interest rate swaps, sovereign debt, derivatives and other instruments. Before committing capital, we generally conduct a thorough evaluation of available investment instruments in order to best exploit an opportunity.

In addition to considering the strategy for each individual investment position, we regularly consider strategy for the portfolio as a whole. Though short sales will, in effect, hedge the portfolio against market downturns, we generally only sell short securities that we believe will fall regardless of market conditions. The portfolio is built from the bottom up by evaluating each position on its own merit. We also consider and analyze the global macroeconomic environment and may make certain investments based upon these insights. With regard to portfolio strategy, we assess all of the following:

- *Concentration of Investments:* We anticipate that no single initial long equity investment will constitute more than 20% of the net asset value of a DMEM Fund at cost. We anticipate that no single initial short equity investment will constitute more than 10% of the net asset value of a DMEM Fund at cost. Portfolio allocations reflect our relative confidence in the investments.
- *Liquidity:* We consider the liquidity of each investment and consequently of the portfolio as a whole. Where liquidity is limited, we usually invest only if we expect a higher rate of return to compensate for the additional risk imposed. To the extent we invest in illiquid securities, we may segregate such investments from the other assets of the DMEM Funds through, for example, the use of one or more special purpose vehicles.
- *Monitoring:* We consistently re-evaluate each position in the portfolio to monitor changes in intrinsic value and trading value. This constant reassessment process characterizes our risk control approach.
- *Leverage:* We plan to employ leverage beyond what is routinely available through the use of brokerage firm margin accounts, including, without limitation, the Gold Leverage and the PB Leverage.

4) *Investment Execution:* Our professionals have significant experience in executing both equity and debt security trades as well as more complex over-the-counter and derivative transactions. We benefit from unusually strong relationships with a broad array of agents and principals who are instrumental in characterizing markets, locating buyers and sellers, borrowing stock for short sales, and executing trades.

Our investment methodology can clearly be applied to a wide variety of investments. What remains constant is the discipline employed to create, monitor, and realize the profits on each investment of the DMEM Funds.

The Gold Interests and the Dollar Interests

The DMEM Funds offer two types of interests, the “**Gold Interests**” and the “**Dollar Interests**”. The Gold Interests participate in the portion of the DMEM Funds’ investment portfolio allocated to the Gold Interests (the “**Gold Interests Portfolio Investments**”) and the Gold Backing. The Dollar Interests participate in the portion of the DMEM Funds’ investment portfolio allocated to the Dollar Interests and Gold, if any.

The “**Gold Backing**” is Gold acquired to obtain exposure to the performance of Gold for the Gold Interests. “**Gold**” may consist of (a) physical gold (allocated or unallocated accounts),

(b) futures on gold, (c) options on gold or gold futures, (d) gold exchange traded funds, (e) other gold derivatives, such as swaps and forwards, and (f) any other instrument, investment, asset or security that we reasonably determine is a “gold” investment. With respect to the Gold Interests, we generally intend that for every dollar of net asset value of the Gold Interests there will be a dollar of Gold Backing and a dollar of Gold Interests Portfolio Investments. We may achieve this by periodically increasing or decreasing the amount of the Gold Backing and/or the Gold Interests Portfolio Investments. In addition, we generally intend, on a periodic basis, to adjust the allocation of the DMEM Funds’ portfolio investments among the Gold Interests and the Dollar Interests in an attempt to maintain such dollar-for-dollar ratio. However, there can be no assurance that the DMEM Funds will be able to achieve or maintain these ratios for the Gold Interests.

The DMEM Funds leverage the Gold Backing (“**Gold Leverage**”) to make funds available to permit the DMEM Funds to make the Gold Interests Portfolio Investments. Gold Leverage may be obtained by borrowing against physical gold pursuant to one or more collateralized credit facilities, or by utilizing futures, options, ETFs, swaps, forward contracts, repurchase transactions, other derivatives and other similar instruments, arrangements or transactions. In addition, the DMEM Funds use leverage made available by their prime brokers (the “**PB Leverage**”) to make funds available to permit the DMEM Funds to make investments in the investment portfolio that are allocated to both the Dollar Interests and the Gold Interests.

As compensation for the fact that (a) the portfolio investments underlying the Dollar Interests will be used as collateral for, or will otherwise be available to satisfy, leverage, and may be subject to increased PB Leverage due to the existence of the Gold Backing, and (b) making adjustments to the Gold Backing and/or the investment portfolio may (i) cause the DMEM Funds to buy or sell portfolio investments underlying the Dollar Interests at times and at prices that are not optimal, and may cause trading losses, (ii) increase trading, transactional and other costs and expenses, and (iii) increase the risk that the Dollar Interests may be more or less invested in the investment portfolio on a percentage basis than they might be if the Gold Backing did not exist, a use of funds charge (the “**Dollar Series Compensation**”) will be charged against the Gold Interests quarterly in arrears and will be credited to the Dollar Interests.

The investment objectives and methods summarized above represent our current intentions. Depending on conditions and trends in the securities markets and the economy in general, we may pursue any objectives, employ any investment techniques or purchase any type of security or financial instrument that we consider appropriate and in the best interests of the DMEM Funds. The discussion above includes and is based upon numerous assumptions and opinions concerning global financial markets and other matters. These assumptions and opinions may not be accurate. **There can be no assurance that the DMEM Funds’ investment strategy will achieve profitable results.**

General Risks

Leverage. The success of the DMEM Funds’ investment strategy depends on the availability of credit in order to permit the DMEM Funds to obtain leverage. The DMEM Funds use leverage in order to make portfolio investments and to acquire the Gold Backing. The use of such leverage increases both the possibility of gain and risk of loss. Consequently, the effect of

fluctuations in the value of the Gold Backing and the portfolio investments will be amplified. In addition, the DMEM Funds use PB Leverage in excess of the limits provided by Regulation T of the Federal Reserve Board, which would otherwise limit the DMEM Funds' ability to borrow to a maximum of 50% of the purchase price of securities that are purchased on margin. Therefore, an investment in the DMEM Funds is expected to be subject to increased leverage-based risk as compared to other investment vehicles.

The leverage used by the DMEM Funds will likely be obtained from commercial banks, prime brokers, other brokers and dealers, and other lenders and counterparties. In addition, the DMEM Funds may obtain additional leverage through the use of swaps, options, futures, forward contracts and other derivative instruments. While we will attempt to negotiate the terms of the leverage with the providers, our ability to do so may be limited. We may not be successful in obtaining or maintaining any such leverage on acceptable terms, or at all. The DMEM Funds may, therefore, be subject to changes in the value that the leverage providers ascribe to a given security or position, the amount of margin required to support such security or position, the borrowing rate to finance such security or position and/or such lender's willingness to continue to provide any such credit to the DMEM Funds.

All Fund Assets Available as Collateral for Leverage. In connection with obtaining leverage, the DMEM Funds may grant to one or more leverage providers a security interest in some or all of the assets of the DMEM Funds, including the Gold Backing, the Gold and portfolio investments underlying the Dollar Interests, and the Gold Interests Portfolio Investments. In addition, all of the assets of the DMEM Funds, including the Gold Backing, the Gold and portfolio investments underlying the Dollar Interests, and the Gold Interests Portfolio Investments, will be available to satisfy the DMEM Funds' obligations to the leverage providers. Consequently, if for any reason the DMEM Funds cannot obtain, maintain or repay all or any portion of the leverage, including without limitation, due to a significant or rapid decrease in the value of Gold or the DMEM Funds' portfolio investments, the DMEM Funds would be forced to liquidate all or a portion of the Gold Backing and/or the DMEM Funds' portfolio investments on short notice at distressed prices. This could result in significant losses to the DMEM Funds and to investors, including holders of the Dollar Interests, even though the Gold and portfolio investments underlying the Dollar Interests do not benefit from the Gold Leverage, and only partially benefit from the PB Leverage.

For accounting purposes, the assets and liabilities of each of the DMEM Funds' portfolios (i.e. the portfolio investments made for the benefit of both the Dollar Interests and the Gold Interests, the Gold investment, if any, made for the benefit of the Dollar Interests, and the Gold Backing) will be segregated on the DMEM Funds' books and records. However, the portfolios are not separate legal entities, but rather part of one legal entity. Therefore, all of the assets of a DMEM Fund may be at risk and the assets of any series may be applied to meet any claims by creditors of that DMEM Fund, including, without limitation, leverage providers, in circumstances in which liabilities of such series exceed its assets. In practice, cross-series liability will usually only arise where any series becomes insolvent or exhausts its assets and is unable to meet all of its liabilities.

Allocation of Leverage Expenses. The interest, costs and other expenses of leverage will be expenses of the DMEM Funds and will affect the operating results of the DMEM Funds.

