

Teng Yue Partners, L.P.

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This brochure (the “**Brochure**”) provides information about the qualifications and business practices of Teng Yue Partners, L.P. (“**Teng Yue**”). If you have any questions about the contents of this Brochure, please contact Teng Yue at the phone number listed above. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“**SEC**”) or by any state securities authority.

Registration as an investment adviser does not imply that Teng Yue or any of its principals or employees possess a particular level of skill or training in the investment advisory business or any other business.

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

Item 2: Material Changes

We have no material changes to report since our previous Form ADV annual updating amendment filing on March 28, 2018.

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Item 4: Advisory Business

Teng Yue Partners, L.P. (“**Teng Yue**”, the “**Firm**”, “**we**”, “**us**”, or “**our**”) was formed in February 2011. Tao Li is the founder and Managing Partner of the Firm. Teng Yue is a limited partnership organized under the laws of the State of Delaware.

Teng Yue is currently an investment adviser on a discretionary basis to the following private funds (collectively, the “**Clients**”):

- Teng Yue Partners Fund, L.P. (the “**Onshore Fund**”)
- Teng Yue Partners Offshore Fund, L.P. (the “**Offshore Fund**”)
- Teng Yue Partners Master Fund, L.P. (the “**Master Fund**”)
- TYP Special Opportunities, LP (the “**SPV Fund**”)
- Teng Yue Partners RDLT, LP (the “**PE Fund**”)

The Onshore Fund and the Offshore Fund (together, the “**Feeder Funds**”) invest substantially all of their assets in the Master Fund. All Feeder Fund investments in securities are made from the Master Fund. Collectively, the Feeder Funds and the Master Fund are referred to as the “**Hedge Funds**” and are each individually referred to as a “**Hedge Fund**”. In managing the Hedge Funds, Teng Yue pursues the Firm’s investment objectives by investing primarily in Chinese domestic focused equities. In managing the SPV Fund, Teng Yue pursues the Firm’s investment objective by investing in one private Chinese company. In managing the PE Fund, Teng Yue pursues the Firm’s investment objective by investing primarily in private Chinese companies.

All information herein is presented as of December 31, 2018.

Teng Yue provides advice to the Clients based on their specific investment objectives and strategies. Teng Yue does not tailor advisory services to the individual needs of investors of the Clients.

Teng Yue launched its fund operations in March 2011. The general partner of the Onshore Fund, the Offshore Fund, the Master Fund, and the SPV Fund is Teng Yue Partners GP, LLC (the “**HF General Partner**”), a Delaware limited liability company controlled by Tao Li. The general partner of the PE Fund is Teng Yue Partners RDLT GP, LLC (the “**PE Fund General Partner**”) and together with the HF General Partner, the “**General Partners**”), a Delaware limited liability company controlled by Tao Li.

As of December 31, 2018, Teng Yue managed US\$2,798,418,307 in regulatory assets under management, all on a discretionary basis.

Item 5: Fees and Compensation

The Hedge Funds

The management fees paid to Teng Yue for advising the Hedge Funds are generally as follows:

- i. if the aggregate net asset value of the Hedge Funds is less than or equal to \$200 million, 2.0% (annually, paid quarterly in advance);
- ii. if the aggregate net asset value of the Hedge Funds is greater than \$200 million but less than \$500 million, 1.75% (annually, paid quarterly in advance); and

- iii. if the aggregate net asset value of the Hedge Funds is equal to or greater than \$500 million, 1.5% (annually, paid quarterly in advance).

Fees are deducted from the Hedge Funds by submitting a detailed invoice to the Feeder Funds' administrator (the "**Administrator**"). The invoice is then processed and approved by the Administrator before being paid to the Firm at the discretion of the Administrator.

In our sole discretion, we may waive all or any portion of the management fee or performance-based compensation (as described in Item 6) with respect to an investor in the Hedge Funds. Any management fees paid in advance by the Hedge Funds are refundable on a prorated basis if the relevant advisory contract is cancelled prior to the end of a payment period.

The SPV Fund

The SPV Fund pays no management fees to Teng Yue.

The PE Fund

The management fees paid to Teng Yue for advising the PE Fund are generally as follows:

- i. During its investment period, 1.5% of aggregate capital commitments (annually, paid quarterly in advance);
- ii. After its investment period, 1.5% of the aggregate cost basis of the PE Fund's investments (annually, paid quarterly in advance), less any permanent write-down to zero value.

