

## **FIRM BROCHURE**

### **WESTROCK ASSET MANAGEMENT, LLC**

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ADDITIONAL INFORMATION ABOUT WESTROCK ASSET MANAGEMENT, LLC ALSO IS AVAILABLE ON THE SECURITIES AND EXCHANGE COMMISSION'S WEBSITE AT [WWW.ADVISERINFO.SEC.GOV](http://WWW.ADVISERINFO.SEC.GOV).

MARCH 27, 2019

## Item 2: Material Changes

The date of the last annual updating amendment to our firm brochure was March 29, 2018. A summary of certain of the material changes made to this firm brochure since the last annual updating amendment is set forth below:

- We updated our regulatory assets under management as of December 31, 2018. **See Item 4.**
- We updated certain risk factor disclosures. **See Item 8.**
- We removed Stefan R. Booy and Thomas B. Walden from the list of our management persons that are (i) registered with the Commodity Futures Trading Commission as associated persons of Westrock Asset Management, LLC and (ii) an associate member of the National Futures Association. **See Item 10.**
- We updated our disclosures regarding relationships with placement agents. **See Item 14.**
- We added disclosures regarding our process for voting proxies. **See Item 17.**

The information set forth in this brochure is qualified in its entirety by the applicable governing, offering and/or account documents. In the event of a conflict between the information set forth in this brochure and the information in the applicable governing, offering, and/or account documents, such documents shall control.

We encourage all investors and clients to carefully review this brochure in its entirety.

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## Item 4: Advisory Business

### FIRM DESCRIPTION

Westrock Asset Management, LLC, a Delaware limited liability company and private investment advisory firm (“Westrock Asset Management” or “we,” “us,” or “our”), was formed in December 2014. We provide or will provide investment advice, commodity interest trading advice and other services with respect to affiliated private pooled investment vehicles and a separately managed account client, and generally have full discretionary authority with respect to investment decisions. Our investment advisory services and commodity interest trading advice are provided in accordance with the investment objectives and guidelines set forth in the applicable governing, offering and/or account documents. The information set forth in this brochure is qualified in its entirety by the governing, offering and/or account documents of each of our clients.

### PRINCIPAL OWNERS

We are a wholly-owned subsidiary of Westrock Group, LLC, an Arkansas limited liability company. The sole members and equity owners of Westrock Group, LLC are Wooster Capital, LLC, a Texas limited liability company, Greenbrier Holdings, LLC, an Arkansas limited liability company, and Ford Family Holdings, LP, an Arkansas limited partnership. Wooster Capital, LLC is wholly owned and controlled by Joe T. Ford. Greenbrier Holdings, LLC is wholly owned and controlled by Scott T. Ford. Ford Family Holdings, LP is ultimately owned and controlled by Scott T. Ford.

### TYPES OF ADVISORY SERVICES

#### Funds

We provide investment advisory services and commodity interest trading advice with respect to affiliated private pooled investment vehicles including, without limitation, Westrock Alpha Fund, L.P., a Delaware limited partnership (the “Domestic Fund”), Westrock Alpha Offshore Fund, Ltd., a Cayman Islands exempted company (the “Offshore Fund” and, together with the Domestic Fund, the “Feeder Funds”), and Westrock Alpha Master Fund, L.P., a Cayman Islands exempted limited partnership (the “Master Fund” and, together with the Feeder Funds, the “Funds”). The Funds generally invest primarily in a broad range of U.S. and non-U.S. securities, commodity futures and other derivatives and instruments. We generally are responsible for investing and re-investing the assets of the Funds in accordance with the investment objectives, policies and guidelines set forth in their governing and offering documents. We also act as commodity pool operator with respect to the Funds. **See Item 8 below.**

#### Advisory Accounts

We also provide discretionary investment advisory services and commodity interest trading advice with respect to separately managed account clients (collectively, the “Advisory Accounts”). Our advisory services with respect to the Advisory Accounts are provided in accordance with the terms, conditions, guidelines and limitations set forth in the investment management agreement between us and the Advisory Account clients. **See Item 8 below.**

### INVESTMENT RESTRICTIONS

#### Funds

We generally provide investment advice to the Funds in accordance with the investment objectives, policies and guidelines set forth in the applicable governing and offering documents, and not in accordance with the individual needs or objectives of any particular investor in the Funds. Investors generally are not permitted to impose restrictions or limitations on the management of the Funds. Notwithstanding the foregoing, we, any Fund, and/or the general partner or board of directors of a Fund may enter into side letter agreements or other arrangements with certain investors that alter, modify or change the terms of the interests held by such investors.

#### Advisory Accounts

We provide and tailor our investment advice with respect to the Advisory Accounts in accordance with the investment guidelines and objectives and other terms and conditions set forth in the investment management agreement between us and the Advisory Account clients. The Advisory Account clients generally may impose restrictions, guidelines and limitations on the management of the Advisory Accounts.

**ASSETS UNDER MANAGEMENT**

As of December 31, 2018, we had approximately \$230,567,276 in regulatory assets under management, all of which were managed on a discretionary basis.

## Item 5: Fees and Compensation

### DESCRIPTION OF COMPENSATION AND FEE SCHEDULE

In consideration of our advisory services, we and/or certain of our affiliates generally are entitled to receive management fees and performance-based compensation from or with respect to our clients. While the applicable fees and compensation are described in detail in the applicable offering, governing and/or account documents, a summary of our basic fee schedule is set forth below.

#### Funds

*Management Fee.* The Master Fund generally bears, as of the beginning of each calendar quarter in advance, an asset-based management fee (the “Management Fee”) equal to a percentage of the net asset value of each separate account of an investor as of the beginning of such calendar quarter. With respect to each separate account of an investor, the Management Fee percentage generally will be 0.5% (2.0% per annum) of the net asset value of such separate account as of the beginning of each calendar quarter.

*Performance Allocation.* Subject to certain terms, limitations and conditions, at the end of each fiscal year (and such other times set forth in the partnership agreement of the Master Fund) one of our affiliates generally is entitled to receive a performance-based allocation equal to a percentage of the net profits allocated to each separate account of an investor for the applicable period (subject to certain adjustments and a “high water mark”). The performance allocation percentage generally is 20% of the net profits allocated to each separate account of an investor. The performance allocation is calculated and determined separately with respect to each separate account of an investor.

A “cumulative net loss” account (also known as a “high water mark”) is maintained by the Master Fund with respect to each separate account of an investor (a “Cumulative Net Loss Account”). At the end of each fiscal period, each Cumulative Net Loss Account is (i) debited with the sum of the cumulative amount of net losses, if any, allocated to the relevant separate account since the immediately preceding date as of which a calculation of the performance allocation was made (or if no calculation has yet been made with respect to such separate account, since such separate account was established) and the cumulative amount of any Management Fees charged with respect to such separate account and (ii) credited (but not below zero) with the cumulative net profits, if any, allocated to such separate account since the immediately preceding date as of which a calculation of a performance allocation was made (or the date such separate account was established, if applicable). No performance allocation will be made with respect to a separate account of an investor until the debit balance in the corresponding Cumulative Net Loss Account has been reduced to zero.

Each investor generally is required to certify that it is, among other things, an “accredited investor” (as such term is defined in Rule 501(a) of Regulation D under the Securities Act of 1933, as amended) and a “qualified purchaser” (as such term is defined in Section 2(a)(51)(A) of the Investment Company Act of 1940, as amended).

Our advisory fees with respect to each investor generally are not negotiable. However, subject to certain conditions and limitations, the Management Fee and/or performance allocation with respect to any investor may be waived or reduced by us or our affiliate. Notwithstanding the foregoing, we and certain of our affiliates have entered into side letter agreements and other arrangements with certain investors in the Feeder Funds (the “Seed Investors”), pursuant to which such Seed Investors have certain preferential economic and non-economic rights and terms with respect to the Funds and us (including, without limitation, most favored nations status, a portion of the Management Fee and any performance allocation, and other preferential rights and terms). The Seed Investors are not sponsors or promoters of the Funds, do not owe any fiduciary duties or other special duties or obligations to the Funds or any of the other investors and may have interests that conflict with the Funds and other investors. In addition to the Seed Investors, we and certain of our affiliates may, in the future, enter into side letters or similar arrangements with certain investors that grant different terms (including lower fees) to such investors than the terms generally applicable to other investors.

#### Advisory Accounts

*Management Fee.* We generally receive, or will receive, a management fee, payable as of the beginning of each calendar quarter in advance, equal to a percentage (typically 2.0% per annum) of the net asset value of each Advisory Account as of the beginning of such calendar quarter. Management fees with respect to the Advisory Account clients generally were negotiated based upon various factors, including, but not limited to, the size of the

Advisory Accounts and the nature of the advisory services provided.

*Performance Fee.* Subject to a high-water mark with respect to each performance period, we generally are or will be entitled to receive from the Advisory Account clients a performance-based fee equal to 20% of the net profits of the Advisory Accounts for such performance period.

## **DEDUCTION OF ADVISORY FEES**

### Funds

With respect to each applicable investor, the Management Fee is payable quarterly, in advance, as of the first day of each calendar quarter and amortized monthly over the calendar quarter for which such asset-based charges are paid. The Management Fee is deducted directly from the separate account of each investor. The Management Fee is prorated with respect to any capital contribution effective other than as of the first day of a calendar quarter. In the event of a withdrawal by an investor other than as of the last day of a calendar quarter, a *pro rata* portion of the Management Fee, based upon the actual number of days remaining in such calendar quarter, generally is repaid by our affiliate to the Master Fund for credit to the separate account of such investor.