However, the interest, costs and expenses of the Gold Leverage will generally be allocated solely to the Gold Backing, and the interest, costs and expenses of the increased amount of the PB Leverage utilized due to the borrowing required to fund the portfolio investments underlying the Gold Interest will generally be allocated solely to the Gold Interests.

Dollar Series Compensation May Not Fully Compensate for Risks. Investors in the Dollar Interests receive the Dollar Series Compensation in order to compensate such investors for the risks borne by the Dollar Interests due to, among other things, the DMEM Funds' use of leverage for the benefit of the Gold Interests. However, the Dollar Series Compensation may not provide sufficient compensation for these risks to investors in the Dollar Interests. If the DMEM Funds were to incur significant losses, investors in the Dollar Interests may lose their entire investment in the DMEM Funds. In addition, we have the absolute right to amend, revise or change the manner in which the Dollar Series Compensation is to be calculated, or charged, provided that any such amendment, revision or change is reasonable and equitable as determined by us.

Changes in the Price of Gold Will Indirectly Impact the Dollar Interests. Despite the fact that the Dollar Interests do not participate in the Gold Backing, changes in the price of Gold may have adverse effects on the Dollar Interests. Changes in the price of Gold (and consequently the value of the Gold Backing) may cause us to make adjustments to the DMEM Funds' portfolio investments made for the benefit of both the Dollar Interests and the Gold Interests. This may cause the DMEM Funds to buy or sell investments, including the Gold and portfolio investments underlying the Dollar Interests, at times and at prices that are not optimal, may cause trading losses, increase trading, transactional and other costs and expenses, and may increase the risk that investments, including the Dollar Interests, may be more or less invested in portfolio investments on a percentage basis than they might be if the Gold Backing did not exist. In addition, if Gold markets experience sudden wide fluctuations, the DMEM Funds may incur substantial losses and may be required to or otherwise determine to liquidate or dissolve the DMEM Funds, which may have a detrimental effect on the Dollar Interests.

Compulsory Interest Exchange; Liquidation of Gold Interests or Fund. We may at any time in our sole discretion (a) impose a maximum percentage of the aggregate assets of the DMEM Funds that may be held in the Gold Interests, (b) suspend or eliminate the ability of investors to exchange Gold Interests for Dollar Interests, or Dollar Interests for Gold Interests, (c) compulsorily exchange all or a portion of one or more investor's Gold Interests into Dollar Interests, or (d) liquidate and dissolve the Gold Backing, the portfolio investments and/or the DMEM Funds. In particular, and without limiting the foregoing, we may take any such actions if the DMEM Funds are unable to obtain or maintain sufficient leverage or Gold Backing for the Gold Interests.

Risks Associated with Investing in Physical Gold. Physical gold held by the DMEM Funds may be subject to loss, damage, theft or restriction on access. In addition, some or all of the DMEM Funds' physical gold could be seized by one or more governments, including the United States government. Access to the DMEM Funds' physical gold could also be restricted by natural events (such as an earthquake) or human actions (such as a terrorist attack). Any of these events may adversely affect the operations of the DMEM Funds and, consequently, an investment in both the Gold Interests and the Dollar Interests.

The DMEM Funds may not have adequate sources of recovery if their physical gold is lost, damaged, stolen or destroyed, and recovery may be limited, even in the event of fraud, to the market value of the gold at the time the fraud is discovered. The DMEM Funds are not required to insure their gold. In addition, the insurance coverage of the custodians and sub-custodians storing the DMEM Funds' physical gold (the "*Custodians*") may not be adequate. Consequently, a loss may be suffered with respect to the DMEM Funds' gold which is not covered by insurance and for which no person may be held liable.

Claims against the Custodians under the custody agreements may only be asserted by the DMEM Funds and not their investors. The liability of the Custodians to the DMEM Funds is limited under the custody agreements between the applicable DMEM Fund and the respective Custodians. If the DMEM Funds' physical gold is lost, damaged, stolen or destroyed under circumstances rendering a party liable to the DMEM Funds, the responsible party may not have the financial resources sufficient to satisfy the DMEM Funds' claim.

Investments in physical gold will be held in accounts that are either "allocated" or "unallocated" gold accounts. Unallocated gold held in the DMEM Funds' account with a Custodian will not be segregated from the Custodian's other assets. Therefore, the DMEM Funds will not have any proprietary rights to any specific physical gold held by the Custodian and will be an unsecured creditor of the Custodian with respect to the amount of gold held in such unallocated accounts. If the Custodian becomes insolvent, its assets may not be adequate to satisfy a claim by the DMEM Funds. In addition, in the event of the Custodian's insolvency, a liquidator may seek to freeze access to the physical gold held in all of the accounts held by the Custodian, including the DMEM Funds' allocated and unallocated gold accounts. Although the DMEM Funds would be able to assert ownership of properly allocated gold, the DMEM Funds could incur expenses in connection with asserting such claims.

Neither we nor any of the Custodians are required to confirm the fineness of any physical gold held by the DMEM Funds. Physical gold held by the DMEM Funds may be different from the reported fineness or weight required by the DMEM Funds or the markets in which the DMEM Funds may trade physical gold. In such an event, the DMEM Funds and their investors may suffer significant losses.

Changes in the Price of Gold Will Directly Impact the Gold Interests. Since the Gold Interests will be backed by the Gold Backing, the value of the Gold Interests will be significantly affected by changes in the price of Gold. If Gold markets experience sudden wide fluctuations, the DMEM Funds may incur substantial losses and may be required to or otherwise determine to liquidate or dissolve the Gold Backing or the DMEM Funds, which may have a detrimental effect on the Gold Interests.

Performance of the Gold Interests Will Be Different From the Dollar Interests. The value of the Gold Interests is based on the value of the Gold Backing and the Gold Interests Portfolio Investments, and the value of the Dollar Interests is based on the value of the Gold and portfolio investments underlying the Dollar Interests. Consequently, the net asset value and investment performance of the Gold Interests and the Dollar Interests will differ from one another. The net asset values and performance may differ for many reasons, including that (a) the value of the Gold Interests will be impacted by changes in the value of the Gold Backing and

the Dollar Interests will not, (b) the Gold Interests Portfolio Investments will not include portfolio investments in Gold, while the Dollar Interests may include such Gold investments, (c) the interest, costs and expenses of the Gold Leverage will generally be allocated solely to, and deducted from the value of, the Gold Backing, and the interest, costs and expenses of the increased amount of the PB Leverage required to fund the Gold Interests Portfolio Investments, will generally be allocated solely to the Gold Interests, and (d) the Dollar Series Compensation will be deducted from the Gold Interests and credited to the Dollar Interests.

Holders of the Gold Interests should note that even if the aggregate value of the Gold Interests Portfolio Investments increases, if the value of the Gold Backing decreases by more than the amount of the aggregate increase in the value of the Gold Interests Portfolio Investments, the net asset value of the Gold Interests will decrease. In such an event, the net asset value of the Gold Interests could decrease at a time when the net asset value of the Dollar Interests has increased.

The Gold Interests May Not be 100% Backed by Gold and May Not be 100% Invested in Portfolio Investments. The ratio of the net asset value of the Gold Interests to the value of the Gold Backing and the Gold Interests Portfolio Investments will change frequently due to changes in the value of the Gold Backing and/or the Gold Interests Portfolio Investments, as well as investments in and withdrawals from the Gold Interests, and for other reasons. While we generally intend that for every dollar of net asset value of the Gold Interests, there will be a dollar of Gold Backing and a dollar of the Gold Interests Portfolio Investments, there can be no assurance that we will be successful in achieving or maintaining these ratios for the Gold Interests. In addition, we can deviate from this dollar-to-dollar ratio in our discretion. Therefore, there may be times when the Gold Interests will not be 100% backed by Gold Backing, and times when the Gold Interests will not be 100% invested in Gold Interests Portfolio Investments, or both.

Not an Investment in Gold. An investment in the Gold Interests is not an investment in gold. It is an investment in the Gold Backing and the portfolio investments. As described above, it is possible that the Gold Interests will not be 100% backed by Gold at all times, and may be backed by significantly less Gold in our sole discretion.

Gold Interest Performance Allocation. Holders of the Gold Interests should note that the Performance Allocation will only be charged with respect to changes in the value of the Gold Interests Portfolio Investments, and not changes in the Gold Backing. So, in a scenario where the value of the Gold Interests Portfolio Investments increases, and the value of the Gold Backing decreases, a Performance Allocation will be charged in respect of the full increase in the value of the Gold Interests Portfolio Investments. Therefore, an investor in the Gold Interests may be charged a Performance Allocation even for a period in which the overall net asset value of the Gold Interests has declined due to a decrease in the value of the Gold Backing. For example, if the net asset value of the Gold Interests Portfolio Investments were to increase by \$400,000, and the net asset value of the Gold Backing were to decrease by \$500,000, a Performance Allocation would be charged with respect to the full \$400,000 increase in the value of the Gold Interests Portfolio Investments, even though the overall value of the Gold Interests decreased by \$100,000.