Fees are deducted from the PE Fund by submitting a detailed invoice to the Administrator. The invoice is then processed and approved by the Administrator before being paid to the Firm at the discretion of the Administrator.

In our sole discretion, we may waive all or any portion of the management fee or performance-based compensation (as described in Item 6) with respect to an investor in the PE Fund. Any management fees paid in advance by the PE Fund are refundable on a prorated basis if the relevant advisory contract is cancelled prior to the end of a payment period.

Expenses

Teng Yue and the General Partners will be responsible for their own general operating and overhead costs.

Each Client will bear its own organizational and operating expenses including legal, accounting (including third party accounting services), audit, and other professional fees and expenses, research expenses, expenses of third-party valuation agents (if any), fees and expenses related to portfolio investments or prospective investments (whether or not consummated) such as commissions, custodial fees, bank service fees, expenses of third-party trading services, fees and expenses of the Administrator, travel expenses in connection with investment activity, legal fees and expenses incurred in connection with investment activity, asset verification, appraisal and valuation fees and expenses, investment banking expenses and professional investigatory services, fees due to unaffiliated advisors, sub-advisors and consultants, specific expenses incurred in obtaining or maintaining technology and systems, finders and service companies, any individual computer or software product that is needed with respect to a particular investment, information and information service subscriptions utilized with respect to the Client's investment program and other expenses related to the purchase, sale,

preservation or transmittal of the Client's assets. Expenses that are paid or payable by the Master Fund generally are borne *pro rata* by the Feeder Funds. For a complete enumeration of the treatment of expenses, please refer to the operating fees and expenses section of each Feeder Fund's Confidential Private Placement Memorandum, the SPV Fund's Limited Partnership Agreement, and the PE Fund's Confidential Private Placement Memorandum. For further details on the Firm's brokerage practices refer to Item 12 of this Brochure.

From time to time, the Firm may permit certain investors to co-invest in investments alongside one or more of the Clients, subject to the relevant governing documents, as well as the considerations described in Item 8 below. Where a co-invest vehicle is formed, such entity generally will bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Clients. For co-investments, the expense allocation may differ from *pro rata* but will be in line with disclosures in the governing documents for those Clients.

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

The Hedge Funds

The General Partner is entitled to an annual performance-based profit allocation at the end of each calendar year for the Feeder Funds, generally equal to twenty percent (20%) of the Hedge Funds' net profits, subject to a "loss recovery account."

The SPV Fund

The SPV Fund has no performance-based profit allocation obligation to the General Partner.

The PE Fund

The PE Fund General Partner is entitled to carried interest equal to twenty percent (20%) of the amount distributed to the PE Fund's investors, after the return of capital contributions and subject to a preferred return.

The existence of performance-based compensation creates a possible incentive to cause us to make investments in the Hedge Funds and PE Fund that are more speculative than would otherwise be the case in the absence of such performance-based compensation. However, we believe this incentive is mitigated by the personal investment in such vehicles by our principal and the fact that losses will reduce the Hedge Funds' and PE Fund's performance and, thus, their returns as well.

We currently make all investments in the Master Fund, the SPV Fund, or the PE Fund. However, if we have additional clients in the future our allocation policy provides that transactions and investment opportunities shall be handled on a fair and equitable basis over time. Performance-based compensation creates a potential incentive to favor accounts that are subject to higher compensation rates over other accounts in the allocation of investment opportunities. In addition, our related persons (including Tao Li) invest in one or more Clients. Such investments are, in some cases, substantial. As a result, we have a possible incentive to favor the Client(s) in which our related persons have a greater economic interest and/or have a potential conflict of interest in allocating investment opportunities among those Client accounts. In order to mitigate these potential conflicts, we will generally follow the allocation policy and procedures described in Item 12 below.

Item 7: Types of Clients

The Firm's Clients are the Hedge Funds, the SPV Fund, and the PE Fund. To invest in the Hedge Funds and PE Fund, we generally require a minimum investment of \$5,000,000 although we reserve the discretion to accept less. For the SPV Fund there is no stated minimum investment requirement. We may in the future advise additional private funds or separately managed account clients.

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

As a general matter, the investment strategies utilized by the Firm are described in the Clients' offering and governing documents, which are provided to such Clients' investors prior to the time of an investment. The information contained herein is a summary only, and investors should refer to the Client's relevant offering and governing documents for a complete overview of the Firm's investment strategies and the risks associated therewith.

