

Item 1 - Cover Page

Brochure

Form ADV – Part 2A

Stevens Capital Management LP
201 King of Prussia Road, Suite 400
Radnor, Pennsylvania 19087
United States of America
610-971-5000
610-971-5050 (fax)
jeffc@scm-lp.com

March 28, 2022

THIS BROCHURE PROVIDES INFORMATION ABOUT THE QUALIFICATIONS AND BUSINESS PRACTICES OF STEVENS CAPITAL MANAGEMENT LP. IF YOU HAVE ANY QUESTIONS ABOUT THE CONTENTS OF THIS BROCHURE, PLEASE CONTACT JEFF CAMERON, GENERAL COUNSEL AND CHIEF COMPLIANCE OFFICER AT 610-971-5000 OR JEFFC@SCM-LP.COM. THE INFORMATION IN THIS BROCHURE HAS NOT BEEN APPROVED OR VERIFIED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (“SEC”) OR BY ANY STATE SECURITIES AUTHORITY.

ADDITIONAL INFORMATION ABOUT STEVENS CAPITAL MANAGEMENT LP IS ALSO AVAILABLE ON THE SEC’S WEBSITE AT WWW.ADVISERINFO.SEC.GOV.

STEVENS CAPITAL MANAGEMENT LP IS REGISTERED WITH THE SEC AS AN INVESTMENT ADVISER; HOWEVER, THIS REGISTRATION DOES NOT IMPLY A CERTAIN LEVEL OF SKILL OR TRAINING.

Item 2 - Material Changes

In accordance with the Form ADV requirements, this Item is updated only in the annual amendments to address material changes to the brochure from the previous annual amendment. In this annual updating amendment, SCM has made clarifications and updates, none of which it considers to be material.

Item 3 - Table of Contents

Item 1 - Cover Page.....	i
Item 2 - Material Changes.....	ii
Item 3 - Table of Contents.....	iii
Item 4 - Advisory Business	4
Item 5 - Fees and Compensation.....	5
Item 6 - Performance Based Fees and Side-By-Side Management	7
Item 7 - Types of Clients.....	9
Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss	10
Item 9 - Disciplinary Information.....	26
Item 10 - Other Financial Industry Activities and Affiliations.....	26
Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	30
Item 12 - Brokerage Practices.....	32
Item 13 - Review of Accounts.....	33
Item 14 - Client Referrals and Other Compensation.....	33
Item 15 - Custody	34
Item 16 - Investment Discretion.....	34
Item 17 - Voting Client Securities.....	34
Item 18 - Financial Information	35

Item 4 - Advisory Business

SCM is a Delaware limited partnership that was formed in April 2002 by Matthew S. Tewksbury. Mr. Tewksbury serves as SCM's Chief Executive Officer. SCM is registered as an investment adviser with the SEC under the Investment Advisers Act of 1940 (the "Advisers Act"); such registration does not imply a certain level of skill or training. SCM is registered as a commodity pool operator since January 2009 and a commodity trading advisor since June 2003 with the U.S. Commodity Futures Trading Commission (the "CFTC") and is a member of the National Futures Association (the "NFA"), a U.S. self-regulatory organization supervised by the CFTC. SCM currently employs 57 professional and administrative staff in its office located at 201 King of Prussia Road, Suite 400, Radnor, Pennsylvania, 19087.

SCM is the investment, portfolio and administrative manager for four clients: Tewksbury Investment Fund ("TIF"); Hamilton Fund Ltd. ("HFL"), a Bermuda company that invests all of its capital into TIF; Tewksbury Futures Fund Ltd. ("TFF"); and Tewksbury Futures Fund, LP ("TFFLP"), a Delaware limited partnership that invests all of its capital into TFF. HFL does not hold any portfolio investments other than the shares of TIF. TFFLP does not hold any portfolio investments other than the shares of TFF (TIF and TFF may be referred to individually as a "Fund" and collectively as the "Funds". HFL and TFFLP may be referred to individually as a "Feeder Fund" and collectively as the "Feeder Funds". TIF, HFL, TFF and TFFLP may be referred to collectively as the "Clients".).

TIF is an open-ended Bermuda company that trades and invests in a wide and substantially unrestricted variety of financial markets and instruments. TFF is an open-ended Bermuda company that pursues substantially similar trading strategies to those employed by SCM on behalf of TIF in global futures and commodities markets as well as in a small number of common stocks and exchange-traded products traded as part of TIF's futures trading strategies ("F-Desk Strategies"). In managing the trading for the Funds' portfolios, SCM will employ proprietary investment strategies, based on quantitative analysis as well as fundamental research, taking both long and short positions, combined with proprietary risk management and trade execution methodologies and strategies. In addition, SCM allocates significant assets to external investment advisers and commodity trading advisors. SCM has committed, on behalf of the Funds, a substantial portion of the Funds' assets to "outside" investment managers unaffiliated with TIF, TFF or SCM through its Outside Traders Investment Program ("OTIP"), a department within SCM that selects outside investment managers.