In addition, holders of the Gold Interests should note that the Dollar Series Compensation will not be deducted as an expense of the Gold Interests for purposes of calculating the Performance Allocation.

Volatility of the Price of Gold. Many factors may affect the price of gold, including, without limitation: (i) global gold supply and demand, which is influenced by such factors as forward selling by gold producers, purchases made by gold producers to unwind gold hedge positions, central bank purchases and sales and lending, and production and cost levels in major gold-producing countries; (ii) global or regional political, economic or financial events and situations; (iii) investors' expectations with respect to the rate of inflation and global monetary and fiscal policies; (iv) currency exchange rates and interest rates; and (v) investment and trading activities of other pooled investment funds and commodity funds. In addition, the possibility of large-scale distress of gold prices in times of crisis may have a short-term negative impact on the price of gold and adversely affect an investment in the DMEM Funds. Crises in the future may impair gold's price performance, which would, in turn, adversely affect an investment in the DMEM Funds.

Furthermore, substantial sales of gold by the official sector could adversely affect an investment in the DMEM Funds. The official sector consists of central banks, other governmental agencies and multi-lateral institutions that buy, sell and hold gold as part of their reserve assets.

Investment and Trading Risks Generally. No guarantee or representation is made that the DMEM Funds' investment program, including, without limitation, the DMEM Funds' investment objective, diversification strategies or risk monitoring goals, will be successful. Investment results may vary substantially over time. No assurance can be made that profits will be achieved or that substantial or complete losses will not be incurred. Past investment results of the investments otherwise made by our investment professionals or the investment professionals of our affiliates are not necessarily indicative of the DMEM Funds' or our future performance.

The profitability of the DMEM Funds' investment program depends to a great extent upon correctly assessing the future price movements of securities and other investments. There can be no assurance that we will be able to accurately predict these price movements. With respect to the investment strategy utilized by the DMEM Funds, there is always a significant degree of market risk, including the risk of a complete loss of capital.

The performance of any investment is subject to numerous factors which are not predictable by us or within our control. Such factors include a wide range of economic, political, competitive and other conditions (including acts of terrorism and war) that may affect investments in general or in specific industries or companies. In recent years, the securities markets have become increasingly volatile, which may adversely affect the ability of the DMEM Funds to realize profits. As a result of the nature of the DMEM Funds' investing activities, investors may incur substantial losses on their investments in the DMEM Funds, and it is possible that the DMEM Funds' financial performance may fluctuate substantially from period to period.

Broad Discretionary Power to Choose Investments and Strategies. We have broad discretionary power to decide what investments the DMEM Funds will make and what strategies they will use. We may choose any investments and strategies that we believe are advisable and consistent with the DMEM Funds' investment objective.

Potential Concentration of Investments. The DMEM Funds will seek to maintain a diversified portfolio, and we anticipate that no single initial long equity investment will constitute more than 20% of the net asset value of a DMEM Fund, and that no single initial short equity investment will constitute more than 10% of the net asset value of a DMEM Fund, in each case determined based on initial cost. Although we expect to spread the DMEM Funds' capital among a number of investments, we may depart from such policy from time to time and may hold a few, relatively large positions in relation to the DMEM Funds' capital. Since a DMEM Fund's portfolio will not necessarily be widely diversified, the investment portfolio of a DMEM Fund may be subject to more rapid changes in value than would be the case if the DMEM Funds maintained a more diversified investment portfolio.

Control Positions. The DMEM Funds may purchase controlling positions in publicly traded companies. Such controlling positions may be subject to increased restrictions on transfer, and the disposition of such control positions may be subject to increased transaction costs.

Board and Committee Participation. We anticipate that the DMEM Funds' investment program may from time to time enable the DMEM Funds to place representatives on creditors committees and/or boards of certain companies in which the DMEM Funds have invested. While such representation may enable the DMEM Funds to enhance the sale value of their investments, such representative will acquire fiduciary duties to the company on whose board or committee the representatives sit and such representation may also prevent the DMEM Funds from freely disposing of their investments and may subject the DMEM Funds to additional potential liability. The DMEM Funds will indemnify us and any other person designated by us for claims arising from such board or creditors committee representation.

Material, Nonpublic Information. From time to time, we may come into possession of material, nonpublic information that would limit our ability to buy and sell investments. The DMEM Funds may experience losses if they are unable to establish an initial position, take a larger position, sell an investment, or cover a short position that they hold because we have obtained material, nonpublic information about such investment.

Short Sales. The DMEM Funds sell securities short, which involves borrowing a security that the DMEM Funds do not own, selling the security, and then purchasing the security at a later time to replace the borrowed security. A short sale results in a gain if the price of the security sold short declines between the date of the short sale and the date on which the security is purchased to replace the borrowed security. A short sale results in a loss if the price of the security sold short increases. Any gain is decreased, and any loss is increased, by the amount of any payment, dividend or interest that the DMEM Funds must pay for the borrowed security. A short sale involves a finite opportunity for gain, but unless the DMEM Funds has otherwise hedged their exposure, a theoretically unlimited risk of loss.

If the price of a security sold short increases, the DMEM Funds may have to provide additional collateral to maintain the short position. This could require the DMEM Funds to increase the amount of the DMEM Funds' leverage or sell other portfolio investments to provide such additional collateral. Such sales might not be at favorable prices. Also, the lender of the securities sold short can request their return. Under adverse market conditions, or in illiquid markets, the DMEM Funds might not be able to purchase securities to meet the delivery requirement or may not be able to borrow securities from other lenders. In such an event, the DMEM Funds may be subject to a mandatory close-out of the short position, which could result in unintended costs and losses.

It may not be possible to borrow securities when we wish to make a short sale, particularly in illiquid markets. Traditional lenders of securities might be less likely to lend securities under certain market conditions. As a result, the DMEM Funds may not be able to effectively pursue a short selling strategy due to a limited supply of securities available for borrowing.

In addition, regulatory authorities may from time to time impose restrictions and prohibitions on short selling activities that could adversely affect the DMEM Funds' ability to engage in short sales or borrow certain securities in connection with short sales. For example, the U.S. Securities and Exchange Commission ("*SEC*") adopted a short sale price test by amending Rule 201 of Regulation SHO which limits short sales in a security if the price of that security has declined by a certain amount. Temporary restrictions and/or prohibitions on short selling activity may be imposed by regulatory authorities with little or no advance notice. Restrictions on the short selling of securities could limit the DMEM Funds' ability to execute certain aspects of their investment strategies, including their ability to hedge certain exposures and execute transactions to implement their risk management measures, and any such limitations may adversely affect the performance of the DMEM Funds. See the risks described under "*Enhanced Regulation of Short Sales in the EU*" below.

Derivative Investments. The DMEM Funds may use derivative instruments, or "derivatives," which include futures, options, swaps, 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 can result not only in the loss of the entire investment, but may also expose the DMEM 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.

Exchange Traded Funds. The DMEM Funds may invest in and sell short shares of ETFs and other similar instruments. These transactions may be used to adjust the DMEM

Funds' exposure to the general market, industry sectors, commodities or interest rates, to manage the DMEM Funds' risk exposure and to provide leverage. ETFs and other similar instruments involve risks generally associated with investments in a broadly based portfolio of common stocks or commodities, including the risk that the general level of stock prices or commodity 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.

Options. The DMEM Funds may invest in options. Investing in options can provide a 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.

Swap Transactions. The DMEM Funds may enter into swap transactions with respect to equity and debt securities, interest rates, commodities, including, without limitation, physical gold and gold securities, currencies, options, indices or baskets of the foregoing and other assets and liabilities, including credit default swaps. In a standard "swap" transaction, the counterparties agree to exchange payments based on the values (or the differential in values) of the particular underlying assets. Traditionally, such transactions were privately-negotiated bilateral contracts entered into between two counterparties under which each swap counterparty was subject to the risk of non-performance by the other swap counterparty, including risks relating to the creditworthiness of such swap counterparty. Depending on the type of swap transaction, the nature of the counterparty and the market in which a swap transaction is executed, swap transactions may present a variety of risks, including counterparty credit risk and illiquidity. See the risks described under "*Credit Risk*" and "*Counterparty Risk*" below. In addition, the full effect of current and future swaps regulations remains unclear, and it is possible that these regulations may make swaps less desirable. As a result, the DMEM Funds' investments in swaps may be reduced and the DMEM Funds' returns may be negatively impacted. See the risks described in "*Regulation of Over-the-Counter Derivatives*" below.