Investment Strategy**The Hedge Funds**

The Hedge Funds seek to achieve significant capital appreciation over the long-term with reduced market risk primarily through a combination of long and short Asia-focused equity investments. The Hedge Funds target non-correlated returns. The Hedge Funds' investment strategy is driven by rigorous fundamental research, company analysis, disciplined investing, and a long-term focus.

The Hedge Funds are generally concentrated in globally listed investments in domestic industries within China, which may include financial services, telecom, internet, media, consumer/retail, healthcare, real estate, and utilities. The Hedge Funds are currently invested in the SPV Fund and may also invest in unaffiliated investment funds.

The Hedge Funds' investment strategy may expand over time to include other Asian markets (without limitation), beginning with Japanese and Korean markets. The investment strategy will generate a portfolio that is relatively concentrated.

While the Hedge Funds will set no strict parameters for the balance of long and short positions in the portfolio, we expect that under normal market conditions the Hedge Funds net exposure (total long exposure minus total short exposure) will generally range from -25% to 65%, with gross exposure (total long exposure plus total short exposure) generally ranging from 150% to 250%. Under normal market conditions, the portfolio typically will have about 30-50 long positions and about 30-50 short positions ranging from 1% to 10% of equity. The Hedge Funds may, however, under certain circumstances invest a larger portion of its equity in a single position.

While the Hedge Funds invest primarily in accordance with the methodology discussed above, we maintain broad and flexible investment authority. For instance, from time to time the Hedge Funds may make an investment that is subject to legal or contractual restrictions on transferability, unable to be fairly valued, or otherwise not readily marketable without impairing the value of such investment. To the extent that the General Partner determines that such circumstances apply to an investment, at the time of investment, the General Partner may designate such investment as a "Special Situation Investment". Special Situation Investments may be held either directly by the Hedge Fund or transferred so that they are held indirectly, outside the Hedge Funds, through alternative investment vehicles.

The SPV Fund

The SPV Fund is invested in one Chinese private company that makes up substantially all of the SPV Fund's net assets.

The PE Fund

The primary investment objective of the PE Fund is to make private equity investments by investing in and holding equity and equity-oriented securities of privately held companies organized in, or having substantial markets or operations in, China. The PE Fund may also buy, sell or hold listed securities in connection with pursuing its investment objective. The PE Fund aims to invest its capital in Chinese biotechnology companies, internet, and other sectors. The PE Fund aims to provide investors the opportunity to participate directly in the growth opportunities present in Chinese private equity.

Risk of Loss Factors

Investing in securities involves risk of loss that investors should be prepared to bear. The following list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Clients. Please review each Feeder Fund's Confidential Private Placement Memorandum, the SPV Fund's Limited Partnership Agreement, and the PE Fund's Confidential Private Placement Memorandum (as applicable) for a more detailed description of the risks of loss before deciding to invest in a Client.

Risks Associated with the Investments Generally*Equity Securities*

Certain equity-related instruments may be subject to various types of risk including market risk, liquidity risk, counterparty credit risk, legal risk and operations risk. In addition, equity-related instruments can involve significant economic leverage and may, in some cases, involve significant risks of loss.

Derivatives

We use various derivative instruments as a direct investment or for hedging purposes for certain Clients. Such instruments may be volatile, speculative and subject to wide fluctuations in market value resulting in potential losses to our Clients. The parties with which we enter into such derivatives are banks, broker-dealers and other financial institutions.

Use of derivative instruments presents various risks, including the following:

Liquidity – Derivative instruments may not be liquid in all circumstances. We may not be able to close out a position at its fair value.

Leverage – Trading in derivative instruments can result in leverage, which may magnify the gains and losses experienced by our Clients and could cause the value of our Clients' accounts to be subject to wider fluctuations, than would be the case, if derivative instruments were not used.

Over-the-Counter-Trading – Certain derivatives are not traded on an exchange. Such instruments are bilateral contracts with price and other terms negotiated between the buyer and seller. These contracts are not subject to the same type of government regulation as exchange traded instruments. Many of the protections

afforded to participants in a regulated environment may not be available in connection with such transactions. The risk of nonperformance by the obligor on such an instrument may be greater and the liquidity of such investment may be less than in the case of an exchange-traded instrument.