SCM is the principal adviser and trader for the Funds and has overall responsibility for all of the Funds' trading activities. SCM delegates investment discretion to a number of internal traders and in the case of OTIP, to external traders as well. SCM has a sub- advisory and contractual services agreement with Waterfront International Ltd. ("Waterfront"), a company based in Toronto, Canada, as further described under Item 8 and Item 10. SCM's staff includes technical support personnel and a team of financial analysts to support its investment advisory and trading activities. SCM is also responsible for certain aspects of the administrative operations for the Clients, which broadly include: (1) administrative, legal and regulatory compliance; and (2) development and implementation of accounting systems, procedures and policies. Other than serving as the investment, portfolio and administrative manager of the Clients (and certain of their respective subsidiaries), SCM currently does not offer any other financial or advisory services.

The general partner of SCM is Adams Holdings LLC ("Adams"), a company owned by Matthew

Tewksbury and his family. Mr. Tewksbury is the Managing Member of Adams. SCM's limited partners are Mr. Tewksbury and Adams. SCM has only four Clients – TIF, HFL, TFF and TFFLP. SCM has full discretion in investment decisions made on behalf of the Funds, including the decision as to which external managers to allocate capital to as part of OTIP. Investment advice is provided directly to the Funds according to their particular investment objectives and not individually to the Funds' shareholders. As of December 31, 2021, SCM manages, on a discretionary basis, U.S. \$2,735,830,075 in Client assets. SCM does not manage any client assets on a non-discretionary basis.

Item 5 - Fees and Compensation

SCM receives a management fee (the "Management Fee") equal to the annualized rate of 2.5% of the net asset value ("NAV") of each shareholders' shares in the pertinent Fund as of the beginning of each month, deducted monthly in arrears at the end of each month. SCM's Management Fee is not negotiable.

SCM is paid performance fees by TIF (the "Incentive Fee") as of: (1) the end of each calendar quarter; and (2) each other date on a TIF shareholder redeems all or a portion of its shares. The Incentive Fee is equal to 30% of any New Appreciation (described below) then attributable to each tranche (described below) of shares in TIF. New Appreciation is calculated separately with respect to each tranche. Incentive Fees are not negotiable.

For purposes of calculating the Incentive Fee, "New Appreciation" is the increase, if any, in the cumulative "Appreciation" attributable to each tranche since the previous date on which Incentive Fees were paid in respect of such tranche (the "High Water Mark" with respect to such tranche). "Appreciation" includes all realized and unrealized profit earned by TIF from all sources, including dividends and short interest rebates, as well as income and NAV growth in OTIP and other investments.

The Management Fee reduces "Appreciation" and "New Appreciation". Incentive Fees do not themselves reduce cumulative "Appreciation" or "New Appreciation".

Adams (or an affiliate) is entitled to an Incentive Allocation as of: (1) the end of each calendar quarter; and
(2) each other date on which a shareholder redeems all or a portion of its shares in TFF.

The Incentive Allocation is equal to 30% of the amount by which net profits (including realized and unrealized gains and losses), if any, allocated to each tranche of shares since the previous date on which the Incentive Allocation was allocated in respect of such tranche exceeds each such tranche's Loss Carryforward (as defined herein). While the Management Fee will reduce net profits, the Incentive Allocation does not reduce net profits.

TFF will issue a separate class of non-voting shares ("Class M Non-Voting Shares") to Adams pursuant to which Adams will be credited an amount in satisfaction of the Incentive Allocation.

The Incentive Fee received by SCM and the Incentive Allocation received by Adams are together referred to herein as the "Performance Payments".

The possibility of receiving Performance Payments may create an incentive for SCM to trade and invest a Fund's portfolio in a riskier or more speculative manner than would be the case in the

absence of such compensation. In addition, while SCM will endeavor to treat each of TIF and TFF fairly in relation to one another and such entity's objectives, there can be no assurance that SCM is free from conflicts of interest in this regard. SCM is likely to have different direct and indirect benefits resulting from trading profits in each of TIF and TFF, and SCM and its principals have, and may continue to have, a significantly greater investment in TIF (through HFL) than in TFF. In addition, the profits of one Fund may differ significantly from the profits in another Fund, giving SCM an incentive to favor the more profitable Fund or direct more internal resources to the more profitable Fund so that it earns higher fees. SCM cannot be free from, and is not free from, inherent conflicts of interest in managing the investments for the Funds and shall be free to manage each Fund as it sees fit in its sole discretion and in accordance with its fiduciary duties and its trade allocation policies as further described under this Item, Item 6, Item 8 and Item 10 below.