Performance allocations generally are calculated and allocated as of the end of each fiscal year and at such other times as set forth in the partnership agreement of the Master Fund (such as the withdrawal of an investor). Performance allocations are re-allocated from each separate account of an investor to the separate accounts of our affiliate.

### Advisory Accounts

Management fees generally are or will be payable quarterly, in advance, as of the beginning of each calendar quarter. Management fees for partial periods are prorated, as appropriate, based upon the number of days that have elapsed during such period.

Performance fees generally are or will be calculated and paid as of the end of each calendar year (or earlier upon the withdrawal of all or any portion of the assets from the Advisory Accounts).

Promptly following the end of each calendar quarter (with respect to management fees) or the applicable performance period (with respect to performance fees), we will send an invoice to the Advisory Account clients setting forth the applicable management fees or performance fees due and payable with respect to the Advisory Accounts for the applicable period. The Advisory Account clients generally are or will be responsible for paying (or otherwise causing or directing its custodian to pay) the applicable management fees and/or performance fees in cash within 15 days after receipt of our invoice. In general, management fees and performance fees will be payable from the assets of the Advisory Accounts.

We do not have any authority to deduct our fees (or direct the custodian to deduct our fees) directly from the Advisory Accounts.

## **OTHER FEES AND EXPENSES**

### Funds

In addition to the Management Fee and performance allocations, the Funds generally are required to bear (and reimburse us and our affiliates for) all costs and expenses relating to their activities, including but not limited to (i) with respect to each Feeder Fund, its proportionate share of expenses related to the Master Fund, (ii) all expenses incurred in connection with the offering, (iii) all operating expenses such as tax preparation fees (including, without limitation, any such fees related to the preparation of tax returns and Schedule K-1s), administrator, custodial, futures commission merchant (“*FCMs*”) fees, brokerage fees and expenses, communications with investors and ongoing legal, accounting, auditing, administration, appraisal, bookkeeping, consulting and other professional fees and expenses, including for litigation, and preparation of financial statements and reports, iv) all costs, expenses and charges incurred in connection with or related to the investment and trading-related activities of the Funds (*e.g.*, brokerage commissions, mark-ups, margin interest, expenses related to short sales, custodial fees, clearing and settlement charges and other transaction costs to brokers) and/or all expenses incurred in developing, evaluating, negotiating, consummating, monitoring, structuring, trading, effecting, settling, holding and/or disposing of investments, including expenses which the general partner reasonably determines to be related to the activities of the Funds or the investment of the Funds’ assets (including travel, meal and accommodation expenses (which may include (A) the cost of first or business class commercial airfare or (B) the cost of chartering private aircraft or other

private air travel (including from an affiliate of the general partner) at a cost not to exceed the cost of available first or business class commercial airfare (as reasonably determined by the general partner in good faith and to the extent available), (v) all professional and other advisory and consulting expenses incurred in connection with investment due diligence, monitoring or the assertion of rights or pursuit of remedies (including, without limitation, pursuant to bankruptcy or other legal proceedings, or participation in informal committees of creditors or other security holders of an issuer, or obtaining and maintaining an insurance policy or policies), (vi) all fees and other expenses incurred in connection with the investigation, prosecution or defense of any claims by or against the Funds, (vii) interest on, and fees and expenses arising out of, all borrowings made by the Funds, (viii) organizational costs and expenses, (ix) expenses of any meetings of the investors, (x) the costs of any litigation and indemnification relating to the affairs of the Funds, (xi) expenses related to third party research, publications, data and data services, including real time pricing and market information (such as FactSet, Bloomberg and Reuters services) and historical pricing and other data (including costs and expenses of investment, operations, portfolio and trading-related software), (xii) costs of compliance with applicable laws and regulations of governmental and self-regulatory bodies (including the Securities and Exchange Commission (“SEC”), the Commodity Futures Trading Commission (the “CFTC”) ,and National Futures Association (“NFA”)), including costs incurred by the general partner, the investment manager and their respective affiliates in complying with laws and regulations that apply to any such entities as a result of their services to the Funds (including, without limitation, costs and expenses relating to (A) the preparation and filing of Form PF, Form ADV and/or other regulatory filings of the general partner, the investment manager and their affiliates relating to the Funds’ activities, as well as all filings with the CFTC and NFA and any costs and expenses relating to maintaining regulatory compliance with the CFTC or NFA, and any other similar fees or expenses; (B) the Funds’ share of compliance and consultant fees and/or legal consultant fees as determined in the general partner’s discretion; (C) obtaining exemptions, maintaining qualifications and satisfying any regulatory or other jurisdictional fees, such as filing, notice and registration fees, (D) legal filings and compliance with the Alternative Investment Fund Managers Directive and the private placement laws of any jurisdiction, and (E) compliance with anti-money laundering laws and know-your customer requirements), (xiii) the Funds’ expenses associated with forming and maintaining the legal existence of the Funds, including directors’ fees, administrator’s fees, occupancy costs and other operating costs of entities that maintain their own offices in certain jurisdictions, and (xiv) all other reasonable expenses related to the management and operation of the Funds and/or the purchase, sale or disposition of the Interests, including, in the case of any expenses directly related to the Funds’ and one or more of its related funds’ investments, any portion of any such joint expenses that the general partner determines are properly and ratably allocable to the Funds. The Funds generally are responsible for and pay all brokerage and custodial expenses and fees. **See Item 12 below.**

#### Advisory Accounts

In addition to any management fees and/or performance-based fees, the Advisory Accounts generally will bear (and reimburse us or our affiliates, if applicable, for) all costs and expenses relating to or associated with each Advisory Account’s investment activities, including, but not limited to, all costs and expenses relating to portfolio investments or prospective investments for the Advisory Accounts, withholding taxes, interest expenses, brokerage commissions and other transaction costs, custody fees and administration fees.

#### Allocation of Expenses

If any expenses are incurred jointly for a Fund, the Advisory Accounts and one or more other client accounts sponsored or managed by us, such expenses generally will be (to the extent permitted under the applicable governing documents) allocated among all applicable clients in proportion to the size of the investment made by each such client in the activity, entity or investment to which the expense relates, or in such other manner considered fair and equitable by us.

#### **COMPENSATION FOR THE SALE OF SECURITIES OR OTHER INVESTMENT PRODUCTS**

Neither we nor any of our supervised persons accept compensation for the sale of securities or other investment products.



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

### **PERFORMANCE-BASED FEES**

As noted under Item 5 above, we (or an affiliate) generally are or will be entitled to receive performance-based compensation with respect to our clients. Performance-based compensation could motivate us to make investment decisions that are riskier or more speculative than would be the case if these arrangements were not in effect. In addition, because many performance-based compensation is calculated on a basis that may include unrealized appreciation in the client's portfolio based upon values assigned by us, we may face a conflict of interest in valuing the client's portfolio. Our individual employees and affiliates who are compensated to some extent based upon trading profits for which they are responsible face the same potential conflict.

We address this conflict through full and fair disclosure in the applicable governing, offering and/or account documents and this brochure.

## Item 7: Types of Clients

### **TYPES OF CLIENTS**

We currently provide investment advisory, commodity interest trading advice and/or other services to our affiliated private pooled investment vehicles (the Funds) and the separately managed account client. We may in the future provide investment advice to other clients or types of clients including, but not limited to, other pooled investment vehicles and separately managed accounts.

### **ACCOUNT REQUIREMENTS**

#### Funds

The minimum initial capital contribution or subscription required for an investor in a Feeder Fund generally is \$1,000,000, although capital contributions or subscriptions of lesser amounts may be accepted in our discretion (subject to applicable law).

To invest in a Feeder Fund, each investor generally is required to certify that it is, among other things, an “accredited investor” (as such term is defined in Rule 501(a) of Regulation D under the Securities Act of 1933, as amended) and a “qualified purchaser” (as such term is defined in Section 2(a)(51)(A) of the Investment Company Act of 1940, as amended). Each prospective investor generally is required to complete and return various subscription documents to the applicable Feeder Fund, which are designed to provide the applicable Feeder Fund, the administrator, us and our affiliates and agents with important information about the investor. Subscriptions may be accepted or rejected, in whole or in part, in our sole discretion.

#### Advisory Accounts

The Advisory Account clients are required to sign an investment management agreement that, among other things, sets forth the nature and scope of our investment management authority and the investment objectives, guidelines and restrictions applicable to the management of the Advisory Accounts. In addition, the Advisory Account clients generally must meet certain net worth, net asset and/or other eligibility requirements imposed by various securities laws.

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

### METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

#### Funds

The Funds employ quantitative analysis to create proprietarily sized and layered investment strategies (both systematic and, at times, non-systematic) that attempt to capitalize on an array of underlying drivers and relationships across a broad range of asset classes on both a long and short basis for varying investment horizons. The Funds may also utilize options, short positions and other financial instruments for hedging or arbitrage purposes. In addition to the investment strategies described above, the Funds may utilize discretion within the overall investment portfolio in order to (i) allow the Funds to opportunistically take advantage of global macro trends and/or specific market dislocations when they provide unique trading opportunities and (ii) to adjust portfolio positions for risk management purposes.

#### Advisory Accounts

Except as otherwise set forth in the investment management agreement (and subject to the terms, conditions, restrictions and limitations set forth therein), the Advisory Accounts generally pursue investment strategies similar to those employed by the Funds while targeting different levels of risk.