Regulation of Over-the-Counter Derivatives. As a result of the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act (the "***Dodd-Frank Act***"), the SEC and the U.S. Commodity Futures Trading Commission (the "***CFTC***") will require a substantial portion of derivative transactions that are currently executed on a bilateral basis in the over the counter ("***OTC***") markets to be executed through a regulated securities, futures or swap exchange or execution facility. For example, certain interest rate swaps, including certain foreign exchange forwards defined as swaps by the CFTC, and credit default index swaps, are required by the CFTC to be submitted for clearing if traded by such persons. Certain CFTC-regulated derivatives trades are also expected to be subject to these rules. It is not yet clear when parallel SEC requirements will go into effect.

Among other things, in the U.S., swap trades submitted for clearing will be subject to minimum initial and variation margin requirements set by the relevant clearinghouse, as well as possible SEC or CFTC-mandated margin requirements. Regulators also have broad discretion to impose margin requirements on non-cleared OTC derivatives and new requirements will apply to derivatives dealers' holding of customer collateral. Derivatives dealers may require the DMEM Funds to give them the right to unilaterally increase collateral requirements for cleared OTC trades beyond regulatory and clearinghouse minimums. These factors may increase the amount of collateral the DMEM Funds are required to provide and the costs associated with providing it.

In an effort to facilitate derivatives strategies, the DMEM Funds, our affiliates, and/or we might become members of exchanges and/or swap execution facilities (“*SEF*”). Doing so would subject the DMEM Funds, our affiliates, and/or ourselves to a wide range of regulation and other obligations and associated costs. Like other self-regulatory organizations, SEFs are expected to regularly revise and interpret their rules and those revisions and interpretations could adversely affect the DMEM Funds. If the DMEM Funds opt not to trade on a SEF directly but instead through a broker, such trading may nevertheless require the DMEM Funds to consent to the SEF's jurisdiction as a self-regulatory organization and to be subject to the SEF's rules, which could adversely impact the DMEM Funds.

In Europe, the E.U. Market Infrastructure Regulation on OTC derivatives, central counterparties and trade repositories (“*EMIR*”) imposes requirements in respect of derivative contracts that may affect the DMEM Funds' derivatives activities in Europe, including a general obligation to clear certain types of OTC derivative contracts through a duly authorized central counterparty. EMIR will largely be implemented through secondary measures, some of which are already in effect, and some of which will come into effect over the coming years.

While these and other legislative and regulatory measures may provide protections for some market participants, they are new, are still being implemented and their effects on the derivatives markets activities cannot be reliably predicted. They may reduce the availability of some types of derivative instruments, may increase the cost of trading in or maintaining them and may cause uncertainty in the markets for a variety of derivative instruments.

Futures Contracts. The DMEM Funds may trade in futures contracts (and options on futures). Futures positions may be illiquid because, for example, most U.S. 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 futures contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent the DMEM Funds from promptly liquidating unfavorable positions and subject the DMEM Funds to substantial losses. In addition, the DMEM Funds may not be able to execute futures contract trades at favorable prices if trading volume in such contracts is low. It is also possible that an exchange or a regulator (such as the CFTC) may suspend trading in a particular contract, change margin requirements on a particular contract, order immediate liquidation and settlement of a particular contract or order that trading in a particular contract be conducted for liquidation only. In addition, the CFTC and various exchanges impose speculative position limits on the number of positions that may be

held in particular underliers. Trading in futures contracts and options are highly specialized activities that may entail greater than ordinary investment or trading risks. Furthermore, low margin or premiums normally required in such trading may provide a large amount of leverage, and a relatively small change in the price of a security or contract can produce a disproportionately larger profit or loss.

Forward Trading. Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and “cash” trading is substantially unregulated; there is no limitation on daily price movements, and speculative position limits are not applicable. In addition, there are no requirements with respect to record keeping, financial responsibility or segregation of customer funds or positions. In contrast to exchange-traded futures contracts, interbank traded instruments rely on the dealer or contracting counterparty to fulfill its contracts. As a result, trading in interbank contracts may be subject to more risks than futures or options trading on regulated exchanges, including, but not limited to, the risk of default due to the failure of a counterparty with which the DMEM Funds have forward contracts. See the risks described under “*Credit Risk*” and “*Counterparty Risk*” below. The forward markets can experience periods of illiquidity, sometimes of significant duration. The imposition of controls by governmental authorities might also limit our ability to engage in forward trading to the possible detriment of the DMEM Funds. Market illiquidity or disruption could result in significant losses to the DMEM Funds.

Hedging. The DMEM Funds may in our sole discretion 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, our 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 DMEM Funds’ hedging strategies may also be subject to our 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. While the DMEM Funds may enter into hedging transactions to seek to reduce risk, such transactions may result in poorer overall performance for the DMEM Funds than if they had not engaged in any such hedging transaction. The DMEM Funds’ portfolio will not be completely hedged and at times we may elect to have minimal, if any, hedging in place. Accordingly, the DMEM Funds’ assets may not be protected from market volatility and other conditions.

Securities Lending. Some of the securities held by the DMEM Funds may be pledged as collateral in connection with the PB Leverage or otherwise in the DMEM Funds’ margin accounts, which will subject the DMEM Funds to the risks associated with such pledging arrangements. The DMEM Funds may also engage in additional programs of securities lending. To the extent the DMEM Funds engage in securities lending, there may be risks of delay and costs involved in the recovery of securities or even losses should the borrower of the securities have financial difficulty or otherwise fail to meet its obligations under the securities lending arrangement.

While the DMEM Funds expect to receive collateral in connection with the lending of securities, there is the risk that the price of the securities could increase while they are on loan and that the collateral will be inadequate to cover their value. In general, it is expected that the DMEM Funds will seek to consider all relevant facts and circumstances, including the creditworthiness of the broker, dealer or other borrower, in making decisions with respect to the lending of securities, although this cannot be assured.

Investments in Fixed-Income Securities. The DMEM Funds may invest in bonds or other fixed income securities, including, without limitation, notes and debentures issued by corporations, debt securities issued or guaranteed by governments or agencies or instrumentalities thereof, commercial paper and higher yielding debt securities of such issuers. These securities may pay fixed, variable or floating rates of interest, and may include zero coupon obligations. Fixed income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity. It is likely that a major economic recession or other event could disrupt the market for such securities and may have an adverse impact on the value of such securities. In addition, it is likely that any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default on such securities.

Distressed Securities. The DMEM Funds may invest in securities and other obligations of companies that are experiencing significant financial or business distress, including companies involved in bankruptcy or other reorganizations and liquidation proceedings. Although such investments may produce significant returns to the DMEM Funds, they involve a high degree of risk over a potentially lengthy period of time, as well as less liquidity than many other investments. Investment in these types of securities requires sophisticated analysis, and there can be no assurance that we will accurately predict various factors that could affect the prospects of a successful restructuring. Many of these investments ordinarily remain stagnant until the company reorganizes and/or emerges from bankruptcy proceedings, and, as a result, may have to be held for an extended period of time.

Other Commodities. The DMEM Funds may invest in commodities other than gold, which is discussed above, and derivatives on such commodities. The prices of commodities and commodities contracts are highly volatile. Price movements of commodities are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The value of certain futures, options and swap agreements also depends upon the price of the commodities underlying them. In addition, the DMEM Funds' assets are subject to the risk of the failure of any of the exchanges on which their positions trade or of their clearinghouses or counterparties. See the risks described under "*Credit Risk*" and "*Counterparty Risk*" below.

As part of its emergency powers, an exchange or the CFTC can suspend or limit trading in a particular contract, order immediate liquidation and settlement of a particular contract, or order that trading in a particular contract be conducted for liquidation only. The possibility also

exists that non-U.S. governments may intervene to stabilize or fix exchange rates, restricting or substantially eliminating trading in certain affected currencies.

Investments in Foreign Securities. Investments in foreign securities involve certain factors not typically associated with investing in U.S. securities, such as risks relating to (a) currency exchange matters, including fluctuations in the rate of exchange between the U.S. Dollar (the currency in which the books of the DMEM Funds are maintained) and the various foreign currencies in which the DMEM Funds' portfolio securities will be denominated and costs associated with conversion of investment principal and income from one currency into another, (b) differences between the U.S. and foreign securities markets, including the absence of uniform accounting, auditing and financial reporting standards and practices and disclosure requirements, and greater or lesser government supervision and regulation, (c) political, social or economic instability, (d) the extension of credit, especially in the case of sovereign debt, and (e) certain tax-related risks including, without limitation, uncertainties in the application of tax laws by non-U.S. jurisdictions, the imposition of withholding and other taxes on dividends, interest, capital gains or other income, the possibility of expropriation, confiscatory taxation and limitations on the removal of funds or other assets of the DMEM Funds from such non-U.S. jurisdictions.