The Performance Payments are calculated on the basis of the unrealized, as well as the realized, gains and losses. As a result, the Incentive Fee could be payable to SCM and/or the Incentive Allocation could be allocated to Adams in respect of unrealized gains of TIF or TFF, respectively, that may never be realized.

Since the Incentive Fee and the Incentive Allocation are calculated separately with respect to each tranche of shares, a shareholder that makes multiple investments in TIF or TFF could be subject to an Incentive Fee or an Incentive Allocation even though such shareholder's overall investment has declined in value.

SCM allocates significant assets to OTIP. The investors in TFF may choose whether to participate in OTIP while investors in TIF cannot choose to "opt-out" of OTIP. The fees of the OTIP managers vary widely, including management fees currently ranging between 0%-4% per annum and Performance Payments currently ranging between 10%-40%, calculated monthly, quarterly and/or annually. SCM analyzes a prospective OTIP manager's fee structure relative to SCM's risk and reward analysis of such manager, prior to making any investment. Based on such analysis, along with other factors including, but not limited to, capacity in a collective investment vehicle available to SCM, tax treatment of gains and losses, a Fund's available capital and liquidity of the collective investment vehicle managed by the OTIP manager, SCM will not necessarily allocate OTIP investments to TIF and TFF on a pro rata basis. In making investment decisions with respect to OTIP, SCM may have an incentive to favor one Fund over the other. While SCM will endeavor to treat each of TIF and TFF fairly in relation to one another and such entity's objectives, there can be no assurance that SCM is free from conflicts of interest in this regard. SCM is likely to have different direct and indirect benefits resulting from the allocation of OTIP investments to each of TIF and TFF. SCM and its principals have, and may continue to have, a significantly greater investment in TIF (through HFL) than in TFF. In addition, the profits of one Fund may differ significantly from the profits in another Fund, giving SCM an incentive to favor the more profitable Fund or direct more profitable OTIP investments to the more profitable Fund so that it earns higher fees. SCM cannot be free from, and is not free from, inherent conflicts of interest in making the allocation decisions for OTIP investments for the Funds and shall be free to manage each Fund as it sees fit in its sole discretion and in accordance with its fiduciary duties and its OTIP investment allocation policy and procedures as further described under this Item, Item 6, Item 8 and Item 10 below

Capital allocated to OTIP will be subject to a "layering" of fees, as OTIP managers themselves charge incentive or performance-based fees and management fees in addition to the Performance Payments and Management Fee paid by the Funds to SCM. The advisory fees paid in respect of

investments in OTIP are not credited against the Performance Payments and Management Fee paid by the Funds. Additionally, certain OTIP funds may impose redemption charges which will be borne by TIF and/or TFF, respectively.

Generally, SCM allocates approximately 30-40% of each Fund's capital to OTIP, although SCM may allocate up to 74.9% of each Fund's capital to OTIP. OTIP investments are directed by portfolio managers independent of SCM. SCM is not limited in the types of managers it may choose in OTIP, and SCM may change managers, reallocate assets and invest on such terms as SCM deems appropriate. TIF and TFF shareholders are not notified of any such changes. Fees paid to independent OTIP managers represent a significant transaction cost.

The Funds both incur substantial transaction costs in addition to Management Fees and the Performance Payments. Certain of the strategies employed by SCM for the Funds require frequent trading, increasing portfolio turnover, brokerage commissions and other transaction fees and expenses. As a result, the expenses of TIF and TFF may represent a higher percentage of net assets than may be the case with many other private investment funds. These transaction costs have a number of components, including (without limitation): brokerage commissions, floor brokerage commissions, bid/ask spreads, exchange fees, sales fees and regulatory fees.

The Funds borrow to leverage their proprietary trading. Many of the OTIP managers with which the Funds invest leverage their portfolios as well. Each of TIF and TFF, respectively, bear, directly or indirectly, the costs of such borrowings.

A number of the investments and financial instruments in which the Funds invest and/or trade are subject to taxes in the jurisdictions in which the issuers of such investments operate and/or in which such investments and/or financial instruments are traded. These taxes directly reduce such Fund's returns on such investments and instruments.

Additionally, the Funds may bear extraordinary expenses (e.g., litigation costs and indemnification obligations) and any fees and expenses related to the winding down of a Fund.

SCM does not "pass through" any of its own costs to its Clients. All ordinary administrative and operational costs incurred by SCM are paid by SCM. See Item 12, *Brokerage Practices*, for additional information regarding brokerage.