*The investment strategies summarized above are not intended to be comprehensive. For more information regarding our methods of analysis and investment strategies, please carefully review the governing, offering and/or account documents of each client, as applicable.*

\* \* \* \* \*

### CERTAIN RISK FACTORS

*There can be no assurance that we will achieve our investment objectives or that our investment strategies will be successful. Our investment program involves a substantial degree of risk, including risk of complete loss. Nothing in this brochure is intended to imply, and no one is or will be authorized to represent, that our investment strategies are low risk or risk free. Our investment strategies and programs are appropriate only for sophisticated persons who fully understand and are capable of bearing the risks of investment. The various risks outlined below are not the only risks associated with our investment strategies and processes and will not necessarily apply to each client or investor. Prospective investors and clients are urged to consult with their own independent financial, legal and tax advisors before making an investment decision. With respect to the Funds, the following risks are qualified in their entirety by the risks set forth in the applicable offering documents.*

**General Market and Economic Developments.** The success of our activities is affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, market volatility, changes in laws, trade barriers, unemployment rates, currency exchange controls and national and international political circumstances. These and other factors may affect the level and volatility of commodity prices and other securities prices and therefore the business operations and/or liquidity of our clients' investments. Unpredictable or unstable market conditions may also result in reduced opportunities to locate suitable investment opportunities or make it more difficult to exit and realize value from our clients' investments. From time to time, various markets around the world have experienced extreme periods of volatility, illiquidity, correlation with other markets, negative (or positive) performance and other disruptions and conditions that would previously have been viewed as extremely unlikely or even impossible. Such market developments have, in the past, led to large losses and insolvencies at numerous investment funds. The general economic situation will impact our clients and their investments. As a result, we could experience a reduction in attractive investment opportunities and our clients' investments could be materially impaired in many ways that cannot be predicted. There can be no assurance that general market developments in the future will not have a material adverse effect on any or all of our clients. It is important to understand that any or all of our clients could incur material losses even if we react quickly to difficult market or economic conditions.

**Supply and Demand Risk.** Our investments may be impacted by the levels of supply and demand for various commodities traded or held by our clients. Our investments could be adversely affected by reductions in the supply

of or demand for commodities traded or held by our clients. The volume of production of those commodities and the volume of those commodities available for transportation, storage, processing or distribution could be affected by a variety of factors, including depletion of resources, depressed commodity prices, catastrophic events, labor relations, increased environmental or other governmental regulation, equipment malfunctions and maintenance difficulties, import volumes and international politics. Alternatively, a decline in demand for those commodities could result from factors such as adverse economic conditions (especially in key producing or consuming countries), increased taxation, increased environmental or other governmental regulation, or increased commodity prices.

The applicable offering documents and this brochure cannot address or anticipate every possible current or future laws, rules or regulation that may affect us or our business. Such laws, rules or regulations may have a significant impact us or our operations, including, without limitation, restricting the types of investments we may make, preventing us from exercising our voting rights with regard to certain financial instruments, requiring us to disclose the identity of investors or otherwise.

*Potential for Fraud.* Recent discoveries of fraud in the banking and financial services industry highlight the seriousness of the issue. The scope and long-term nature of such frauds is a testament to how difficult fraud is to detect and prevent. While we attempt to avoid falling victim to fraud, there can be no assurance that we and our clients will be able to prevent all types of fraud by parties with whom we and our clients transact business.

*Terrorist Attacks, War and Natural Disasters.* Terrorist activities, anti-terrorist efforts, armed conflicts involving the United States or its interests abroad and natural disasters may adversely affect the United States, its financial markets and global economies and could prevent us from meeting our investment objectives and other obligations. The potential for future terrorist attacks, the national and international response to terrorist attacks, acts of war or hostility and natural disasters have created many economic and political uncertainties in the past and may do so in the future, which may adversely affect the United States and world financial markets and any of our clients for the short or long-term in ways that cannot presently be predicted.

*Investment Risks in General.* All investments risk the loss of capital. No guarantee or representation is made that our investment program will be successful. Certain investment techniques utilized by us will, in certain circumstances, maximize the impact of adverse market moves to which our clients are or will be subject. The performance of any particular investment is subject to numerous factors which are neither within the control of, nor predictable by, us. Such factors include a wide range of economic, political, competitive and other conditions that may affect investments in general or specific industries or companies. As a result of the nature of investment activities, it is possible that our clients' financial performance (including net asset values) may fluctuate substantially from period to period. Investors could lose a substantial portion or all of their investment.

*General Commodity Risks.* As disclosed herein, we trade, buy, sell, spread, swap, and otherwise acquire, hold, dispose of, and deal in interests in commodities (including any which are now, or may hereafter be, the subject of commodities or commodities contract trading), futures contracts, forward contracts, options on futures contracts and physical commodities, spot (cash) commodities and any rights pertaining thereto and interests therein that may be traded on a commodities exchange or in the over-the-counter markets (hereinafter referred to collectively as "Commodities Interests"), the prices of which can be volatile, particularly over short time periods. Investments in individual commodity futures contracts and options on futures contracts historically have had a high degree of price variability and may be subject to rapid and substantial price changes. These price changes may be magnified by computer-driven algorithmic trading, which is becoming much more prevalent in the commodities markets. Clients could incur significant losses on their investments in Commodities Interests. Movements in the prices of Commodities Interests generally are outside of our control, are extremely difficult to predict and may not be anticipated by us. Price movements are influenced by, among other things: governmental, agricultural, trade, fiscal, monetary and exchange control programs and policies; weather and climate conditions; changing supply and demand relationships; changes in international balances of payments and trade; U.S. and international rates of inflation; currency devaluations and revaluations; U.S. and international political and economic events; changes in interest and foreign currency/exchange rates; market liquidity; and changes in philosophies and emotions of market participants. In making investments, we may utilize highly speculative investment techniques, including high leverage, highly concentrated commodity portfolios and illiquid investments. Such investments may expose our clients' assets to the risks of material financial loss. Certain of our investment techniques may, in certain circumstances, substantially increase the impact of adverse market movements to which our clients may be subject. In addition, our investments may be materially affected by conditions in the financial markets and U.S. and worldwide economic conditions.

Our methods of minimizing such risks may not accurately predict future risk exposures. Risk management techniques are based in part on the observation of historical market behavior, which may not predict market divergences that are larger than historical indicators. Also, information used to manage risks may not be accurate, complete or current, and such information may be misinterpreted.

*Changing Interests of Commodities Interest Market Participants.* In order to induce investors or speculators to take the corresponding long side of a futures contract, commodity producers must be willing to sell futures contracts at prices that are below the present value of expected future spot prices. Conversely, if the predominant participants in the futures market are the ultimate purchasers of the underlying commodity futures contracts in order to hedge against a rise in prices, then speculators should only take the short side of the futures contract if the futures price is greater than the present value of the expected future spot price of the commodity. This can have significant implications for our clients when it is time to reinvest the proceeds from a maturing futures contract into a new futures contract. If the interests of investors, hedgers and speculators in futures markets have shifted such that commodity purchasers are the predominant participants in the market, we will be constrained to reinvest at higher futures prices which could have a negative effect on client returns and may cause clients to suffer losses on their short positions. Conversely, if commodity sellers are the predominant participants in the market, we will be constrained to reinvest client assets at lower prices which could have a negative effect on client returns and may cause clients to suffer losses on its long positions.

*Unlimited Range of Potential Investments.* Our investment activities will not be limited to the strategies or types of strategies described in the applicable offering documents or this brochure. Rather, we may pursue any investment strategy determined to be appropriate from time to time, in our sole discretion, without any notice to our clients or their investors. This unlimited range of potential investments may include substantial investments in strategies not previously pursued by us and with which we and our personnel have limited experience. New strategies, assets and markets are likely to involve material and as-yet unanticipated risks. Furthermore, since we expect to invest a substantial portion of our capital in certain borrowers, our performance will depend to a significant degree on the activities of such borrowers and their ability to make payments pursuant to the terms of such loans. There can be no assurance that any of the investment strategies pursued by us will be successful.

*Highly Volatile Markets.* The prices of financial instruments in which we invest may be volatile. Price movements of financial instruments may be 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. Our clients are subject to the risk of failure of any of the exchanges on which they trade financial instruments or of their clearinghouses. In addition, governments from time to time intervene in certain markets, directly and by regulation, particularly in currencies, futures and options. Such intervention is often intended to directly influence prices and may, together with other factors, cause some or all of these markets to move rapidly in the same direction. The effect of such intervention is often heightened by a group of governments acting in concert.

*Swap Agreements.* We may enter into swap agreements and options on swap agreements (“swaptions”). Swap agreements are individually negotiated and can be structured to include exposure to a variety of different types of investments, asset classes or market factors. We, for instance, may enter into swap agreements with respect to interest rates, credit defaults, currencies, securities, indexes of securities and other assets or other measures of risk or return. Depending on their structure, swap agreements may increase or decrease our clients’ exposure to, for example, long-term or short-term interest rates (in the United States or abroad), non-U.S. currency values, credit spreads, corporate borrowing rates, or other factors such as security prices, baskets of equity securities or inflation rates. Swap agreements can take many different forms and are known by a variety of names. We are not limited to any particular form of swap agreement if consistent with our clients’ investment objective and policies.