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

The United Kingdom's Vote to Withdraw from the European Union. The anticipated withdrawal of the United Kingdom from the European Union, and the uncertainty regarding the terms on which the withdrawal will be effected, may have a substantial negative effect on global economic conditions, financial markets and the DMEM Funds' investments.

In January 2019, the proposed withdrawal agreement was rejected by the United Kingdom's parliament. The absence of a final withdrawal agreement, or a clear indication of the agreed terms of withdrawal, has had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and may reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Any of these factors could depress worldwide economic activity and have an impact on the DMEM Funds' investments and the DMEM Funds' overall financial condition.

Exchange Rate Risks; Currency Risk. It is expected that the DMEM Funds' portfolios will be comprised of U.S. Dollar denominated investments and investments denominated in other currencies. However, all monies returned to investors, the valuation of the DMEM Funds' securities and other capital and the reported net asset value will be denominated in U.S. Dollars. Changes in the value of other currencies against the value of the U.S. Dollar could have an adverse impact on the performance of the DMEM Funds and to the extent that an investor does not value the investment in the DMEM Funds in dollars, the value of such investor's interests will fluctuate with the U.S. Dollar exchange rate as well as with price changes of the DMEM Funds' investments. The DMEM Funds may enter into currency hedging transactions, but they are not required or expected to do so, and such transactions have an associated cost that could reduce investment returns. Spot and forward currency prices are highly volatile and price

movements for spot and forward currency contracts may be influenced by, among other things, the foregoing risks. In addition, governments from time to time intervene directly and by regulation in certain markets. Such intervention is often intended to influence prices directly. See the risks described in “*Forward Trading*” above.

Credit Risk. Although the DMEM Funds intend to enter into transactions only with counterparties that we believe to be creditworthy, there can be no assurance that a counterparty will not default and that the DMEM Funds will not sustain a loss on a transaction as a result. If an obligor (such as the issuer or a party offering credit enhancement) for a security held by the DMEM Funds, a counterparty to a financial contract with the DMEM Funds, a prime broker or other service provider to the DMEM Funds, or the grantor of a participation interest in an investment (such as bank debt) to the DMEM Funds, fails to pay, otherwise defaults or is perceived to be less creditworthy, a security’s credit rating is downgraded or the credit quality or value of any underlying assets declines, the value of such investment could decline. In addition, the DMEM Funds may incur expenses to protect the DMEM Funds’ interests in securities experiencing these events.

Lack of Valuation Data; Limited Liquidity of Investments. The DMEM Funds may invest in securities and other assets which are subject to legal or other restrictions on transfer or for which no liquid market exists. The market prices for such investments tend to be volatile and may not be readily ascertainable, and the DMEM Funds may not be able to sell such investments when the DMEM Funds desire to do so or to realize what the DMEM Funds perceive to be the fair value of such investments in the event of a sale. The sale of restricted and illiquid securities often requires more time and typically results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over the counter markets. The DMEM Funds may not be able to readily dispose of such illiquid investments and, in some cases, may be contractually prohibited from disposing of such investments for a specified period of time. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale.

In addition, for all securities traded on public exchanges, each exchange typically has the right to suspend or limit trading in all securities that it lists. Such a suspension could render it impossible to liquidate positions and thereby expose the DMEM Funds to losses.

Accuracy of Public Information. We select investments for the DMEM Funds, in part, on the basis of information and data filed by issuers with various government regulators or made directly available to us by the issuers or through sources other than the issuers. Although we generally evaluate such information and data, we are not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information may not be available.

Counterparty Risk. The DMEM Funds have relationships that provide prime brokerage, derivative intermediation and financing services that permit the DMEM Funds to trade in a variety of markets and asset classes over time as well as custody their cash and investments. However, there can be no assurance that the DMEM Funds will be able to maintain such relationships. An inability to maintain such relationships could limit the DMEM Funds’ trading activities, create losses, preclude the DMEM Funds from engaging in certain transactions or

prevent the DMEM Funds from trading at optimal rates and terms. Moreover, a disruption in the prime brokerage, derivative intermediation and financing services provided by such counterparties could have a negative impact on the DMEM Funds' business and operations.

The assets of the DMEM Funds will generally be held in accounts maintained for them by their prime brokers or in accounts with other market participants, including non-U.S. sub-custodians. The accounts generally will not be segregated, bankruptcy-remote accounts titled in the DMEM Funds' names and, therefore, a failure of any broker or market participant is likely to have a greater adverse impact than if the assets, or the accounts in which they are held, were registered in the names of the DMEM Funds. In addition, because the DMEM Funds' securities generally will be held in margin accounts, and the prime brokers will have the ability to lend those securities to other market participants, the DMEM Funds' ability to recover all of their assets in the context of a bankruptcy or other failure of a prime broker may be further limited.

Many of the markets in which the DMEM Funds will effect transactions are not "exchange-based," such as "over-the-counter" or "interdealer" markets. The stability and liquidity of over-the-counter transactions depends in large part on the creditworthiness of the parties to the transactions. 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. The lack of evaluation and oversight of over-the-counter markets could expose the DMEM Funds to the risk that a counterparty will not settle a transaction in accordance with its terms or because of a credit or liquidity problem, causing the DMEM Funds to suffer a loss. Such "counterparty risk" is accentuated where the DMEM Funds have concentrated their transactions with a single or small group of counterparties. Generally, the DMEM Funds will not be restricted from dealing with any particular counterparty. Our evaluation of the creditworthiness of counterparties may not prove sufficient, which, combined with the absence of a regulated market to facilitate settlement, may increase the potential for losses by the DMEM Funds.

If a counterparty defaults, under normal circumstances the DMEM Funds will have contractual remedies against the counterparty. However, exercising such contractual rights may involve delays or costs. Furthermore, there is a risk that a counterparty could become insolvent. In such an event, the DMEM Funds' ability to recover securities from such counterparty or receive payment of claims therefor may be significantly delayed and the DMEM Funds may recover less than the full value of their securities. This is particularly true with respect to counterparties located in jurisdictions outside the United States where the application of non-U.S. insolvency laws may be subject to substantial limitations and uncertainties.

EU Market Abuse Regulation. Regulation (EU) 596/2014 on market abuse ("***EU MAR***") sets out the regulatory framework in the EU regarding insider dealing and market manipulation. However, some provisions of the EU MAR appear to be ambiguous and contradictory, and the interpretation and enforcement of the EU MAR by local regulators and courts in the different member states of the EU may differ substantially. Given such uncertainties, the EU MAR may limit the DMEM Funds and our ability to successfully make investments in issuers subject to the EU MAR, or share information about such issuers with investors, other investment professionals or the markets in general.

Dodd-Frank Act. The Dodd-Frank Act was enacted in July 2010. The Dodd-Frank Act has resulted in extensive rulemaking and regulatory changes that affect private fund managers, the funds that they manage and the financial industry as a whole. Additionally, under the Dodd-Frank Act, the SEC and the CFTC have mandated new recordkeeping, reporting, central clearing and mandatory trading on electronic facilities requirements for investment advisers, which add costs to our, our affiliates' and the DMEM Funds' legal, operational and compliance obligations and increase the amount of time that we and our affiliates spend on non-investment-related activities. The Dodd-Frank Act affects a broad range of market participants with whom the DMEM Funds may interact, including banks, non-bank financial institutions, rating agencies and broker-dealers, and may change the way in which we conduct business with our brokers and other counterparties.

Absence of Regulation by the CFTC. We and our affiliates are not currently registered with the CFTC as a Commodity Pool Operator (“***CPO***”) or a Commodity Trading Advisor (“***CTA***”). We have claimed an exemption from registration as a CPO with respect to the DMEM Funds pursuant to CFTC Rule 4.13(a)(3) of the U.S. Commodity Exchange Act, as amended (the “***CEA***”). We have claimed an exemption from registration with the CFTC as a CTA pursuant to Section 4.14(a)(8) of the CEA. Among other things, these exemptions require us and our affiliates to file notices of exemption from registration with the National Futures Association. Unlike a registered CPO or CTA, we are not required to deliver a disclosure document or a certified annual report to the investors in the DMEM Funds.

Regulatory Changes for Hedge Funds. The legal, tax and regulatory environment worldwide for private investment funds (such as the DMEM Funds) and their investment advisors is evolving, and changes in the regulation of private investment funds, their investment advisors, and their trading and investing activities may have a material adverse effect on the ability of the DMEM Funds to pursue their investment program and the value of investments held by the DMEM Funds. There has been an increase in scrutiny of the alternative investment industry by governmental agencies and self-regulatory organizations. New laws and regulations could materially increase the costs of operating the DMEM Funds and the costs of executing and financing certain strategies utilized by the DMEM Funds.