Non-U.S. Securities

Considerations associated with investing in securities of non-U.S. governments and companies, and options thereon, include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, foreign government restrictions, less government supervision of exchanges, brokers and issuers, greater risks associated with counterparties and settlement, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

Leverage & Interest Rates

We utilize leverage (in the form of borrowed funds, short sales or derivative instruments), on a moderate and selective basis, in order to increase investment positions or to make additional investments. Risk of loss and the magnitude of possible losses and gains are generally increased by the use of leverage. Fluctuations in the market value of the Clients' portfolio will have a greater effect relative to the Clients' capital than would be the case in the absence of leverage. Adverse market fluctuations may require the untimely liquidation of one or more investment positions in order to satisfy margin calls or other lender or counterparty requirements. Although leverage is expected to be moderate relative to portfolio exposure, there will be no fixed restrictions on the level of the Clients' margin borrowings or other forms of leverage, other than any applicable regulatory limits. Accordingly, the amount of leverage or borrowings the Clients may have outstanding at any time could be substantial relative to its capital. Additionally, interest costs of borrowings will be an expense of the Clients and therefore both borrowing levels and fluctuations in interest rates may affect the operating results of the Clients.

Short Selling

Short selling inherently involves certain risks. Selling securities short creates the risk of losing an amount greater than the initial investment in a relatively short period of time and the theoretically unlimited risk of an increase in the market price of the securities sold short. Short selling can also involve significant borrowing and other costs which can reduce the profit or create losses in particular positions. Short selling of securities that are difficult to borrow may involve additional costs and risks.

Short positions may not necessarily be correlated to long positions in a manner that successfully hedges against loss. Accordingly, losses in a Hedge Funds' long positions may not necessarily be offset by gains in its short positions, and vice versa. It is possible that the Hedge Funds could experience losses on both its long and short positions. Although we intend to apply a variety of policies, including broad diversification and careful monitoring, to limit losses in short positions, there can be no assurance that such losses will not occur or will be limited in amount.

Foreign Currency

The Clients invest in securities or maintains cash denominated in currencies other than the U.S. Dollar. The Clients are exposed to risk that the exchange rate of the U.S. Dollar relative

to other currencies may change in a manner which has an adverse effect on the reported value of the Clients' assets, liabilities and net assets denominated in currencies other than the U.S. Dollar. The Hedge Funds utilize, and the PE Fund may utilize, forward foreign currency contracts to hedge against currency fluctuations, but there can be no assurance that such hedging transactions will be effective.

Cybersecurity Threats

The Firm may face cybersecurity threats to gain unauthorized access to sensitive information, including, without limitation, information regarding the Clients' investors and the Firm's investment activities, or to render data or systems unusable, which could result in significant losses. If such events were to materialize, they could lead to losses of sensitive information or capabilities essential to the Firm's operations and could have a material adverse effect on our reputation, financial positions, results of operations, or cash flows, and could lead to financial losses from remedial actions, loss of business, or potential liability, or could lead to the disclosure of the Clients' investors personal information. Cybersecurity attacks are evolving and include, but are not limited to, (i) malicious software, (ii) attempts to gain unauthorized access to data, and (iii) other electronic security breaches that could lead to disruptions in critical systems, unauthorized release of confidential or otherwise protected information and corruption of data. These problems may arise in the Firm's internally developed systems and the systems of third-party service providers. While the Firm cannot ensure absolute protection against cybersecurity threats, the Firm has implemented reasonable policies and procedures designed to prevent such threats and mitigate any damages that may arise.

Concentration Risk; Lack of Diversification

The SPV Fund's portfolio is currently concentrated in one investment, and the PE Fund's portfolio is currently concentrated in a limited number of investments. As such, the SPV Fund's and PE Fund's assets are not diversified. Any such non-diversification increases the risk of loss to the SPV Fund and the PE Fund if there is a decline in market value of the investments in which the SPV Fund and the PE Fund have invested a large percentage of their assets. Additionally, the Hedge Funds portfolio may not be diversified among a wide range of types of securities as other investment vehicles. Accordingly, the investment portfolio of the Hedge Funds may be subject to more rapid change in value than would be the case if the Hedge Funds were required to maintain a wider diversification among types of securities and other instruments.

Trade Policy Risk

Trade agreements and the status of U.S. trade balances, particularly with respect to China, have been a significant issue since the 2016 U.S. presidential election. U.S. trade laws and enforcement practices could become less permissive with respect to trade with emerging markets. The United States may also limit its participation in certain bilateral and multilateral trade agreements and organizations. These changes in U.S. trade policy could disincentivize U.S. companies from trading with emerging markets. As a consequence, the Clients' operations may suffer and the Funds' returns may be negatively impacted.