Swap agreements tend to shift our clients’ investment exposure from one type of investment to another. For example, if we agree to exchange payments in dollars for payments in non-U.S. currency, the swap agreement would tend to decrease our clients’ exposure to U.S. interest rates and increase its exposure to non-U.S. currency and interest rates. Depending on how they are used, swap agreements may increase or decrease the overall volatility of our clients’ portfolios. The most significant factor in the performance of swap agreements is the change in the specific interest rate, currency, individual equity values or other factors that determine the amounts of payments due to and from us. If a swap agreement calls for payments, we must be prepared to make such payments when due. In addition, if a counterparty’s creditworthiness declines, the value of swap agreements with such counterparty can be expected to decline, potentially resulting in losses by our clients.

Whether our use of swap agreements or swaptions is successful depends on our ability to select appropriate transactions for our clients. Swap transactions may be highly illiquid and may increase or decrease the volatility of our clients' portfolios. Moreover, our clients bear the risk of loss of the amount expected to be received under a swap agreement in the event of the default or insolvency of its counterparty. Our clients also bear the risk of loss related to swap agreements, for example, for breaches of such agreements or the failure of our clients to post or maintain required collateral. Many swap markets are relatively new and still developing. It is possible that developments in the swap markets, including potential government regulation, could adversely affect our ability to terminate existing swap transactions or to realize amounts to be received under such transactions.

*Repurchase and Reverse Repurchase Agreements.* We may enter into repurchase and reverse repurchase agreements. When we enter into a repurchase agreement, we "sell" securities or commodities interests to a broker or financial institution, and agree to repurchase such securities or commodities interests on a mutually agreed date for the price paid by the broker-dealer or financial institution, plus interest at a negotiated rate. In a reverse repurchase transaction, we "buy" securities or commodities interests issued from a broker-dealer or financial institution, subject to the obligation of the broker-dealer or financial institution to repurchase such securities or commodities interests at the price paid by us, plus interest at a negotiated rate. The use of repurchase and reverse repurchase agreements involves certain risks. For example, if the seller of securities under a reverse repurchase agreement defaults on its obligation to repurchase the underlying securities, as a result of its bankruptcy or otherwise, we will seek to dispose of such securities, which action could involve costs or delays. If the seller becomes insolvent and subject to liquidation or reorganization under applicable bankruptcy or other laws, our ability to dispose of the underlying securities may be restricted. It is possible, in a bankruptcy or liquidation scenario, that we may not be able to substantiate their interest in the underlying securities. Finally, if a seller defaults on its obligation to repurchase securities under a reverse repurchase agreement, our clients may suffer a loss to the extent that they are forced to liquidate their position in the market, and proceeds from the sale of the underlying securities are less than the repurchase price agreed to by the defaulting seller. Similar elements of risk arise in the event of the bankruptcy or insolvency of the buyer.

*Other Derivative Instruments.* We may take advantage of opportunities with respect to certain other derivative instruments that are not presently contemplated for use or that are currently not available, but that may be developed, to the extent such opportunities are both consistent with the investment objective of our clients and legally permissible. Special risks may apply to instruments that are invested in by us in the future that cannot be determined at this time or until such instruments are developed or invested in by us. Certain swaps, options and other derivative instruments may be subject to various types of risks, including market risk, liquidity risk, the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty, legal risk and operations risk.

*Convertible Securities.* We may invest client assets in convertible securities. Convertible securities are bonds, debentures, notes, preferred stocks or other securities that may be converted into or exchanged for a specified amount of common stock of the same or different issuer within a particular period of time at a specified price or formula.

The value of a convertible security is a function of its "investment value" (determined by its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion privilege) and its "conversion value" (the security's worth, at market value, if converted into the underlying common stock). The investment value of a convertible security is influenced by changes in interest rates, with investment value declining as interest rates increase and increasing as interest rates decline. The credit standing of the issuer and other factors may also have an effect on the convertible security's investment value. The conversion value of a convertible security is determined by the market price of the underlying common stock. If the conversion value is low relative to the investment value, the price of the convertible security is governed principally by its investment value. To the extent the market price of the underlying common stock approaches or exceeds the conversion price, the price of the convertible security will be increasingly influenced by its conversion value. A convertible security generally will sell at a premium over its conversion value by the extent to which investors place value on the right to acquire the underlying common stock while holding a fixed-income security. Generally, the amount of the premium will decrease as the convertible security approaches maturity.

A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument. If a convertible security held in our clients' portfolios is called for redemption, we will be required to permit the issuer to redeem the security, convert it into the underlying common

stock or sell it to a third party. Any of these actions could have an adverse effect on our ability to achieve our clients' investment objective.

*Fixed Income Securities.* We may invest client assets in bonds or other fixed income securities of issuers including, without limitation, bonds, notes and debentures issued by corporations; debt securities and commercial paper. Fixed income securities pay fixed, variable or floating rates of interest. The value of fixed income securities in which we may invest may change in response to fluctuations in interest rates. In addition, the value of certain fixed income securities can fluctuate in response to perceptions of creditworthiness, political stability or soundness of economic policies. Fixed income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (*i.e.*, credit risk) 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 (*i.e.*, market risk).

*Relative Value and Directional Investments.* Our investment strategy depends on our ability to accurately predict future price movements or the convergence of market prices toward the theoretical values expected by us. Any such attempt to predict future price movements is inherently risky and inaccurate. Often, price movements are determined by unanticipated factors, and our analysis of known factors may prove incorrect, in each case potentially leading to substantial losses to our clients.

*Trading Decisions.* Our trading decisions generally are based on fundamental and other analysis. Any factor that would lessen the prospect of major trends occurring in the future (such as increased governmental control of, or participation in, the financial markets) may reduce the prospect that a particular trading method or strategy will be profitable in the future. In the past, there have been periods without discernible trends and, presumably, such periods will continue to occur in the future. Moreover, any factor that would make it more difficult to execute trades at desired prices in accordance with the signals of the trading method or strategy (such as a significant lessening of liquidity in a particular market) would also be detrimental to profitability. Further, many advisors' trading methods utilize similar analyses in making trading decisions. Therefore, bunching of buy and sell orders can occur, which makes it more difficult for a position to be taken or liquidated. No assurance can be given that our strategies will be successful under all or any market conditions.

*Equity Risks.* We may invest in equity and equity derivative securities. The value of these securities generally varies with the performance of the issuer and movements in the equity markets generally and for specific sectors. As a result, our clients may suffer losses if we invest in equity securities of issuers whose performance diverges from our or market expectations or if equity markets or specific sectors generally move in a single direction and we have not adequately hedged against such a general move. Our clients also may be exposed to risks that issuers will not fulfill contractual obligations such as, in the case of loans and other debt securities, the ability of borrowers to make payments pursuant to the terms of the loans.

*Small and Medium Capitalization Companies.* We may invest in securities of issuers with small and medium market capitalizations, as well as securities traded only in over-the-counter markets. While we generally believe that securities may provide significant potential for appreciation, investments in small and medium capitalization companies, particularly small capitalization companies, involve higher risks in certain respects than do investments in securities of larger issuers. For example, prices of small-capitalization and even medium-capitalization securities are often more volatile than prices of large-capitalization securities and the risk of bankruptcy or insolvency (with the attendant losses to investors) is higher for smaller issuers than for larger, "blue-chip" companies. In addition, due to thin trading in securities of small-capitalization companies, an investment in those companies may be or become illiquid.

*Investments in Undervalued Equity and Equity-Related Securities.* We may invest in what we believe to be undervalued equity and equity-related securities. The identification of investment opportunities in undervalued securities is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. While investments in undervalued securities offer the opportunities for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from these investments may not adequately compensate for the business and financial risks assumed. We may make certain speculative investments in securities which we believe to be undervalued; however, there are no assurances that the securities purchased will in fact be undervalued. In addition, our clients may be required to hold such securities for a substantial period of time before realizing their anticipated value. During this period, a portion of our clients' assets may be committed to the securities purchased, thus possibly preventing us from investing in other opportunities. In addition, we may finance such purchases with borrowed funds and thus will have to pay interest on such funds during such waiting period. If we take long positions in stocks that decline and short positions in stocks

that increase in value, then our clients' losses may exceed those of other portfolios that hold long positions only.

*Fundamental Analysis.* Fundamental analysis is premised on the assumption that markets are not perfectly efficient, that informational advantages and mispricings do occur and that econometric analysis can identify trading opportunities. Fundamental analysis may incur substantial losses if such economic factors are not correctly analyzed, not all relevant factors are identified and/or market forces cause mispricings to continue despite the traders having correctly identified such mispricings. Fundamental analysis may also be more subject to human error and emotional factors than technical analysis.

*Limited Diversification and Risk Management Failures.* As described herein, at any given time, our clients' portfolios may not be diversified to any material extent and, as a result, our clients could experience significant losses if general economic conditions, and, in particular, those relevant to the issuers whose securities are owned by our clients, decline. In addition, our clients' portfolios could become significantly concentrated in a limited number of issuers, types of financial instruments, industries, strategies, countries or geographic regions, and any such concentration of risk may increase losses suffered by our clients. This limited diversity could expose our clients to losses disproportionate to market movements in general. Other investment funds pursue similar strategies, which creates the risk that many funds may be forced to liquidate positions at the same time, reducing liquidity, increasing volatility and exacerbating losses. Although we attempt to identify, monitor and manage significant risks, these efforts do not take all risks into account and there can be no assurance that these efforts will be effective. Many risk management techniques are based on observed historical market behavior, but future market behavior may be entirely different. Any inadequacy or failure in our risk management efforts could result in material losses for our clients.