The Feeder Funds do not pay any fees or expenses directly, although SCM, in its discretion, may make a determination that TFF's Management Fee and/or the Incentive Allocation may instead be paid at the Feeder Fund level. All of the ordinary fees and expenses of the Feeder Funds are incurred indirectly as shareholders in the Funds. The Feeder Funds do not pay any fees to SCM.

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

SCM advises four Clients, TIF, HFL, TFF and TFFLP. HFL invests all of its assets in TIF. TFFLP invests all of its assets in TFF. Thus, there is side-by-side management of the Funds with, and potential conflicts created by, disparate performance fees and proprietary ownership.

SCM serves as the portfolio manager for the Funds. Although the strategies for the Funds differ as described under Item 8 below, SCM will purchase or sell for TFF some of the same financial instruments, primarily exchange-traded futures contracts, foreign exchange contracts (spot and forward), a small number of common stocks and exchange-traded products, as it does for TIF.

Simultaneous identical portfolio transactions for the Funds may tend to decrease the prices received, and increase the prices required to be paid.

SCM's trade allocation policy is designed to provide a fair allocation of purchases and sales of financial instruments between the Funds and to ensure compliance with applicable regulatory requirements. However, because there will be overlap in the trading SCM engages in on behalf of each of the Funds, it is likely that for some trades, one Fund may inadvertently be advantaged over the other Fund during order placement, fill receipt and/or application of reporting or position limits. It is also possible that the advantaged Fund is partly owned by SCM or its principals. While SCM will monitor, review, test and periodically modify its trade allocation system in an effort to minimize the occurrence of these events, it is highly likely that a number of preferential allocations will remain, and SCM will only act to reverse or otherwise change these allocations, or revise its allocation policies and procedures, in the event the preferential allocations are deemed by SCM, at its sole discretion, to be material either at the time of the trade or over time.

As described under Item 8 below, SCM trades differently and may use different allocation strategies or investment instruments for TIF and TFF after taking into account investment objectives and strategies, available capital, risk tolerances, liquidity, leverage, U.S. federal income tax treatment and other relevant considerations. For example, TFF may purchase or sell a stock index futures contract while TIF may purchase or sell an exchange-traded fund instead. The investment mandate for TIF and TFF differ. In addition, TIF (and HFL) are considered PFIC's under United States income tax laws while TFF (and TFFLP) are considered pass-through entities for United States income tax laws and therefore the tax treatment and after-tax returns for shareholders in TIF and TFF will differ. The OTIP portfolio of investments will differ as between TIF and TFF due to numerous factors, including, but not limited to, investment opportunities, the availability of capital, addition and redemption activity for TIF and TFF, the fact that TIF's OTIP investment program is older and more established, limited investment opportunity in funds closed to new investments that TIF has invested in, OTIP fund liquidity terms and income tax treatment. Furthermore, at this time TFF does not participate in the market neutral statistical arbitrage equity desk strategies ("E-Desk Strategies") that SCM pursues for TIF although it is possible that TFF may participate in the E-Desk Strategies in the future. While SCM targets a marginally higher risk and volatility profile for TFF than the risk and volatility profile of TIF by utilizing a higher level of effective leverage in the F-Desk Strategies traded for TFF, there can be no assurances that SCM will be able to do so or that SCM's assumptions are correct. It is possible that over both a short-term and longer-term horizon, TIF may outperform TFF, or vice versa, and that the performance of any similar trading strategies employed by TIF and TFF will have differing volatility, risk and return characteristics.

While SCM will endeavor to treat the Funds fairly in relation to one another and taking into account each Fund's investment objective and the factors discussed above, there can be no assurance that SCM is free from conflicts of interest in this regard. SCM is likely to have different direct and indirect benefits emanating from trading profits in each of the Funds. SCM may, and SCM's principals do, indirectly invest in TIF through investments in HFL. Adams, the general partner of SCM and TFFLP, receives any quarterly Incentive Allocation from TFF in the form of non-voting Class M shares in TFF. Adams currently does, and may in the future keep, a portion or all of the Class M shares invested in TFF. In addition, Adams and its principal may in the future make additional investments in TFF through investments in TFFLP. In addition, the profits of one Fund may differ significantly from the profits in the other Fund, giving SCM an incentive to favor the more profitable Fund or direct more internal resources to the more profitable Fund so that it (or its

affiliate, Adams) earns higher fees. SCM cannot be free from, and is not free from, inherent conflicts of interest in managing the investments for the Funds and shall be free to manage each Fund as it sees fit in its sole discretion and in accordance with its fiduciary duties and trade allocation policy. *See* Item 10 below for further information regarding SCM's trade allocation policy.