Enhanced Regulation of Short Sales in the EU. Certain EU-related short sales and credit default swaps are subject to the provisions of Regulation (EU) No 236/2012 (the “***EU Short Selling Regulation***”). The EU Short Selling Regulation imposes restrictions, including a ban on uncovered short selling, and disclosure requirements for persons taking short positions in the shares of certain EU companies and sovereign bonds issued by EU states, and prohibits entry into uncovered credit default swaps in relation to EU sovereign debt (i.e., where the investor is not seeking to hedge its exposure to either the sovereign debt itself or to assets or liabilities whose value is correlated to the sovereign debt). In addition, the EU Short Selling Regulation permits the competent authorities of EU member states to prohibit or restrict short sales, limit sovereign credit default swaps and impose emergency disclosure requirements, among other things, during times of stressed markets, which may preclude the DMEM Funds from implementing their investing strategies. Competent authorities may also restrict short sales of individual financial instruments which have suffered a significant fall in price in a single day.

MiFID II. The revision of the Markets in Financial Instruments Directive and the introduction of Regulation (EU) 600/2014 (together, “**MiFID II**”), which took effect in January 2018, has introduced additional rules and requirements applicable to the trading of financial instruments in the EU. The application of MiFID II to the DMEM Funds may be subject to different interpretations in the different EU member states on the markets of which, or in the instruments of companies established in which, the DMEM Funds may trade. As the rules have not yet been fully tested, the DMEM Funds, we, and/or our affiliates may be subject to requirements that could restrict our ability to trade, or impose additional and unforeseen operating costs.

Cybersecurity Risk. With the increased use of technologies such as the Internet to conduct business, the DMEM Funds and we are susceptible to operational, information security and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyberattacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through “hacking” or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyberattacks may also be carried out in a manner that does not require gaining unauthorized access, such as denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users). Cyber incidents affecting the DMEM Funds, us or our service providers and counterparties (including, but not limited to, lawyers, accountants, prime brokers and financial intermediaries) have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, interference with the DMEM Funds’ ability to value their securities or other investments, impediments to trading, the inability of investors to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. Similar adverse consequences could result from cyber incidents affecting issuers of securities in which the DMEM Funds invest, counterparties with which the DMEM Funds engage in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions (including financial intermediaries and service providers for investors) and other parties. In addition, substantial costs may be incurred in order to prevent any cyber incidents in the future. While the DMEM Funds’ and our service providers have generally established business continuity plans in the event of, and systems to prevent, such cyber incidents, there are inherent limitations in such plans and systems including the possibility that certain risks have not been identified. Furthermore, the DMEM Funds and we cannot control the cyber security plans and systems put in place by service providers or any other third parties whose operations may affect the DMEM Funds or us. The DMEM Funds could be negatively impacted as a result.

Regulation (EU) 2016/679 (“**GDPR**”) took effect on May 25, 2018. To the extent the DMEM Funds are subject to the requirements of the GDPR, if the DMEM Funds breach their obligations under the GDPR to adequately safeguard personal data, they could be subject to substantial fines.

Dependence on the Investment Advisor and the Principals. The DMEM Funds rely exclusively on us and, more specifically, on David Einhorn and our other principals, for the management of their investment portfolios. There could be adverse consequences to the DMEM Funds in the event that the principals cease to be available to devote their services to the DMEM

Funds. The success of the DMEM Funds is therefore expected to be significantly dependent upon our expertise and, more particularly, the expertise of our principals.

Performance Allocation. The Performance Allocation allocated to our affiliate may create an incentive for us to make investments that are riskier or more speculative than would be the case in the absence of such Performance Allocation. The Performance Allocation is generally equal to 20% of the net profits allocated to each investor's capital account with respect to each fiscal year, subject to a modified "High Water Mark" formula. Under the DMEM Funds' High Water Mark formula, our affiliate may receive a Performance Allocation on the net profits in respect of an investor's capital account even though such capital account may not have recouped all losses since inception. In addition, because the Performance Allocation is calculated on a basis which includes unrealized appreciation of the DMEM Funds' assets, the Performance Allocation may be greater than if it were based solely on realized gains.

Investment Expenses, Management Fees and Other Fees. The investment expenses (e.g., expenses related to the investment and custody of the DMEM Funds' assets, such as brokerage commissions, custodial fees and other trading and investment charges and fees) as well as other fees (e.g., the Management Fee and operating expenses) may, in the aggregate, constitute a high percentage relative to expenses incurred by other investment entities. The DMEM Funds, and in turn the investors, will bear these costs regardless of the DMEM Funds' profitability.

Electronic Delivery of Information. The DMEM Funds' information and information with respect to an investor's investment in the DMEM Funds may be delivered to such investor electronically. There are risks associated with such electronic delivery including, but not limited to, that e-mail messages are not secure and may contain computer viruses or other defects, may not be accurately replicated on other systems, or may be intercepted, deleted or interfered with or without the knowledge of the sender or the intended recipient.

For a further discussion of these and related items, see **Item 10** (Other Financial Industry Activities and Affiliations), **Item 11** (Code of Ethics, Participation or Interest in Client Transactions and Personal Trading) and **Item 12** (Brokerage Practices).

Item 9. Disciplinary Information

On January 25, 2012, the United Kingdom's Financial Conduct Authority ("**FCA**", formerly known as the Financial Services Authority) fined Mr. Einhorn for inadvertently engaging in market abuse in connection with one of our affiliate's, Greenlight Capital, Inc., trading of Punch Taverns Plc shares in June 2009. Although the FCA found the Mr. Einhorn did not act deliberately or recklessly, and the market abuse was inadvertent, the FCA imposed a financial penalty on Greenlight Capital, Inc. of £3 million and disgorgement of £650,795. The FCA imposed a financial penalty on Mr. Einhorn of £3 million and disgorgement of £638,000.

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

Item 10. Other Financial Industry Activities and Affiliations

Mr. Einhorn is a director of Greenlight Capital Offshore Investors, Ltd. and Greenlight Capital Offshore Master, Ltd.

We are affiliated with a group of entities (identified below) that provide investment advisory and other services to third parties.

- Greenlight Capital, Inc., Greenlight Capital, LLC and Greenlight Capital Offshore, LLC, which provide discretionary investment advisory and other services to pooled investment vehicles that have an investment strategy that is substantially the same as the DMEM Funds, but are not backed by exposure to gold (the “*Capital Funds*”);
- DME Advisors, L.P., DME Advisors, LLC, and DME Advisors II, LLC, which provide discretionary investment advisory and other services to a pooled investment vehicle that has an investment strategy that is substantially the same as the DMEM Funds (“*Solasglas*”). The investors in Solasglas are certain subsidiaries of Greenlight Capital Re, Ltd (“*Greenlight Re*”), a Cayman Island publicly-traded reinsurance company. Mr. Einhorn is Chairman of the Board of Greenlight Re and a significant investor; and
- Greenlight Masters, LLC and Greenlight Masters GP, L.L.C., which provide discretionary investment advisory and other services to privately-offered funds of funds (the “*Masters Funds*”), which have investments in certain Capital Funds.

Greenlight Capital, Inc., DME Advisors, L.P. and Greenlight Masters, LLC are separately registered with the SEC as investment advisers.

We are also affiliated with Greenlight Capital (UK) LLP, a limited liability partnership incorporated under the laws of England and Wales that is authorized and regulated by the United Kingdom Financial Conduct Authority. Greenlight Capital (UK) LLP provides certain non-discretionary trading and research services to us and our affiliates.

No management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

No management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

From time to time, we may select one or more other investment advisers for our clients. We do not generally receive compensation, directly or indirectly, from those other investment advisers.

Potential Conflicts of Interest

As discussed in Item 11 below, subject to the provisions of our code of ethics, including pre-clearance requirements for purchases and sales of securities, we and our affiliates may engage in investment trading activities for our own accounts.

In addition to managing the DMEM Funds, we and our affiliates may engage in investment and trading activities for our own accounts and/or for the accounts of third parties. We and our affiliates are not obligated to devote any specific amount of time to the affairs of the DMEM Funds. Our affiliates manage and expect to continue to manage other client accounts, some of which have objectives similar to those of the DMEM Funds, including other collective investment vehicles that may be managed by us or our affiliates and in which we or any of our affiliates may have an equity interest. In managing other clients or our own accounts, we and our affiliates may take positions that are opposite, or ahead of, the DMEM Funds. Investors in a DMEM Fund will not be entitled to inspect any of our or our affiliates', or any DMEM Fund's, trading records.