Risks Associated with Investing in Asian Emerging Markets

The Clients invest in certain Asian markets, including China. Such investments involve certain risks not typically associated with investments in other regions or more developed markets. The Firm seeks to manage the Clients in a manner designed to mitigate these risks relative to the potential for gain, but such risks cannot be eliminated entirely, and, in any case, may be

beyond the control of the Firm. Such risks may increase expenses of the Clients, adversely affect the value of a Client's investments and returns and adversely impact a Client's investment program and strategy.

China

The overall economic conditions in China may have a significant impact on the Clients' performance.

The Clients' performance is subject, to a significant degree, to economic, political and legal developments in China. China's economy differs from the economies of most developed countries in many respects, including with respect to the amount of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. Since 1978, China has been one of the world's fastest growing economies in terms of gross domestic product. It is, however, uncertain that such growth will be sustained in the future. For example, any slowdown in the economies of the United States, the EU or certain other Asian countries may adversely affect economic growth in China. An economic downturn in China might adversely affect an individual portfolio company's or a Client's overall profitability. Moreover, while the Chinese economy has experienced significant growth in the past 20 years, growth has been uneven across different regions and among various economic sectors of China. The Chinese government has implemented various measures to encourage economic development and guide the allocation of resources. The Chinese government exercises significant control over China's economic growth through the allocation of resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. Such measures may cause a decrease in the level of economic activity in China, which in turn could adversely affect the Clients' performance.

Risks Associated with the Hedge Funds

Futures Trading

We may engage in futures trading on behalf of the Hedge Funds. A principal risk in trading futures is the traditional volatility and rapid fluctuation in the market prices. The profitability of such futures trading will depend primarily on the prediction of fluctuations in market prices. Price movements for futures are influenced by, among other things, government trade, fiscal, monetary and exchange control programs and policies; weather and climate conditions; changing supply and demand relationships; national and international political and economic events; changes in interest rates; and the psychological emotions of the market place. In addition, governments from time to time intervene, directly and by regulation, in certain markets, often with the intent to influence prices directly. The effects of governmental intervention may be particularly significant at certain times in the financial instrument and currency markets, and such intervention (as well as other factors) may cause these markets to move rapidly.

The low margin deposits normally required in futures trading permit an extremely high degree of leverage. Accordingly, a relatively small price movement in a futures contract may result in immediate and substantial loss or gain to the investors. For example, if at the time of purchase 10% of the price of a futures contract is deposited as margin, a 10% decrease in the price of the futures contract would, if the contract were then closed out, result in a total loss of the margin deposit before any deduction for brokerage commissions. Thus, like other leveraged investments, any futures trade may result in losses in excess of the amount invested. Any increase in the amount of leverage applied in trading will increase the risk of loss by the amount of additional leverage applied.

Options

The successful use of options depends on the ability of the Firm to forecast interest rate and market movements correctly. In addition, when it purchases an option, a Hedge Fund runs the risk that it will lose its entire investment in the option in a relatively short period of time, unless the Hedge Fund exercises the option or enters into a closing transaction with respect to the option during the life of the option. If the price of the underlying security does not rise (in the case of a call) or fall (in the case of a put) to an extent sufficient to cover the option premium and transaction costs, the Hedge Fund will lose part or all of its investment in the option. Although the Hedge Funds will take an option position only if we believe there is a liquid secondary market for the option, there is no assurance that the Hedge Funds will be able to affect closing transactions at any particular time or at any acceptable price. In the event of the bankruptcy of a broker through which the Hedge Funds engage in transactions in options, the Hedge Funds could experience delays and/or losses in liquidating open positions purchased or sold through the broker.

Risks Associated with the PE Fund

Repayment of Certain Distributions

In the event the PE Fund is unable otherwise to meet its obligations, the investors may be required to repay to the PE Fund or to pay to creditors of the PE Fund distributions previously received by them. In addition, investors may be required to pay to the PE Fund amounts that are required to be withheld by the PE Fund for tax purposes.

Risks Associated with Investments in Biotechnology

The ability of the PE Fund to generate returns for investors may depend in part on the success of the biotechnology products (including pharmaceuticals, medical devices, delivery technologies and diagnostics) underlying or related to some Investments made by the Partnership. To the extent any of the risks described below adversely affect the availability, efficacy, marketing or sales of such products, potential returns for the PE Fund may be adversely affected.