As noted above, SCM manages TFF in a manner that will employ a higher degree of effective leverage than SCM utilizes for TIF in trading the F-Desk Strategies. SCM jointly invests the capital of the Funds in trading the F-Desk Strategies but does so at different levels of effective leverage. SCM seeks to achieve the different levels of effective leverage by causing TFF to contribute a higher proportion of its capital to the F-Desk Strategies than TIF does to the same strategies. The balance of TFF's assets are either held in cash instruments or cash equivalents for those shareholders who opt-out of OTIP or allocated to OTIP along with cash instruments or cash equivalents for those shareholders who opt-in to OTIP. SCM manages TFF in a manner such that its risk and volatility is higher than TIF's risk and volatility, so that for every one dollar of capital deployed on behalf of TIF in its F-Desk Strategies, SCM allocates an amount greater than one dollar for TFF in the same F-Desk Strategies. *SCM expects that TFF's risk and volatility will differ from, but should not generally be materially higher than, TIF's.* There can be no assurance that SCM will be able to achieve its intended result and the amount of risk, volatility and return for TFF may be significantly different than the risk, volatility and return generated by TIF, even within the F-Desk Strategies. An investor in TFF should not assume that TFF will achieve the same level of performance as TIF has achieved in this type of trading throughout its existence. Furthermore, a TFF investor that opts-in to OTIP should not assume that TFF will achieve the same level of performance as TIF has achieved in the OTIP investment program throughout its existence.

Item 7 - Types of Clients

SCM's Clients are private investment vehicles. The Clients' investors may include, but are not limited to, high net worth individuals, employees or individuals affiliated with SCM, trusts, partnerships, corporations and other business entities. The minimum initial subscription is U.S. \$1,000,000.00, which may be waived in the discretion of the Board of Directors of TIF, HFL or TFF, or by Adams, as General Partner of TFFLP, as applicable. The minimum subscription amount that may be purchased by employees or associates of SCM for investments in TIF or HFL is U.S. \$5,000. Currently, none of SCM's employees or associates other than Adams invests in TFF or TFFLP, although this may change in the future.

TIF, in consultation with SCM, has entered into, and TIF and TFF may in the future enter into, additional agreements (sometimes referred to as "side letters") with certain shareholders whereby such shareholders may be subject to terms and conditions that could be seen by other shareholders as being more advantageous than and/or different than those set forth in this document. For example, such terms and conditions may provide for the right to meet with or have access to key employees of SCM for due diligence purposes, rights to reports generated by third party risk aggregators (at such shareholder's expense) in order to monitor their overall exposure to particular industries, sectors and markets and for other risk assessment purposes and such other rights as may be negotiated by the Funds, in consultation with SCM. The modifications are solely at the discretion of each applicable Client, in consultation with SCM, and may, among other things, be based on the size of the shareholder's investment. The laws governing such side letters may vary from side letter to side letter. The Funds will have no obligation to disclose such arrangements or

to offer such additional rights, terms or conditions to all of their respective shareholders.

The Funds will not enter into side letters that provide any shareholder with: special redemption rights, relating to frequency or notice; or a reduction in or change to the frequency of calculation of Management Fees or Performance Payment to be paid by the shareholder to SCM.

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

Introduction

Currently, SCM's three sources of income, expenses, gains and losses are as follows: (1) proprietary trading programs; (2) OTIP; and (3) interest income, which includes income from currency hedging transactions. SCM's proprietary trading programs are comprised of the F-Desk Strategies and the E-Desk Strategies. TFF's investment mandate currently does not include the E-Desk Strategies; accordingly TFF does not participate in the income, expenses, gains or losses associated with the E-Desk Strategies. TFF may participate in the E-Desk Strategies in the future. These sources of income and associated methods of analysis, investment strategies and risk of loss are described in more detail below.

SCM trades and invests in a virtually unlimited variety of investment instruments in markets throughout the world on behalf of the Funds. SCM utilizes leverage to make investments and may hold long and short positions in such instruments.

SCM employs proprietary investment strategies, based on quantitative analysis as well as fundamental research, taking both long and short positions combined with proprietary risk management and trade execution methodologies and strategies. Both the F-Desk Strategies and the E-Desk Strategies are generally diversified across asset classes, geographies, strategies and time horizons. SCM's F-Desk Strategies intentionally seek directional exposure in the vast majority of its trades, SCM's market neutral E-Desk Strategies take both long and short position with the general intention of avoiding material persistent directional biases.

SCM's proprietary trading programs involve frequent trading. Due to the high volume of trading, the Funds pay transaction costs materially in excess (as a percentage of NAV) of those paid by many other investment funds. The Funds' transaction costs have a number of components, including (without limitation): purchase commissions, floor brokerage commissions, bid/ask spreads, exchange fees, sales fees and regulatory fees. Transaction costs vary widely depending upon the asset class being traded, and the overall transaction costs paid by the Funds fluctuate from time to time depending on the volume of the Funds' trading activity. Transaction costs negatively impact the performance of the Funds.