The Capital Funds and Solasglas have investment strategies that are similar to the DMEM Funds' investment strategies. In addition, we and our affiliates may launch other funds or provide services to other accounts that compete with the DMEM Funds or have a similar investment strategy. We refer to such funds and accounts, collectively with the DMEM Funds, the Capital Funds, and Solasglas, as the ***“Greenlight Entities”***. The Greenlight Entities may invest in parallel with the DMEM Funds.

The Greenlight Entities generally make investments alongside the DMEM Funds on a pro rata basis in accordance with the Greenlight Entities' assets under management at the time of the investment, unless (1) in the judgment of us and our affiliates, tax, regulatory, legal or other considerations make such investments inappropriate or impractical or require an alternate investment structure, or (2) we or our affiliates determine to allocate trades on a non-pro rata basis in order to rebalance the Greenlight Entities' portfolios. As it may prove impossible to make the Greenlight Entities parallel at all times, there may be material performance disparities among the Greenlight Entities and among the DMEM Funds themselves. Our affiliates also provide investment management and administrative services to the Greenlight Entities.

We and our affiliates have adopted a rebalancing policy and a trade allocation policy. The rebalancing policy permits us and our affiliates to transfer investments among some or all of the Greenlight Entities and the DMEM Funds under certain circumstances. We and our affiliates may rebalance, at our discretion, the portfolios of the Greenlight Entities and the DMEM Funds on a monthly basis to the extent the Greenlight Entities or the DMEM Funds have accepted new material contributions, experienced net withdrawals or experienced other capital changes. We and our affiliates will engage in rebalancing transactions through private transactions among the Greenlight Entities and the DMEM Funds at current market prices, if available. The goal of the rebalancing transactions is for each Greenlight Entity and DMEM Fund, subject to legal, regulatory, tax, accounting and practical considerations, to maintain the same pro rata ownership of each securities position (based on the available capital of each Greenlight Entity and DMEM Fund) after giving effect to the rebalancing transaction to the extent that such pro rata ownership is consistent with the investment objective and strategy of each Greenlight Entity. Our and our

affiliates' trade allocation policy seeks to allocate trades in a manner that treats each Greenlight Entity and DMEM Fund fairly. From time to time, we and our affiliates may allocate trades and securities on a non-pro rata basis in order to rebalance the Greenlight Entities' and the DMEM Funds' portfolios and for other legal, regulatory, tax, accounting and practical reasons.

We and our affiliates, however, generally will not rebalance any security or position if (a) such security or position is not freely publicly tradable, unless we get the advance written consent of the Chief Compliance Officer, (b) we or our affiliates or one or more Greenlight Entities are an affiliate of the issuer of such security, (c) any Greenlight Entity owns more than (i) 10% of the equity securities of such issuer for passive positions, or (ii) the then current limit proscribed by the Hart-Scott-Rodino Antitrust Improvement Act of 1976 for non-passive positions in investment securities of such issuer, (d) any Greenlight Entity might be subject to disgorgement of "short-swing" profits pursuant to Section 16 of the Exchange Act or similar foreign regulations, with respect to such security, or (e) such rebalancing would constitute a principal transaction under Section 206(3) of the Investment Advisers Act of 1940 (the "**Advisers Act**"). In addition, we may elect not to rebalance any security or position for any other reason in our commercially reasonable discretion.

In the event we rebalance a security that is not freely publicly tradable, the Chief Financial Officer shall maintain a record of how the valuation of the security was determined and the rationale for the rebalancing transaction.

Our authority to use "soft dollar" credits generated by the DMEM Funds' securities transactions to pay for expenses that might otherwise have been borne by us may give us an incentive to select brokers or dealers for transactions of the DMEM Funds, or to negotiate commission rates or other execution terms, in a manner that takes into account the soft dollar benefits received by us rather than giving exclusive consideration to the interests of the DMEM Funds.

Please see **Item 8** (Methods of Analysis, Investment Strategies and Risk of Loss), **Item 11** (Code of Ethics, Participation or Interest in Client Transactions and Personal Trading) and **Item 12** (Brokerage Practices).

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

Code of Ethics and Personal Trading

We have adopted a code of ethics pursuant to Advisers Act Rule 204A-1. Our code of ethics requires full compliance with all applicable laws and regulations governing the provision of investment management services to our clients. In addition, our code of ethics highlights the fiduciary duty that we owe to our clients, including the affirmative duty to act in the best interests of our clients and to make full and fair disclosure of material facts. We expect each supervised person to act with integrity, competence, dignity, and in an ethical manner when dealing with the public, the DMEM Funds, investors and prospective investors in the DMEM Funds, service providers and fellow supervised persons. We also expect supervised persons to adhere to the highest standards with respect to any potential conflict of interest with clients.

Our code of ethics contains guidelines relating to personal trading by supervised persons (and certain of their immediate family members). Our supervised persons are not permitted to purchase or sell most securities without the advance written approval of the Chief Compliance Officer. Supervised persons are permitted to make limited personal investments without the prior approval of the Chief Compliance Officer, such as investments in (a) obligations of the United States, (b) obligations of investment grade United States municipalities, (c) money market funds, money market accounts, certificates of deposit, demand deposits, time deposits and checking and savings accounts, (d) life insurance policies which do not provide the ability to select investments in which to invest premiums, and (e) personal residence(s) (excluding real estate investments made for the primary purpose of investment or rental).

Our code of ethics also requires supervised persons to provide us with certain securities holdings and periodic transaction reports, as required by Advisers Act Rule 204A-1.

Our code of ethics has specific provisions relating to identifying potential conflicts of interest. The provisions prohibit a supervised person from directing client transactions for the purpose of obtaining a personal benefit. They also generally prohibit personal business dealings with clients or investors without the prior approval of our Chief Compliance Officer. We have also adopted provisions relating to accepting offers of business gifts or business entertainment from third parties.

All violations of the code of ethics must be promptly reported to our Chief Compliance Officer, who is primarily responsible for administering our code of ethics. A violation of the code of ethics may result in the imposition of remedial action, including censure, fine, restriction on activities, suspension or termination of employment.

Clients may obtain, free of charge, a full copy of our code of ethics by contacting us at the following address:

DME Capital Management, LP
140 East 45th Street, 24th Floor
New York, New York 10017
Attention: Chief Compliance Officer
Telephone: 212-973-1900
Facsimile: 212-973-9219
Email: info@greenlightcapital.com

Participation in Client Transactions

We and our related persons do not recommend to the DMEM Funds, or buy or sell for the DMEM Funds, securities in which we or our related persons have a material financial interest. Although our principals, employees and officers may buy and sell securities for their own account or the account of others, they may not buy securities from or sell securities to the DMEM Funds.

For a further discussion of these and related items, see **Item 8** (Methods of Analysis, Investment Strategies and Risk of Loss), **Item 10** (Other Financial Industry Activities and Affiliations) and **Item 12** (Brokerage Practices).

Item 12. Brokerage Practices

General

The DMEM Funds have appointed several prime brokers. The prime brokers maintain on deposit the DMEM Funds' cash, securities, and other investments in brokerage accounts. In addition, the DMEM Funds maintain custodial accounts to hold cash, securities, commodities and other investments.

Purchases and sales of securities through brokers involve a commission to the broker. Purchases and sales of securities from dealers serving as market makers include the spread between the bid and the asked price.

In placing securities transactions with brokers, we seek to obtain best execution, which requires us to take into account the circumstances of each specific transaction.

In selecting a broker for each specific transaction, we will use our best judgment to choose the broker most capable of providing "best execution". Brokers are selected on the basis of our evaluation of the overall value and quality of the services provided by the broker. No one factor controls our decision. In seeking the best price and execution quality, we consider not only the commission rate, spread or other compensation paid, but also the price at which the transaction is executed, bearing in mind that it may be in our clients' best interest to pay a higher commission, spread or other compensation in order to receive better execution.

Examples of some of the specific factors we generally consider when deciding which brokers to utilize when entering into security transactions include, but are not limited to:

- the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any);
- the operational efficiency with which transactions are effected, taking into account the size of the order and difficulty of execution;
- the financial strength, integrity and stability of the broker;
- the broker's risk in positioning a block of securities;
- the quality, comprehensiveness and frequency of available research or other services considered to be of value;
- the competitiveness of commission rates in comparison with other brokers satisfying our other selection criteria;

- the ability of the broker to appropriately handle our transactions and the ability to maintain confidentiality;
- a broker's willingness to enter into difficult transactions, including transactions in which the broker's capital is put at risk;
- the broker's expertise in effecting difficult trades in less liquid, smaller capitalized, and more closely held issues;
- the speed of execution on competing markets;
- access to underwritten offerings and secondary market trades;
- the broker's demonstrated ability to achieve the best net results on transactions in a particular sector or of a particular size; and
- the broker's ability to complete the transaction satisfactorily through to clearance, confirmation and delivery.