Item 9: Disciplinary Information

Neither we nor any of our management personnel are subject to or have in the past been subject to any criminal or civil action in any domestic or foreign court, and neither we nor any of our management personnel have been subject to any administrative proceedings before the SEC or any other state, federal or foreign financial regulatory authority.

Item 10: Other Financial Industry Activities and Affiliations

Tao Li is the primary owner and manager of the General Partners, each of which serves as the general partner of certain Clients.

Management of Multiple Accounts

The management of multiple pooled investment vehicles results in a potential conflict of interest when the Firm and its related persons allocate time and investment opportunities among the Clients. For example, Tao Li and/or other related persons have a greater portion of their personal assets invested in certain Client accounts. In addition, the compensation earned by the Firm and its related persons from each Client is expected to differ from one

another. The Firm will generally follow documented procedures in allocating trades among the Clients (see Item 12 below).

The Firm may effect transactions between Clients whereby one Client will purchase securities (or other financial instruments) from or sell securities (or other financial instruments) to another Client. This may be done in the following situations, among others: (i) to rebalance investments between the Clients, (ii) for tax or regulatory reasons. All cross-trades between Clients require the prior approval of the Teng Yue's Chief Compliance Officer (the "**CCO**") (or his designee). Such transactions will be effected only when the Firm believes that they are in the best interests of the relevant Clients. Such transactions will generally be effected for cash consideration, generally at the closing price of the particular security or, if no closing price is available, at fair market value. No brokerage commission or transfer fee will be paid to the Firm or its affiliates in connection with any such transaction.

Service Providers may be Investors

Certain third parties that provide significant services to the General Partners, the Firm and/or the Clients (including providers of market research or similar services) are currently or may, from time to time, become investors in the Clients. As such, the General Partners and/or the Firm, as applicable, are subject to potential conflicts of interest relating to their selection of any such investor service provider on behalf of the Clients. The General Partners and/or the Firm, as applicable, generally manage such conflicts of interest by (i) seeking to select investor service providers based on the level and quality of the services they provide to the Clients and (ii) making such decisions independent of such investor service provider's decision to invest in a Teng Yue Client.

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

Code of Ethics & Personal Trading

Pursuant to Rule 204A-1 of the Investment Advisers Act of 1940, as amended (the "**Advisers Act**"), we have adopted a Code of Ethics, which is designed to ensure that we conduct our business in accordance with all applicable laws and regulations and in an ethical and professional manner. The Code of Ethics applies to all of our employees.

The foundation of the Code of Ethics is based on the underlying principles that:

- Employees must at all times place the interests of the Clients first;
- Employees must make sure that all personal securities transactions are conducted consistent with the Code of Ethics; and
- Employees should not take inappropriate advantage of their positions at Teng Yue.

Among other things, our Code of Ethics governs all personal securities transactions by our employees (as further described below), and sets forth certain policies relating to gifts and entertainment, outside business activities, political contributions and the prevention of insider trading. Employees are provided with a copy of the Code of Ethics and are required to acknowledge that they will comply with its provisions on at least an annual basis.

Under the Code of Ethics, all employees must pre-clear all personal securities trades with the CCO (or his designee) and Tao Li (subject to certain limited exceptions) and must ensure that the Firm can access brokerage statements (or broker feeds containing the same information) for all covered accounts (as defined in the Code of Ethics). Tao Li, the CCO or his designee review the personal trading information submitted by employees. Tao Li does not own nor

trade any public securities nor maintain a personal trading account, but has invested personally in private companies (including ones held by a Teng Yue Client) or fund interests.

From time to time, certain employees buy or sell private investments that are also being bought or sold by the Firm's Clients. To mitigate associated potential conflicts, employees will not receive approval for such private investments unless the Firm has determined that its Clients have received their desired allocation of such investments. Further, participating employees will not receive better terms with respect to such private investments than Teng Yue's Clients.

Teng Yue and its employees may not trade for Clients or themselves in securities of a company while in possession of material non-public information or disclose such information to any person not permitted to receive it. By reason of its investment activities, the Firm may have access to material non-public information and therefore may be restricted from entering into transactions. The Firm has adopted policies and procedures reasonably designed to prevent trading on material non-public information.

Our Code of Ethics is available to Clients or prospective Clients upon request.