Methods of Analysis and Investment Strategies

Use of Proprietary Trading Programs:

SCM generally employs proprietary computerized statistical methods using an extensive database of market-related data – including prices, volume, volatility, open interest and other market statistics in the development and monitoring of trading strategies as described further below. SCM develops computer programs to search for patterns in data and develops trading strategies in an attempt to exploit those patterns. SCM's trading decisions are based on a combination of these computer systems and the market judgment and experience of its management, analysts and

traders. SCM's methodology is predominantly systematic. Trading decisions require the exercise of judgment by SCM in the evaluation of trading methods used, in their possible modification from time to time and in their implementation.

Trading strategies include the following:

- Multi-Strategy Approach—there are no material limitations on the instruments, markets or countries in which the Funds may invest or on the investment strategies that may be employed;
- Relative Value Strategies—involves the portfolio manager's effort to exploit relative mispricings among interrelated instruments;
- Event-Driven Strategies—involves investments in positions whose profitability depends on the result of a significant corporate event, e.g., a merger, tender offer, exchange offer or liquidation;
- Directional Trading Strategies—designed to profit from forecasting absolute price movements in a particular instrument; and
- Hybrid and Other Strategies—involves a combination of elements of more than one of the foregoing general strategies.

OTIP:

Currently, in addition to the use of proprietary computer trading programs for the Funds, SCM attempts to provide shareholders with asset appreciation through investing with unaffiliated investment managers who have demonstrated an ability to achieve capital appreciation while attempting to maintain a controlled level of risk. OTIP investments are directed by portfolio managers independent of SCM, incorporating a “fund of funds” component into the Funds' overall portfolio. OTIP investments involve the allocation of capital to unaffiliated managers through investments in managed accounts or interests in limited liability entities. OTIP investments are separate and distinct from SCM's proprietary trading. SCM has no direct control over OTIP's managers.

A cornerstone of SCM's investment approach is evaluating the capabilities of OTIP's managers and the investment strategies they implement. SCM then uses that information in conjunction with other factors including, but not limited to, anticipated risks, rewards and correlation among investment strategies, to construct a diversified portfolio of OTIP investments that SCM believes have the potential to provide the Funds with attractive, risk-adjusted returns.

In selecting a manager for OTIP, SCM considers a number of factors including, but not limited to, the following: amount, level and type of trading experience of the manager; trading methodology of the manager; effective risk management; compliance culture of the manager; historical trading results of the manager and, with respect to investments on behalf of TFF, the United States tax treatment of the investment. SCM may allocate capital to managers that lack historical track records but, in SCM's judgment, offer exceptional potential.

A significant portion of each Fund's capital is available to be allocated to OTIP. The Funds are unrestricted in the amount of capital that may be invested in OTIP; provided that at least 25% of each Fund's net asset value is traded using SCM's proprietary trading programs. Generally, SCM

allocates approximately 30-40% of each Fund's net asset value to OTIP, although SCM is authorized to allocate up to 74.9% of the assets of TIF and the assets of TFF shareholders who choose to opt-in, to OTIP.

Interest Income:

Interest income is earned on the assets deposited as trading margin or held in reserve in short-term interest bearing accounts and U.S. Treasury Bills. Gains or losses resulting from currency hedging transactions are also reflected in interest income.

Risk of Loss

Interests in each Client are highly speculative and illiquid securities and include a substantial risk of loss; they are available only to prospective investors who have such knowledge and experience in finance and business matters that such prospective investors are capable of assuming the risks of such an investment. Investors must be prepared to bear the loss of all or substantially all of their investment.

The risk factors listed below represent a summary of some of the various risks presented by an investment in the Funds or the Feeder Funds and are not and do not purport to be a complete list of all potential risks involved in such an investment. *Any person or entity considering making an investment in the Funds or the Feeder Funds should carefully review the “Risk Factors” and “Conflict of Interest” sections of the respective Fund’s Confidential Offering Memorandum.* The risk factors associated with investments in TIF are equally associated with investments in HFL, as HFL invests all of its assets in TIF. The risk factors associated with an investment in TFF are equally associated with investments in TFFLP, as TFFLP invests all of its assets in TFF.

In addition to risks associated with SCM’s complex and leveraged proprietary computer trading strategies and the other risks described below, the risks associated with an investment in the Funds or the Feeder Funds include, but are not limited to: (1) market risk; (2) valuation risks; (3) liquidity and position duration risk; (4) the risk of investing a substantial amount of TIF's capital with external managers over which SCM has no control; (5) the risks of relying for both trading signals and trade executions upon computer programs and systems which could have unrecognized internal errors, be sabotaged and/or malfunction; (6) portfolio concentration risk; (7) investor concentration risk; (8) operational risks in addition to those related to SCM’s reliance on computer programs and systems; (9) the imposition of taxes on trading in certain jurisdictions and the risk of material increase in such taxes; (10) legal and regulatory risk; (11) documentation risk; (12) systemic risk; (13) credit risk; and (14) settlement risk.