Our application and the importance of the specific criteria will vary depending upon the nature of the transaction, the asset class, the market in which it is effected, and the extent to which it is possible to select from among multiple brokers or dealers capable of effecting the transaction. When we use direct market access, we assess whether the execution venues included in our order execution policy provide for best execution. Where appropriate, we must also consider any regulatory requirements in the jurisdiction in which a transaction is to be conducted.

Subject to the foregoing, we are not prohibited from selecting a broker that has other business relationships with us, our affiliates, or the Greenlight Entities, such as, but not limited to, prime brokerage arrangements, access to research services, referrals to prospective investors, underwriting commitments, investments in the broker, or access to lending facilities, provided that the broker also provides best execution.

We evaluate the execution arrangements of broker-dealers and other intermediaries through which we place trades. Further, we monitor our compliance with our internal policies on trading and the use of soft dollars on at least a semi-annual basis. Our periodic reviews consider, among other things:

- the execution quality of broker-dealers or other intermediaries;
- the reasonableness of brokerage commissions and mark-ups and mark-downs in light of the brokerage and research services received;
- the relative benefit to clients of research paid for by soft dollars and the allocation of the cost of any "mixed use" research products; and

- the nature of research products paid for by soft dollars and their qualification for protection under Section 28(e) of the Exchange Act.

In reviewing the selection or use of brokers, we consider any potential conflicts of interest, such as the occurrence of referrals or other business dealings between the broker-dealer and us or our principals.

Soft Dollars

The DMEM Funds are authorized to pay higher commissions to brokers than the minimum rates obtainable in the marketplace, or to pay higher prices for the purchase of securities from or accept lower prices for the sale of securities. The DMEM Funds will make these payments to brokerage firms that provide us with investment and research information (even though the research services may not be for the exclusive benefit of the DMEM Funds) if we determine such commissions or prices are reasonable in relation to the overall services provided.

Research services furnished by brokers may include written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; statistics and pricing or appraisal services; discussions with research personnel; and invitations to attend conferences or meetings with management or industry consultants or other information or services. We are not required to weigh these factors equally. Information so received is in addition to and not in lieu of services required to be performed by us, and our fee is not reduced as a consequence of the receipt of any supplemental research information. Research services provided by broker-dealers used by the DMEM Funds may be utilized by us and our affiliates in connection with providing investment services for clients other than the DMEM Funds. Also, research services provided by broker-dealers used for other clients may be utilized by us in performing services for the DMEM Funds.

We have the option to use soft dollars generated by the DMEM Funds to pay for the research related services described above or to have these paid directly by the DMEM Funds. The products and services available from brokers include both internally generated items (such as research reports prepared by employees of the broker) as well as items acquired by the broker from third parties (such as quotation equipment). Section 28(e) of the Exchange Act provides a “safe harbor” to investment managers who use soft dollars generated by their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to such managers in the performance of investment decision-making responsibilities. The agreements we have with the DMEM Funds permit us to use soft dollars for expenses that do not fall within the safe harbor of Section 28(e) of the Securities Exchange Act. However, we will not use soft dollar credits generated by the DMEM Funds to pay for any goods or services outside of this safe harbor.

Section 28(e) of the Exchange Act allows us to use soft dollar credits generated by the securities transactions conducted on behalf of the DMEM Funds and the Greenlight Entities to pay for expenses that we might otherwise have to pay ourselves. As a result, we will not have to pay these expenses directly. This may give us an incentive to select brokers or dealers for transactions of the DMEM Funds, or to negotiate commission rates or other execution terms, in a

manner that takes into account the soft dollar benefits received by us rather than giving exclusive consideration to the interests of the DMEM Funds. However, we only use soft dollars to pay for expenses that would otherwise be borne by the DMEM Funds and the Greenlight Entities.

Any use of soft dollars requires approval of the Chief Compliance Officer. We generally seek to allocate soft dollar benefits pro rata among the DMEM Funds and the Greenlight Entities.

Although we are authorized to allocate transactions to brokers who assist in the distribution of the DMEM Funds' interests, it is our policy not to do so. However, we are not prohibited from using the services of a broker-dealer that has made a referral of potential investors or with which we or our principals have other business dealings provided that the dealings are disclosed to the Chief Compliance Officer and the broker-dealer provides best execution. Subject to the foregoing, we may have an incentive to select or recommend a broker based on investor referrals, rather than just best execution.

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

Aggregation of Transactions

We generally aggregate trades of our clients when consistent with the clients' investment objectives and restrictions. If an aggregated order is not completely filled, shares purchased or sold will generally be allocated pro rata based on assets under management by clients participating in the aggregated transaction.

Our trade allocation policy seeks to allocate trades in a manner that treats the DMEM Funds and the Greenlight Entities fairly. From time to time, we may allocate trades and securities on a non-pro rata basis in order to rebalance the DMEM Funds' and the Greenlight Entities' portfolios and for other legal, regulatory, tax, accounting, business and practical reasons.

For a further discussion of these and related items, see **Item 8** (Methods of Analysis, Investment Strategies and Risk of Loss), **Item 10** (Other Financial Industry Activities and Affiliations) and **Item 11** (Code of Ethics, Participation or Interest in Client Transactions and Personal Trading).

Item 13. Review of Accounts

Generally, the DMEM Funds are reviewed on a regular basis by our investment professionals, the Chief Financial Officer, the Chief Operating Officer, and the Chief Compliance Officer. These reviews are designed to monitor and analyze transactions, positions and investment levels.

Investors in the DMEM Funds are furnished with annual reports containing financial statements examined by the DMEM Funds' independent auditors within 120 days after the end of each taxable year. Investors are also furnished with monthly reports describing the DMEM

Funds' performance for such month, a quarterly investor letter and monthly attribution information.

Item 14. Client Referrals and Other Compensation

For a discussion of these and related items, see **Item 10** (Other Financial Industry Activities and Affiliations) and **Item 12** (Brokerage Practices).

Item 15. Custody

We and our affiliates have custody of the assets of the DMEM Funds. We do not use a qualified custodian to send quarterly account statements directly to the investors in the DMEM Funds. The DMEM Funds will distribute their annual audited financial statements to their investors within 120 days of their fiscal year-end.

We urge investors to carefully review the audited financial statements of the DMEM Funds in which they are invested.

Item 16. Investment Discretion

We and our affiliates have discretionary authority with respect to the investment decisions on behalf of the DMEM Funds pursuant to the investment advisory agreements with the DMEM Funds, or otherwise through the formation documents of the DMEM Funds, as applicable. Investment decisions for the DMEM Funds are made in accordance with the DMEM Funds' investment objectives and guidelines.

For a further discussion of these and related items, see **Item 4** (Advisory Business) and **Item 10** (Other Financial Industry Activities and Affiliations).

Item 17. Voting Client Securities

We have been delegated the authority and right to vote proxies received by the DMEM Funds. We and our affiliates have adopted a proxy voting policy to ensure that we vote proxies to further the best interests of each client. We determine how to vote after studying the proxy materials and any other materials that may be necessary or beneficial to voting. We vote in a manner that we believe reasonably furthers the best interests of the DMEM Funds and is consistent with our investment philosophy.

The major proxy-related issues generally fall within five categories: corporate governance, takeover defenses, compensation plans, capital structure and social responsibility. We will cast votes for these matters on a case-by-case basis. We will generally vote in favor of matters which follow an agreeable corporate strategic direction, support an ownership structure that enhances shareholder value without diluting management's accountability to shareholders and/or present compensation plans that are commensurate with enhanced manager performance and market practices.

If a proxy vote creates a material conflict between our interests and the interests of the DMEM Funds, we will resolve the conflict before voting the proxies. We will either disclose the

conflict to the DMEM Funds or take other steps designed to ensure that a decision to vote the proxy was based on our determination of the DMEM Funds' best interest and was not the product of the conflict.

The DMEM Funds cannot generally direct how we vote in a particular situation.

Clients may obtain, free of charge, a full copy of our proxy voting policies and procedures and/or a record of proxy votes by contacting us at the following address:

DME Capital Management, LP
140 East 45th Street, 24th Floor
New York, New York 10017
Attention: Chief Compliance Officer
Telephone: 212-973-1900
Facsimile: 212-973-9219
Email: info@greenlightcapital.com

Item 18. Financial Information

We do not require or solicit prepayment of fees six months or more in advance.

We are not aware of any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients.

We have not been the subject of a bankruptcy petition at any time during the past ten years.

Item 19. Requirements for State-Registered Advisers

We are not registered with any State as an investment adviser.