Item 12: Brokerage Practices

As an adviser and a fiduciary to our Clients, our Clients' interests must always be placed first and foremost, and our trading practices and procedures prohibit unfair trading practices and seek to disclose and avoid any actual or potential conflicts of interests or resolve such conflicts in the Clients' favor. We have adopted the following policies and practices to meet our fiduciary responsibilities and to ensure our trading practices are fair to all Clients and that no Client is advantaged or disadvantaged over any other. Since the SPV Fund does not generally trade, these policies and procedures specifically apply to the Hedge Funds and the PE Fund.

Best Execution

As a fiduciary, we have an obligation, among other things, to seek best execution of Client transactions. Best execution is determined on a trade-by-trade basis, and should result in the best qualitative execution, not necessarily the lowest possible commission cost. When selecting a counterparty, we consider relevant factors that we deem reasonable under the circumstances. Some of the factors include, but are not limited to, the responsiveness of the broker for prompt and reliable executions, as well as the financial responsibility and integrity of the broker, services as a prime broker, value of research provided, if any, and competitiveness of the transaction costs. In certain circumstances, however, we will not be able to select a counterparty due to a limited universe of dealers that are in a position to offer investments we are currently interested in. In some cases, the offering dealer is the only execution for such transaction and therefore is the best execution for that trade.

On a periodic basis, Teng Yue conducts formal best execution review meetings in order to review brokers for best execution.

Trade Allocation

The Firm seeks to allocate investment opportunities in a manner that is consistent with its fiduciary obligations and, accordingly, to allocate investment opportunities fairly and equitably among the Clients (and any other accounts it manages, if any) when and to the extent applicable, such that no Client will be systematically disadvantaged over time. A number of factors may be considered when multiple Clients are capable of purchasing or selling a particular security or other investment product based on their respective investment

objectives, including, without limitation: (i) the amount of available cash or margin, (ii) the impact that any such transaction may have on an existing portfolio's diversification, risk and volatility characteristics, (iii) each Client's overall portfolio composition, (iv) liquidity, (v) contractual commitments, (vi) each Client's investment or risk guidelines or (vii) tax, legal or regulatory considerations.

The Firm is not obligated to purchase or sell for each Client every security which the Firm may purchase or sell for other Clients if such a transaction or investment appears unsuitable, impractical or undesirable for a Client; provided that the Firm, to the extent within its control, may not favor itself in any way to a Client's detriment and will act in a manner that over the long term is fair and equitable to all of the Clients.

When the amount available for a particular investment exceeds the relevant Clients' intended allocation for the investment, the Firm, in its sole and absolute discretion, may provide certain persons or entities (including, among others, the Firm's employees and certain other persons affiliated with the Firm or its affiliates) with an opportunity to co-invest alongside the relevant Clients in such investment. There is no assurance that the Firm will offer these co-investment opportunities to every investor. No investor should have the expectation that they will have the opportunity to participate in such an investment.

Aggregation of Orders

Aggregation describes a procedure whereby an investment adviser combines the orders of two or more client accounts into a single order. Aggregation opportunities for the Firm would generally arise when more than one Client is capable of purchasing or selling a particular security based on the allocation factors described above.

To the extent that a security is purchased or sold for more than one Client, the Firm will aggregate orders for such security (to the extent possible) unless aggregation is not consistent with the Firm's duty to seek best execution. To the extent an aggregated order is only partially filled, the Firm will allocate the investment opportunity or partially filled order on a fair and equitable basis based on the criteria described above.

Each Client that participates in an aggregated order will participate at the average price for all of the Firm's transactions in that security on a given business day, with transaction costs shared *pro rata* based on each Client's participation in the transaction.

Trade Errors

On occasion we may experience errors with respect to trades or investments made on behalf of the Hedge Funds. Trade errors can result from a variety of situations, including for example, when the wrong security is purchased or sold, when the correct security is purchased or sold but for the wrong account, when the wrong amount is purchased or sold or when a misallocation among the Hedge Funds occurs. We endeavor to detect trade errors prior to settlement and correct them in an expeditious manner.

The SEC has stated a general view that an adviser has a fiduciary duty to place trades accurately. Accordingly, we generally will reimburse losses suffered by a Client as a result of a trade error caused by the Firm as a result of gross negligence, willful misconduct or fraud. In addition, we will not correct a trade error made for one Client by causing the other Client to buy or sell the securities. We also will not directly or indirectly use soft dollars to correct trade errors.