Risks Relating to Systematic Trading

SCM uses proprietary computerized quantitative models that rely on patterns inferred from historical prices and other market related data in evaluating possible trading opportunities. SCM develops trading strategies in an attempt to exploit patterns inferred from the data. However, most quantitative models cannot fully take into account the complexity of the financial and commodity markets and therefore sudden unanticipated changes in underlying market conditions can significantly impact a Fund's performance. Further, as market dynamics shift over time, a previously successful model may become outdated - perhaps without SCM recognizing that fact

before substantial losses are incurred by the Funds. Even without becoming completely outdated, a given model's effectiveness may decay for any number of reasons, including, but not limited to, a change in the amount of assets managed by SCM, the use of similar quantitative models by other market participants or changing market dynamics. There is no guarantee that SCM's models will be effective in identifying profitable trading opportunities at any given time or at all.

Quantitative Investment and Trading Strategies

SCM generally employs proprietary computerized statistical methods using an extensive database of market-related data - including price, volume, volatility, open interest and other market statistics - in an effort to identify price patterns and develop trading strategies in an attempt to exploit these patterns. The profitability of systematic trading depends upon the accurate forecasting of price movements over applicable time horizons. Even if all the assumptions underlying any given trading strategy were met exactly, the systematic approach can only result in a prediction, not provide certainty. There can be no assurance that the future performance of the Funds will match the predictions inherent in the trading strategies. Further, most statistical procedures cannot fully match the complexity of the financial and commodity markets and as such, results of their applications are uncertain. No assurance can be given of the accuracy of the forecasts used or made by SCM on behalf of the Funds.

Reliance on Technology: System Implementation Errors

SCM's investment program is fundamentally dependent on technology, including hardware, proprietary and vendor software and telecommunications systems. The data gathering, research, forecasting, portfolio construction, market connectivity, order execution, risk management, operational, back office and accounting systems, among others, used by SCM are all highly automated and computerized. Such automation and computerization is highly dependent upon an extensive amount of proprietary software as well as third-party hardware and software. There is typically an absence of formal design documents or specifications when building proprietary software. The proprietary software code thus typically serves as the final, definitive documentation and specification for how the software should perform. SCM's proprietary software has not been reviewed by third-party information technology consultants or vendors or subjected to other forms of third-party quality assurance.

This proprietary software and third-party hardware and software are known to have economic data or securities price data errors, mathematical or statistical errors, computer system implementation errors or other errors, omissions, imperfections and malfunctions that could produce results inconsistent with the intent of SCM's personnel who designed the proprietary software or with SCM's understanding of how the computer programs should behave (these types of errors are collectively referred to herein as "system implementation errors"). Errors in third-party hardware and software are generally entirely outside of the control of SCM.

These system implementation errors may result in material losses before being discovered and may not in fact be discovered during SCM's ordinary operations but may require extreme adverse events before manifesting themselves. SCM seeks to reduce the incidence and impact of system implementation errors through a certain amount of internal testing and real-time monitoring, and the use of independent safeguards in the overall portfolio management system and often, with respect to proprietary software, within the software code itself. Despite such testing, monitoring and independent safeguards, system implementation errors will result in, among other things, the

execution of unanticipated trades, the failure to execute anticipated trades, the failure to properly gather and organize available data, the failure to take certain hedging or risk reducing actions or the taking of actions which increase certain risks, all of which may have materially negative effects on the Funds and/or their returns.

System implementation errors are often extremely difficult to detect, and in the case of proprietary software, the difficulty of detecting system implementation errors may be exacerbated by the lack of design documents or specifications. Regardless of how difficult their detection appears in retrospect, some system implementation errors will go undetected for long periods of time and some will never be detected. The degradation or impact caused by these system implementation errors can compound over time. Finally, SCM may detect certain system implementation errors that it chooses, in its sole discretion, not to address or fix. While SCM will not perform a materiality analysis on the vast majority of discovered system implementation errors, SCM believes that the testing, monitoring and independent safeguards performed on its software will enable SCM to identify and address those system implementation errors that a prudent person acting in accordance with the applicable standard of care and managing a process-driven, systematic and computerized trading system would identify and address by correcting the system implementation errors or limiting the use of the software, generally, or in a particular application. Investors should assume that system implementation errors and their ensuing risks and impact are an inherent feature of implementing the high volume, specialized, complex and highly systematic strategies pursued by SCM. Accordingly, SCM does not expect to disclose discovered system implementation errors to investors. Any known losses associated with system implementation errors are charged to the Funds (which also receive any profits associated with system implementation errors).