*Call Options.* In certain circumstances, our clients' investment portfolios may include call options. There are significant risks associated with the sale and purchase of call options. A call option is a financial contract that gives the buyer of the contract the right, but not the obligation, to buy a security or other financial instrument from the seller (or "writer") at a specified price within a specified time period. The buyer pays a non-refundable premium to the seller for the right to exercise the call option. The seller (writer) of a call option which is covered (*e.g.*, the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The securities necessary to satisfy the exercise of an uncovered call option may be unavailable for purchase, except at much higher prices, thereby reducing or eliminating the value of the premium. Purchasing securities to cover the exercise of an uncovered call option can cause the price of the securities to increase, thereby exacerbating the loss. The buyer of a call option assumes the risk of losing its entire premium investment in the call option.

*Put Options.* In certain circumstances, our clients' investment portfolios may include put options. There are risks associated with the sale and purchase of put options. The seller (writer) of a put option which is covered (*e.g.*, the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying security if the market price falls below the exercise price of the option. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option.

*Index Contracts.* We may also invest in customized instruments seeking to hedge against the risk of changes in the level of prices of broad market averages or indices, as well as narrower indices or baskets of commodities interests. We may execute these hedging strategies through the use of exchange-traded stock/commodities index options or futures contracts or options thereon, standardized or individually negotiated over-the-counter contracts or other forms of derivative contracts (collectively, "index contracts") structured by investment banking or other institutions.

Index contracts generally have substantial risks associated with them, including possible default by the counterparty to the transaction, illiquidity and, to the extent our view as to certain market movements is incorrect, the risk that the use of such index contracts could result in losses greater than if they had not been used. Moreover, any lack of correlation between price movements of index contracts and price movements in the position of our clients may create the possibility that losses in the value of clients' positions may be greater than the gain on the hedging instrument (or that a gain in clients' positions may be less than the loss on the hedging instrument). In addition, futures and options markets may not be liquid in all circumstances and certain over-the-counter index contracts may



have no markets. As a result, in certain markets, clients might not be able to close a transaction without incurring substantial losses, if at all. Any such result may have a material adverse effect on clients.

*Corporate Debt.* We may invest client assets in bonds, notes and debentures issued by corporations. These instruments may pay fixed, variable or floating rates of interest, and may include zero coupon obligations. We may invest client assets in corporate debt instruments that have experienced or are contemplated to experience ratings downgrades. Other instruments may have the lowest quality ratings or may be unrated. Credit ratings evaluate the safety of the principal and interest payments, not the market value risk of lower-rated instruments. Such ratings also do not reflect macroeconomic or systemic risk, including the risk of increased illiquidity in the credit markets. It is also possible that a rating agency might not change its rating of a particular issue on a timely basis and, as a result, outstanding ratings may not reflect the issuer's current credit standing. Conversely, rating agencies may re-rate an instrument which could cause substantial loss as the ratings are downgraded. Our clients' investments may experience significant credit rating volatility, which may result in significant market value volatility and the potential for substantial loss. In addition, our clients may be paid interest in kind in connection with its investments in corporate debt and related financial instruments (e.g., the principal owed to our clients in connection with a debt investment may be increased by the amount of interest due on such debt investment). Such investments may experience greater market value volatility than debt obligations that provide for regular payments of interest in cash and, in the event of a default, our clients may experience substantial losses.

*Loans of Portfolio Securities.* We may lend portfolio securities of our advisory clients. By doing so, we attempt to increase our clients' income through the receipt of interest on the loan. While a securities loan is outstanding, our clients continue to receive the equivalent of the interest or dividends paid by the issuer on the securities, as well as interest on the investment of the collateral or a fee from the borrower. The risks in lending securities, as with other extensions of secured credit, if any, consist of possible delay in receiving additional collateral, if any, or in recovery of the securities or possible loss of rights in the collateral, if any, should the borrower fail financially. To the extent that the value of the securities lent increases, our clients could experience a loss if such securities are not recovered.

*Credit and Default Risks.* In evaluating credit risk, we often are dependent upon information provided by the issuers or borrowers, which may be materially inaccurate or fraudulent. Any actual default, or any circumstance that increases the possibility of such a default, could have a material adverse effect on our investments.

*Investments in Distressed Issuers.* We might invest our clients' assets in equity securities of issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, or facing special competitive or product obsolescence problems. These securities are likely to be particularly risky investments although they also may offer the potential for high returns. Among the risks inherent in investments in troubled entities is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments may also be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and the bankruptcy court's power to disallow, reduce, subordinate or disenfranchise particular claims. Such companies' securities may be considered speculative, and the ability of such companies to pay their debts on schedule and otherwise continue to operate could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or specific developments within such companies. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is high, and there is no assurance that we will analyze such investments correctly.

*Stressed Debt.* We may invest client assets in debt obligations of stressed issuers. Stressed issuers are issuers that are not yet deemed distressed or bankrupt and whose debt securities are trading at a discount to par, but not yet at distressed levels. An example would be an issuer that is in technical default of its credit agreement, or undergoing strategic or operational changes, which results in market pricing uncertainty. The market prices of distressed and stressed instruments are highly volatile, and the spread between the bid and the ask prices of such instruments is often unusually wide.

*Competition.* The markets in which we expect to participate are extremely competitive. There can be no assurance that we will be able to identify or successfully pursue attractive investment opportunities in this environment. Clients should expect that their investments will involve substantially more company-specific and market risk and associated volatility in the future than in the past. We compete with many firms, some of which may have substantially greater financial resources, more favorable financing arrangements, larger research staffs and more securities traders than are available to us.

*Less Liquid Instruments.* We generally invest client assets in publicly-traded equity securities that are relatively liquid. However, we may invest client assets in the securities of companies with micro- and small- capitalizations, which may be thinly traded and otherwise illiquid. In addition, we may from time to time hold large positions with respect to a specific type of instrument, which may further reduce liquidity. During such times, we may be unable to timely dispose of certain assets, which would adversely affect our ability to rebalance our clients' portfolios or to meet withdrawal requests. In addition, such circumstances may force us to dispose of our clients' assets at reduced prices, thereby adversely affecting our clients' performance. If there are other market participants seeking to dispose of similar assets at the same time, we may be unable to sell such assets or prevent losses relating to such assets. Furthermore, if our clients incur substantial trading losses, the need for liquidity could rise sharply while their access to liquidity could be impaired. In conjunction with a market downturn, our clients' counterparties could incur losses of their own, thereby weakening their financial condition and increasing our clients' credit risk to them.

*Non-U.S. Investments.* We may invest client assets in financial instruments of non-U.S. corporations and governments. Investing in the financial instruments of companies (and, from time to time, governments) outside of the United States involves certain considerations not usually associated with investing in financial instruments of U.S. companies or the U.S. Government, including political and economic considerations, such as greater risks of expropriation, nationalization, confiscatory taxation, imposition of withholding or other taxes on interest, dividends, capital gains or other income, limitations on the removal of assets and general social, political and economic instability; the relatively small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; the evolving and unsophisticated laws and regulations applicable to the securities and financial services industries of certain countries; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict our investment opportunities. In addition, accounting and financial reporting standards that prevail outside of the U.S. generally are not as high as U.S. standards and, consequently, less information is typically available concerning companies located outside of the U.S. than for those located in the U.S. As a result, we may be unable to structure its transactions to achieve the intended results or to mitigate all risks associated with such markets. It may also be difficult to enforce our clients' rights in such markets. For example, financial instruments traded on non-U.S. exchanges and the non-U.S. persons that trade these instruments are not subject to the jurisdiction of the SEC or the CFTC or the securities and commodities laws and regulations of the U.S. Accordingly, the protections accorded to our clients' under such laws and regulations are unavailable for transactions on foreign exchanges and with foreign counterparties.

*Interest-Rate Risk.* The value of the fixed-rate securities in which we may invest will generally have an inverse relationship with interest rates. Accordingly, if interest rates rise, the value of such securities generally will decline, which may in turn adversely affect our profitability.

*Illiquid Investments.* Some investments held by our clients may not be able to be sold except pursuant to a registration statement filed under the Securities Act or in accordance with Rule 144 or another exemption under the Securities Act. Furthermore, because of the speculative and non-public nature of some investments, we may, from time to time, sell or otherwise dispose of investments that later prove to be more valuable than anticipated at the time of such disposition. Any premature sales or dispositions may prevent our clients from realizing as great an overall return on investment as may have been realized if such sales or dispositions had been made at a later date, which may adversely affect investment results of the investors.

Certain securities may be difficult or impossible to sell at the time and price that we desire. We may have to lower the price, sell other securities instead or forego an investment opportunity, any of which could have a negative effect on the performance of our clients.

*Leverage Risks.* We may use substantial leverage our investment programs and may borrow funds from brokers, banks, counterparties and other lenders to finance their trading operations. Such leverage may be achieved through, among other methods, purchases of securities on margin and the use of options, futures, forward contracts, repurchase and reverse repurchase agreements, swaps and securities lending transactions. The use of leverage generally involves a high degree of risk. In order to secure our various financing arrangements, we may grant guaranties and pledge or otherwise transfer to lenders any of our clients' assets, including specific assets, pools of assets or interests in subsidiary entities. With respect to any leverage incurred by the Funds, investors in the Funds are equity holders, and their rights are therefore junior to and generally subject to the satisfaction of the prior claims of all creditors.

The use of margin, derivatives and short-term borrowings may result in substantial interest and financing costs to

our clients and may create additional risks. If the value of a Fund's securities or derivatives positions falls below the margin or collateral levels required by a prime broker or other counterparty, additional margin or collateral deposits would be required. The failure to satisfy a margin or collateral call, or the occurrence of other material defaults under margin or other financing agreements, may trigger cross-defaults under such Fund's agreements with other brokers, lenders, clearing firms or counterparties, multiplying the adverse impact to the Fund. In addition, because the use of leverage will allow us to control positions worth significantly more than our clients' investments in those positions, the amount that our clients may lose in the event of adverse price movements will be high in relation to the amount of their investments.