Soft Dollar Policy

We do not currently utilize soft dollar benefits but may do so in the future. Soft dollar benefits include research and related services furnished by brokers including written information and analyses (including specific market, financial and economic studies and forecasts), statistics and pricing services, discussions with research personnel and similar services used in the investment and trading process in return for the investment manager paying a broker a commission in excess of that which another broker might have charged for effecting the same transaction, in recognition of the value of such services or facilities provided by the broker. To the extent we should decide to enter into soft dollar transactions, we will effect such transactions in compliance with the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934, as amended.

We occasionally receive bundled products or services from brokers. To our knowledge, such products and services are generally made available to all institutional clients doing business with these brokers.

Item 13: Review of Accounts

Review of Accounts

Tao Li and the Firm's Chief Financial Officer review and reconcile Client portfolios on a daily basis to assure conformity with investment objectives and guidelines.

We engage in active management and frequent transactions for the Hedge Funds and, accordingly, review our transactions, positions, and cash balances on a daily basis.

We have also engaged the Administrator to prepare unaudited reports reviewing each Hedge Fund's performance for each month and the SPV Fund's and the PE Fund's performance for each quarter.

Reporting

Financial statements are prepared by Teng Yue and audited by an independent auditor and are distributed to investors in the Clients on an annual basis. In addition, Teng Yue will furnish investors of the Hedge Funds with unaudited monthly reports showing the value of their capital accounts, periodic reports (generally quarterly) providing fund and market commentary, and certain other reports on the operations of the Hedge Funds as Teng Yue may determine in its sole and absolute discretion. Additionally, Teng Yue will furnish investors of the SPV Fund with unaudited quarterly reports showing the value of their capital accounts. Teng Yue will furnish investors of the PE Fund with unaudited quarterly reports showing the value of their capital accounts and periodic reports providing fund and market commentary.

The Firm has the absolute discretion to agree with any investor to waive or modify the application of any provision of a Client's governing documents with respect to such investor (including those relating to management fees, performance compensation, transparency and liquidity) without obtaining the consent of any other investor (other than an investor whose rights under the applicable Client's governing documents would be materially and adversely changed by such waiver or modification), possibly enabling such investors to better assess the prospects and performance of the Clients. In addition, investors may be provided with information about the Firm and the Clients in response to questions and requests, and/or in connection with due diligence meetings and other communications, but such information will not be distributed to other investors and prospective investors who do not request such information. Each investor is responsible for asking such questions as it believes are necessary

in order to make its own investment decisions and must decide for itself whether the limited information provided by the Firm is sufficient for its needs.

Item 14: Client Referrals and Other Compensation

Teng Yue does not currently utilize any third party marketers or solicitors for client referrals.

Item 15: Custody

While it is Teng Yue's practice not to accept or maintain physical possession of any of our Clients' assets (and our Clients' assets are in the custody of one or more prime brokers and or banks), we are deemed to have custody of their assets under Rule 206(4)-2 of the Advisers Act because we have the authority to access funds and deduct fees and expenses from Clients' accounts.

In order to comply with Rule 206(4)-2, we utilize the services of a bank or qualified custodian (as defined under Rule 206(4)-2) to hold all assets of our Clients (to the extent required by such rule). We also confirm that the qualified custodian maintains these assets in accounts bearing the Client's name that contain only assets of the Client.

While Rule 206(4)-2 generally requires an investment adviser to provide for a qualified custodian to send account statements to all of its Clients whose assets the custodian holds at least quarterly, we are not subject to such requirement because our Clients are subject to an audit at least annually by an independent auditor that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. We generally distribute audited financial statements to all investors within 120 days of the end of the fiscal year of the relevant Client.

Item 16: Investment Discretion

As previously noted, we have full discretionary authority to manage the Clients, including authority to make decisions with respect to which securities are bought and sold, the amount and price of those securities, the brokers or dealers to be used for a particular transaction, and the commissions paid. These terms are set out in the governing documents for each Client.

Item 17: Voting Client Securities

From time to time, the Firm has voting discretion over securities held by the Clients. Whenever the Firm has such discretion, it will exercise that discretion in the best interests of the Clients.

In the absence of specific voting guidelines from a Client or conflicts of interest, the Firm will vote all proxies in the best interests of each Client. In addition, the Firm may determine to abstain from voting a proxy if it believes that such action is in the best interests of a particular Client, or if the Firm deems that the issue being voted upon is not material for the Firm and the Clients.

Investors may request a copy of our proxy voting policies and information about how Teng Yue voted their securities by contacting the CCO at (212) 583-7758.

Item 18: Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about their financial condition. Teng Yue has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to Clients, and has not been the subject of a bankruptcy proceeding.