In the event of a sudden drop in the value of our clients' assets, we might not be able to liquidate assets quickly enough to satisfy its margin or collateral requirements or other contractual obligations. In that event, our clients may become subject to claims of financial intermediaries that extended margin loans or other types of credit. Such claims could exceed the value of such assets of our clients. The banks, dealers and other counterparties that provide financing to our clients can apply essentially discretionary margin, haircut, financing and collateral valuation policies. Changes by banks, dealers and other counterparties in any of the foregoing may result in large margin or collateral calls, loss of financing and forced liquidations of positions at disadvantageous prices. There can be no assurance that we will be able to secure or maintain adequate financing, without which we and our clients may not continue to be viable.

*Off-Balance Sheet Risk.* In the normal course of business, we may invest in financial instruments with off-balance sheet risk. These instruments include forward contracts, swaps and securities and options contracts sold short. An off-balance sheet risk is associated with a financial instrument if such instrument exposes the investor to an accounting and economic loss in excess of the investor's recognized asset carrying value in such financial instrument, if any; or if the ultimate liability associated with the financial instrument has the potential to exceed the amount that the investor recognizes as a liability in the investor's statement of assets and liabilities. Additionally, in the normal course of business, we may purchase long positions in option contracts that do not have off-balance sheet-risk. The risk that these financial instruments expose the investor to is not in excess of the investor's recognized asset carrying value in the statement of assets and liabilities.

*Short Sales.* We may effect short sales. Short selling is the practice of selling securities that are not owned by the seller, generally when the seller anticipates a decline in the price of the securities or for hedging purposes. To complete a short sale, we generally must borrow the securities from a third party in order to make delivery to the buyer. Our clients generally are required to pay a brokerage commission that increases the cost to our clients of selling such securities. The proceeds of the short sale plus additional cash or securities must be deposited as collateral with the lender of the securities to the extent necessary to meet margin requirements. The amount of the required deposit is adjusted periodically to reflect any change in the market price of the securities that our clients are required to return to the lender. Our clients generally are entitled to receive payments from the lender with respect to the short sale proceeds and additional cash on deposit with the lender at negotiated interest rates. Our clients may be obligated to return securities equivalent to those borrowed at any time on demand of the lender of the securities borrowed by purchasing them at the market price at the time of replacement. Until the securities are replaced, our clients are required to pay to the lender amounts equal to any dividends or interest that accrue during the period of the loan of the securities. Short sales that are not made "against the box" theoretically involve unlimited loss potential since the market price of securities sold short may continuously increase. An increase in the value of any security that is the subject of short selling by us may, as a result of the foregoing, have a material adverse effect on the assets, and therefore the returns, of our clients.

*Futures Contracts.* We may invest in commodities futures contracts, options on futures contracts and in other products and commodities interests that may be traded on commodities exchanges regulated by the CFTC or international exchanges or in the over-the-counter markets. The value of futures depends upon the price of the financial instruments, such as commodities, underlying them. The prices of futures are highly volatile, and price movements of futures contracts can be 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. In addition, investments in futures are also subject to the risk of the failure of any of the exchanges on which we positions trade or of our clearing houses or counterparties.

*Derivatives.* We utilize derivative instruments, including (among others) convertible bonds, convertible preferred stock, options (including speculative positions such as buying and writing call options and put options on either a

covered or an uncovered basis), futures, forward contracts, repurchase agreements, reverse repurchase agreements and many different types of swaps involving payments based on a wide range of risks. In many cases, derivatives provide the economic equivalent of leverage by magnifying the potential gain or loss from an investment in much the same way that incurring indebtedness would. Many derivatives provide exposure to potential gain or loss from a change in the market price of a financial instrument (or a basket or index) or other event or circumstance in a notional amount that greatly exceeds the amount of cash or assets required to establish or maintain the derivative contract. Accordingly, relatively small price movements in the underlying financial instruments or other events or circumstances may result in immediate and substantial losses to our clients. In some cases, our clients' exposure under a derivative contract is limited to the amount invested (for example, when we buy a call option). In other cases, the derivative contract may create an open-ended obligation (for example, when we write a call option). Many derivatives, particularly those negotiated over-the-counter, are substantially illiquid or could become illiquid under certain market conditions. As a result, it may be difficult or impossible to determine the fair value of our clients' interest in such contracts. Many derivative contracts involve exposure to the credit risk of the counterparty, because our clients acquire no direct interest in the underlying financial instrument, but instead depends on the counterparty's ability to perform under the contract. Further, if and when we take economic exposure through a derivative, we generally will not have any voting rights and may not be able to pursue legal remedies that would be available if we invested directly in the underlying financial instrument.

Many derivatives also involve substantial legal risk and uncertainty, because the terms of the contract may be difficult to draft, apply, interpret and enforce, particularly in the context of unforeseen market conditions or events. In many cases, the counterparty has discretion (either pursuant to the express terms of the contract or in practice) to interpret the contract, make required calculations and demand or withhold payments in the manner most favorable to the counterparty and most unfavorable to our clients. An adverse interpretation or calculation under one derivative contract could trigger cross-defaults with other contracts and could have a materially adverse effect on our clients' liquidity and performance. Any dispute concerning a derivative contract could be expensive and time consuming to resolve, particularly given the potential for complex and novel legal issues and the involvement of multiple legal jurisdictions. Even a favorable resolution could come too late to prevent cross-defaults, trading losses and material liquidity problems.

*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. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade, and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in forward markets due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward (and futures) trading to the possible detriment of any or all of our clients. Market illiquidity or disruption could result in significant losses to our clients.

*Hedging Transactions.* We may hedge some of our clients' portfolios by taking long and short positions in related securities. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the portfolio's value. Such hedging transactions also may limit the opportunity for gain if the value of the portfolio position should increase. We frequently may decide not to hedge against certain risks, and many risks exist that are not identified or hedged effectively. Furthermore, we may change our hedging strategy at any time, in our sole discretion and without any notice to investors, choosing for example not to hedge risks that we have generally attempted to hedge in the past. No assurance can be given that any particular hedging strategy, if entered into by our clients, will be successful.

Even when we do attempt to hedge against a particular risk, there can be no guaranty that the hedging strategy will be successful. The success of hedging transactions depends upon our ability to correctly structure our portfolio. Therefore, while we may enter into hedging transactions to seek to reduce market risk, improper structuring of the portfolios may result in a poorer overall performance than if we had not engaged in such transactions. In addition, the degree of correlation between price movements of the securities used in a hedging strategy may vary. Such imperfect correlation may prevent us and/or the underlying funds from achieving the intended hedge and expose us

and the underlying funds to risk of loss

*Risks Associated with Commodity Futures, Forwards and Related Instruments.* Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits.” These limits could prevent us and the underlying Funds from promptly liquidating unfavorable positions and subject us and the underlying Funds to substantial losses or from entering into desired trades. In extraordinary circumstances, a futures exchange or the CFTC could suspend trading in a particular futures contract, or order liquidation or settlement of all open positions in such contract.

The prices of commodities contracts and all derivative instruments, including futures and options prices, can be highly volatile. Price movements of forward, futures and other derivative contracts in which our clients’ assets may be invested 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. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies, financial instrument futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. We also will be subject to the risk of the failure of any of the exchanges on which our positions trade or of our clearinghouses.

Trading options on futures involves a high degree of risk. An option on a futures contract is a right to either buy or sell the underlying futures contract at a specific price. The risks of trading options on futures are similar to the risks of trading securities options. In addition, if the purchaser of an option on a futures contract exercises the option, the holder will, in effect, be buying or selling the underlying futures contract, and will then be subject to the same risks as are attendant to futures 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. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade, and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in forward markets due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward (and futures) trading to less than that which we or underlying funds would otherwise recommend, to our and the underlying funds’ possible detriment. Market illiquidity or disruption could result in significant losses.

*Litigation.* Our investment activities may subject us and our clients to the risks of becoming involved in litigation with third parties. The expense of defending against claims by third parties and the payment of any amounts pursuant to settlements or judgments may, depending upon the terms of the governing or account documents, be borne by our clients, reduce distributions and could require investors to return distributed capital and earnings to our clients. We and our affiliates may be indemnified by our clients in connection with any such litigation, subject to certain conditions.

*Counterparty Risks.* We enter into many transactions with third parties (*i.e.*, borrowers, custodians, prime brokers, etc.) in which the failure or delay of the third party to perform its obligations under a contract with a Fund could have a material adverse effect on such Fund. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a counterparty, it is impossible to generalize about the effect of a counterparty’s insolvency on us, our clients’ and their assets. Investors should assume that the insolvency of any of our prime brokers or other counterparties would result in the loss of all or a substantial portion of our clients’ assets held by such prime broker or counterparty.

*Cyber Security Breaches and Identity Theft.* We, our clients and our respective service providers depend on information technology systems and, notwithstanding the diligence that we may perform on such service providers, we may not be in a position to verify the risks or reliability of such information technology systems. We, our clients and our respective service providers are subject to risks associated with a breach in cybersecurity. “Cybersecurity” is a generic term used to describe the technology, processes and practices designed to protect networks, systems,

computers, programs and data from both intentional cyber-attacks and hacking by other computer users as well as unintentional damage or interruption that, in either case, can result in damage and disruption to hardware and software systems, loss or corruption of data, and/or misappropriation of confidential information. Our, our clients' and our service providers' information and technology systems are vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although we and our affiliates have implemented various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, we and/or our clients may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in our and our clients' operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm our or our clients' reputations, subject any such entity and its respective affiliates to legal claims and otherwise affect its business and financial performance. Such damage or interruptions to information technology systems may cause losses to our clients or individual investors by interfering with our or any affiliates' operations. Clients may also incur substantial costs as the result of a cybersecurity breach, including those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, adverse investor reaction, the dissemination of confidential and proprietary information and reputational damage. Any such breach could expose one or more of our clients or us to civil, legal or regulatory liability as well as regulatory inquiry and/or action, and clients may be required to indemnify us against any losses incurred in connection therewith. Cybersecurity issues and risks are currently a major focus area of the SEC and other regulatory authorities.

**THE FOREGOING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE DESCRIPTION OF ALL OF THE RISKS THAT MAY BE ASSOCIATED WITH OUR INVESTMENT PROGRAMS OR OUR INVESTMENT STRATEGIES. PROSPECTIVE INVESTORS ARE ENCOURAGED TO READ THIS BROCHURE AND THE APPLICABLE OFFERING AND ACCOUNT MATERIALS IN THEIR ENTIRETY BEFORE MAKING ANY INVESTMENT DECISIONS. WITH RESPECT TO THE FUNDS, THE FOREGOING RISK FACTORS ARE QUALIFIED IN THEIR ENTIRETY BY THE RISK FACTORS SET FORTH IN THE OFFERING DOCUMENTS.**

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

Neither we nor any of our employees have been involved in any legal or disciplinary events related to past or present investment clients or investors.

## Item 10: Other Financial Industry Activities and Affiliations

### COMMODITY POOL OPERATOR AND COMMODITY TRADING ADVISOR REGISTRATION

As noted in Item 4 above, we act or will act as commodity pool operator (“CPO”) with respect to the Funds (and possibly other clients), as a commodity trading adviser (“CTA”) with respect to the Advisory Account (and possibly other clients), and generally are responsible for the management and operation of each of our clients. We are registered as both a CPO and a CTA with the CFTC and are a member of the NFA. Nevertheless, we have claimed relief, with respect to the Funds and other commodity pools and the Advisory Accounts and other managed account clients, from certain of the disclosure, reporting and recordkeeping requirements generally applicable to CFTC-registered CPOs and CTAs pursuant to CFTC Rule 4.7. Accordingly, we currently do not expect to provide the Funds, the Advisory Accounts, or any other prospective clients or investors with a CFTC-compliant disclosure document. CFTC Rule 4.7 is available for both (i) registered commodity pool operators whose pools are limited to “qualified eligible persons,” as such term is defined in CFTC Rule 4.7, and (ii) registered commodity trading advisors whose clients are limited to “qualified eligible persons,” as such term is defined in CFTC Rule 4.7.

Scott T. Ford is (i) listed with the CFTC as a listed Principal of Westrock Asset Management, (ii) registered with the CFTC as an associated person and swaps associated person of Westrock Asset Management and (iii) an associate member of the NFA.

T. Christopher Pledger is (i) listed with the CFTC as a listed Principal of Westrock Asset Management, (ii) registered with the CFTC as an associated person of Westrock Asset Management and (iii) an associate member of the NFA.

John A. Ebner is (i) listed with the CFTC as a listed Principal of Westrock Asset Management, (ii) registered with the CFTC as an associated person of Westrock Asset Management and (iii) an associate member of the NFA.

Joe T. Ford is listed with the CFTC as a listed Principal of Westrock Asset Management.

Jonathan B. Leader is (i) registered with the CFTC as an associated person and swaps associated person of Westrock Asset Management and (ii) an associate member of the NFA.

Brady C. Preston is (i) registered with the CFTC as an associated person of Westrock Asset Management and (ii) an associate member of the NFA.

Jeffrey B. Pascoe is (i) registered with the CFTC as an associated person of Westrock Asset Management and (ii) an associate member of the NFA.

Jonathon King is (i) registered with the CFTC as an associated person of Westrock Asset Management and (ii) an associate member of the NFA.

Samuel T. Ford is (i) registered with the CFTC as an associated person of Westrock Asset Management and (ii) an associate member of the NFA.

Eric C. Searls is (i) registered with the CFTC as an associated person of Westrock Asset Management and (ii) an associate member of the NFA.

P. Shea Halligan is (i) registered with the CFTC as an associated person of Westrock Asset Management and (ii) an associate member of the NFA.

Benjamin B. Shuffield is (i) registered with the CFTC as an associated person of Westrock Asset Management and (ii) an associate member of the NFA.



## **SIDE LETTER AGREEMENTS**

We and certain of our affiliates have entered into side letter agreements and other arrangements (collectively, the “Side Letters”) with the Seed Investors. Pursuant to the Side Letters, among other things, (i) each of the Seed Investors made a significant investment in a Feeder Fund, (ii) the Seed Investors generally are entitled to receive a portion of the Management Fees and the performance allocations with respect to the Funds, and (iii) the Seed Investors have certain other preferential economic rights with respect to the Funds. The Seed Investors also have “most favored nations” rights with respect to the Funds.

The Seed Investors hold a significant percentage of the limited partnership interests in Westrock Alpha GP, L.P., a Delaware limited partnership (the “Master GP”), which acts as the sole general partner of the Master Fund and has the right to receive the Management Fees and the performance allocations with respect to the Funds. The Seed Investors may also hold a significant percentage of the interests in one or both of the Feeder Funds. Notwithstanding the foregoing, the Seed Investors are not responsible for and do not have any authority over the management and operation of the Funds, do not participate in our management, and do not have any authority over any aspect of the trading, investment or other activities of the Funds or any of our clients.

The Seed Investors are not sponsors or promoters of the Funds, do not owe any fiduciary duties or other special duties or obligations to the Funds or any of the other investors and may have interests that conflict with the Funds and the other investors. The Seed Investors will not be liable to other investors for exercising or not exercising any rights that they may have with respect to the Funds.

## **AFFILIATED GENERAL PARTNER**

Our affiliates typically serve as general partner or member of the board of directors of one or more of the Funds. Each general partner or board of directors, as applicable, has delegated or will delegate exclusive discretionary investment advisory, commodity pool operator and/or commodity interest trading authority with respect to the applicable Funds to us. Accordingly, the general partners or board of directors of the Funds, as applicable, do not and will not provide any investment advisory services with respect to such Funds.

## **OTHER ACTIVITIES AND AFFILIATIONS**

From time to time, certain of our employees and affiliates may serve as directors and officers of, and provide advice to, privately held or publicly traded companies in which our clients invest. Clients should be aware that the receipt of non-public information by our related persons regarding these companies could preclude us from effecting discretionary transactions on behalf of clients in certain securities of these issues.

In addition, we may from time to time engage third-parties to provide certain consulting and strategic advisory services with respect to us and/or our affiliates. In consideration of such services, we may provide office space, administrative support and other benefits to such persons.

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

### **CODE OF ETHICS**

We have adopted and implemented a code of ethics, which sets forth standards of business conduct for our supervised persons. Our code of ethics is designed to educate supervised persons about our philosophy regarding ethics and professionalism, emphasize our fiduciary duties to clients, encourage supervised persons to comply with applicable laws, prevent the misuse of material non-public information, the circulation of rumors and other forms of market abuse and address material conflicts of interest that arise from personal trading by access persons. Subject to the terms of the code of ethics, we generally impose restrictions on employees relating to the purchase or sale of securities for their own accounts and the accounts of certain affiliated persons. Employees generally are restricted from trading in securities for their own account, except for investments in exchange traded funds, mutual funds or any other investment where such employee does not retain control over the underlying investment selection. We also maintain certain policies and procedures designed to prevent supervised persons from misusing material non-public information and to address certain actual and potential conflicts of interest that may arise when supervised persons accept, provide, offer or give gifts or entertainment events. We will furnish a copy of our code of ethics to clients and/or investors upon request.

### **TRANSACTIONS INVOLVING CONFLICTS OF INTEREST**

We may cause our clients to enter into transactions and arrangements involving actual or potential conflicts of interest. We generally will review any transactions involving material conflicts of interest and take such actions as we deem necessary or appropriate in an attempt to ensure that the terms of such transactions are fair and reasonable under the circumstances (including, without limitation, obtaining client consent with respect to such transactions).

We may establish and appoint an advisory committee with respect to one or more of the Funds consisting of one or more individuals selected by us (none of whom would be affiliated or associated with us). If established, the advisory committee will have the authority, at our request and on behalf of the applicable Fund and its investors, to consider and, on behalf of the applicable Fund and its investors, approve or disapprove (to the extent required by applicable law or deemed appropriate by us) principal transactions, certain actual or potential conflicts of interest, matters requiring client consent under Section 206(3) of the Investment Advisers Act of 1940, as amended (the "Advisers Act") (or any other applicable laws) and any other matters that we elect to present thereto. Any consent given by the advisory committee on behalf of a Fund in good faith after consultation with us will be binding on the Fund and the investors.

## **Item 12: Brokerage Practices**

### **BROKER SELECTION AND BEST EXECUTION**

In general, we have the authority to select the brokers, futures commission merchants and other counterparties to be used for client transactions and negotiate commission rates and other compensation paid by clients to such brokers or counterparties. We select brokers and other counterparties on the basis of best execution and in consideration of the counterparties ability to effect the transactions, which we evaluate based on a variety of factors, including, among other things: (i) financial stability of the broker; (ii) the broker's "commission" rates or spread; (iii) the broker's inventory and availability of the security in question; (iv) research (including economic forecasts, investment strategy advice, fundamental and technical advice on individual securities, valuation advice and market analysis), custodial and other services provided by such brokers and/or dealers that are expected to enhance our general portfolio management capabilities; (v) websites and other related services; (vi) the size and type of the transaction; (vii) quality of execution; (viii) confidentiality; (ix) the operational facilities of the brokers and/or dealers involved (including back office efficiency); and (x) the ability to handle a block order for securities and distribution capabilities. We may cause our clients to pay higher commissions to brokers believed to offer superior service under the circumstances, including brokers that provide investment research and analysis to their clients. Accordingly, when we determine in good faith that the amount of commissions charged by a broker is reasonable in relation to the value of the overall services provided to our clients, including internally-developed research and other services provided by such broker, we may cause our clients to pay commissions to such broker in an amount greater than the amount another broker might charge.

We have adopted policies and procedures that we believe are reasonably designed to ensure that our clients achieve best net execution and that brokers utilized have been selected based on our clients' best interests.

### **SOFT DOLLAR PRACTICES**

We may use soft dollars generated by client accounts to pay for certain research and/or related services provided by brokers described above. The term "soft dollars" refers to the receipt by an investment manager of products and services (including research) provided by brokers without any cash payment by the investment manager, based on the volume of revenues generated from brokerage commissions for transactions executed for clients of the investment manager. 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).

Using soft dollars to obtain investment research and/or related services creates a conflict of interest between us and our clients. Soft dollars may be used to acquire products and services that are not exclusively for the benefit of clients which paid the commissions and that may primarily or exclusively benefit us. If we are able to acquire these products and services without expending our own resources (including management fees paid by clients), our use of soft dollars would tend to increase our profitability. Furthermore, we may have an incentive to select or recommend brokers based on our interest in receiving research or other products or services, rather than on our clients' interest in receiving most favorable execution. We may cause clients to pay commissions (or markups or markdowns) higher than those charged by other brokers in return for soft dollar benefits.

As of the date hereof, we have not received any soft dollar items or entered into any formal soft dollar arrangements.

Section 28(e) of the Exchange Act provides a safe harbor to advisers who use soft dollars generated by client accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to us in the performance of investment decision-making responsibilities. We intend that any soft dollars that we receive in connection with client-related matters would be within the limitations set forth in Section 28(e) of the Exchange Act.

### **BROKERAGE FOR CLIENT REFERRALS**

In selecting or recommending brokers, we do not consider whether we or our related persons receive client or investor referrals from such brokers.

### **DIRECTED BROKERAGE**

We do not routinely recommend, request or require that a client direct us to execute transactions through a specified broker-dealer. We also do not permit a client to direct brokerage for order execution purposes.

**ALLOCATION OF INVESTMENT OPPORTUNITIES**

We generally allocate investment opportunities among our clients in a fair and equitable manner based upon, among other things, the investment objectives, guidelines and restrictions, risk profiles, financial conditions and tax status of each client. If each participating client receives less than its full allocation, then each participating client generally receives its *pro rata* portion of the executed order. Under certain circumstances, we have discretion to utilize alternative allocation procedures, provided that all participating clients are treated fairly and equitably.

**ORDER AGGREGATION**

We generally place aggregated orders or block trades for multiple clients when advantageous to clients, when not favoring certain clients over other clients and when consistent with the duty of best execution. Our primary consideration is fair and equitable treatment of all of our clients, and not simply lowering commissions. Whenever possible, the discretionary purchase or sale (execution) price of a security bought or sold during the same day effected by the same broker-dealer will be equitably averaged and aggregated with similar discretionary purchases and sales for other clients, including for related persons.

### Item 13: Review of Accounts

#### REVIEWS OF ACCOUNTS

We generally conduct reviews of our clients' portfolios on a daily basis. The chief financial officer is primarily responsible for reviewing our clients' portfolios and their investment activities. With respect to accounting matters, we have engaged PricewaterhouseCoopers, LLP to conduct an annual audit of the financial statements each of the Funds.

We invest client assets in notes, commodity interests, securities and other financial instruments. In monitoring the performance of the investments, we perform various levels of review. Among other items, we consider or may consider the valuation of holdings, expected rates of return, investment diversification and risk factors based upon the stated investment goals and objectives for such client.

#### REPORTS TO INVESTORS

##### Funds

We generally provide to investors as soon as reasonably practicable after the end of each fiscal year annual reports containing financial statements audited by the Funds' independent auditor and any other information that any investor reasonably requests relating thereto. We also provide investors with periodic notices and reports relating to the performance and activities of the Funds. All such statements and reports are written.

We provide and may in the future provide certain information and documentation to certain investors that are not distributed or otherwise made available to other investors. Such investors may make investment decisions (including withdrawal requests) with respect to their investment based upon such information.

##### Advisory Accounts

We generally provide the Advisory Account clients with periodic notices and reports relating to the performance and activities of the Advisory Accounts during an applicable period. All such statements and reports are written. **Clients are urged to compare any reports that they receive from us or our agents with the statements provided by their custodians.**

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

### **THIRD PARTY COMPENSATION**

Except as set forth herein, we currently do not receive any economic benefit from any person who is not a client for providing investment advice or other advisory services to our clients.

### **REFERRALS**

We have entered into and may in the future enter into agreements or arrangements with placement agents, solicitors or other third parties who refer prospective investors in the Funds and other separately managed account clients to us. In consideration of these referral services, such persons generally receive compensation from us (or our affiliates) which consists and/or may consist of, among other things, a flat retainer fee and a percentage of any management fee and/or performance compensation otherwise payable to us or our affiliates. In every instance, all arrangements and payments of referral or placement agent fees are disclosed to applicable investors or separately managed account clients. Eurolink Securitires, LLC acts as a placement agent in connection with the offering of interests in the Funds and referring prospective separately managed account clients to us. Introduction Capital Inc. acts as non-exclusive placement agent in connection with the offering of interests in the Offshore Fund to prospective investors in certain Canadian jurisdictions. Fides Ratio, LLC may also refer prospective separately managed account clients to us.

## Item 15: Custody

### Funds

We have, or may be deemed to have, custody of each Fund's assets and securities for purposes of Rule 206(4)-2 under the Advisers Act. To the extent required by Rule 206(4)-2 under the Advisers Act, each Fund's cash and securities (except for privately offered securities) are held with one or more qualified custodians selected by us or an affiliate. We may change the custodians at any time and from time to time without the consent of, or notice to, investors. We have engaged PricewaterhouseCoopers, LLP to conduct an annual audit of each of the Funds, and audited financial statements (prepared in accordance with U.S. generally accepted accounting principles) are provided to investors on an annual basis. We generally attempt to provide such statements to investors within 120 days after the end of each fiscal year, but there can be no assurance that we will be successful in this regard. Qualified custodians do not provide statements directly to investors in the Funds.

### Advisory Accounts

We do not have actual or constructive custody any of the Advisory Account client's assets or securities.

## **Item 16: Investment Discretion**

### **DISCRETIONARY AUTHORITY**

We generally have discretionary power and authority over the types of financial instruments to be bought or sold, as well as the amount to be bought or sold on behalf of each of our clients. We generally have the authority to determine the broker-dealer, futures commission merchant or other counterparty to be used for client transactions and the negotiation of commission rates and other consideration to be paid by the Funds and/or the Advisory Accounts.

### **LIMITED POWER OF ATTORNEY**

Each investor in the Funds generally grants us or our affiliate a limited power of attorney to enable us or our affiliate to execute the applicable partnership agreement and various other related matters on their behalf. We also have the authority to conduct authorized trading and investment activities on behalf of each of our clients.



## Item 17: Voting Client Securities

### VOTING POLICIES

Rule 206(4)-6 under the Advisers Act requires registered investment advisers that exercise or assume proxy voting authority over client securities to adopt and implement written policies and procedures, reasonably designed to ensure that the adviser votes proxies in the best interest of its clients. Rule 206(4)-6 further requires an adviser to provide a concise summary of its proxy voting process and offer to provide copies of the complete proxy voting policy and procedures to clients upon request. Lastly, Rule 206(4)-6 requires that each adviser disclose to clients how they may obtain information on how the adviser voted their proxies.

We generally do not accept proxy voting authority on behalf of any separately managed account clients. With respect to the Funds, we generally will not exercise the authority to vote proxies with respect to the equity securities or other relevant securities held by the Funds. In the event that we or an affiliate subsequently exercise such proxy voting authority with respect to securities held by any of our clients, our policy will be to exercise reasonable care to ensure that proxies are voted in the best interests of each applicable client, as determined in our discretion, taking into account various factors, and we will adopt and implement policies and procedures reasonably designed to ensure compliance with such policy and Rule 206(4)-6 under the Advisers Act.

### **Item 18: Financial Information**

We do not have any financial commitment that impairs our ability to meet contractual and fiduciary commitments to our clients, nor have we been the subject of any bankruptcy proceeding.

## **General Information**

### **PRIVACY POLICY**

We have adopted policies and procedures reasonably designed to protect various records and information of clients and investors. Except as otherwise permitted by applicable law, private information about clients and investors is disclosed only as permitted by applicable law to our affiliates and service providers, including our accountants, attorneys, brokers, custodians, transfer agents and any other parties whose services are necessary or convenient to the operation of the Funds or the Advisory Accounts.