Reliance on Data: Data Errors

SCM's trading strategies are highly reliant on the gathering, cleaning, culling and analysis of large amounts of data from third-party and other external sources. It is not possible, or practicable, to factor all relevant, available data into trading decisions. SCM will use its discretion to determine what data to gather with respect to any trading strategy and what subset of that data the research models take into account to produce forecasts that may have an impact on ultimate trading decisions. In addition, due to the automated nature of this data gathering and the fact that much of this data comes from third-party sources, it is inevitable that not all desired or relevant data will be available to, or processed by, SCM at all times. In these cases, SCM may and often will continue to generate forecasts and make trading decisions based on the data available to it.

In addition, SCM may determine that certain available data, while potentially useful in generating forecasts and/or making trading decisions, is not cost effective to gather due to either technology costs or third-party vendor costs and, in these cases, SCM will not utilize the subject data. Investors should be aware that, for all of the foregoing reasons and more, there is no guarantee that any specific data or type of data will be utilized in generating forecasts or making trading decisions on behalf of the Funds, nor is there any guarantee that the data actually utilized in generating forecasts or making trading decisions on behalf of the Funds will be the most accurate data available or be free of errors. Investors should assume that the foregoing risks and limitations associated with gathering, cleaning, culling and analysis of large amounts of data from third-party and other external sources are an inherent feature of implementing the high volume, specialized, complex and highly systematic strategies pursued by SCM.

A specific form of system implementation error, in the sense described above, applies to SCM's accessing and use of data, especially data obtained from third-party sources (including commercial data vendors). The data reflected in SCM's systems at any given time could be erroneous or less than the best available data for a number of reasons. There may be incidents where the data fails to load properly, or at all or SCM's system fails to retrieve or capture the data, for example, because of changes in the vendor's or SCM's system configurations due to upgrades, enhancements, maintenance or errors. Investors should assume that the data errors like other system implementation errors, and their ensuing risks and impact are an inherent feature of implementing the high volume, specialized, complex and highly systematic strategies pursued by SCM.

Risk Evaluation Models

SCM has developed and maintains proprietary risk evaluation models which seek to estimate the risk and potential for returns based on numerous factors, including, but not limited to, historical volatilities and correlations. These models, among other things, forecast relative returns for risk levels, volatilities of, and correlations among, strategies and investments. These models are also used to evaluate the targeted volatility of each Fund's investment portfolio. These models may, for a number of reasons, fail to accurately predict relative returns for risk levels, volatilities of, and correlations among, strategies and investments, including because of a lack of historical data with respect to certain strategies and investments, erroneous underlying assumptions and estimates for certain data or other defects in inputs and the models, or because future events may not follow historical norms. In and of themselves, these risk evaluation models do not manage or reduce risk and, at most, provide certain assistance to SCM when determining a course of action.

Potential Inability to Trade or Report Due to Systems Failure or Impairment

SCM's strategies are highly dependent on the proper functioning of its internal and external computer systems, data centers and connectivity. Accordingly, failures or impairments to such systems, data centers or connectivity, whether due to third-party failures or issues upon which such systems are dependent or the failure or impairment of SCM's or a service provider's hardware or software, could disrupt trading or make trading impossible until such failure or impairment is adequately remedied. For example, one or more of such systems could fail due to a loss of power at SCM's office, SCM's backup generator and/or at SCM's back up disaster recovery site. Any such failure or impairment, and consequential inability to trade (even for a short time), could, in certain market conditions, cause the Funds to experience significant trading losses or to miss opportunities for profitable trading. Any such failures or impairments also could cause a temporary delay in processing investor activity or reports to investors.

SCM trades on electronic trading and order routing systems, which differ from traditional open outcry trading and manual order routing methods. Transactions using an electronic system are subject to the rules and regulations of the exchanges offering the system or listing the instrument. Characteristics of electronic trading and order routing systems vary widely among the different electronic systems with respect to order matching procedures, opening and closing procedures and prices, trade error policies, and trading limitations or requirements. There are also differences regarding qualifications for access and grounds for termination and limitations on the types of orders that may be entered into the system. Each of these matters may present different risks with respect to trading on or using a particular system. Each system may also present risks related to system access, varying response times and security. In the case of internet-based systems, there

may be additional risks related to service providers and the receipt and monitoring of electronic communications. Trading through an electronic trading or order routing system is also subject to risks associated with system or component failure or impairment. Any such failure or impairment, and consequential inability to trade or process investor activity (even for a short time), could, in certain market conditions, cause the Funds to experience significant trading losses, miss opportunities for profitable trading and/or adversely affect the Funds. These risks could be magnified if such failure or impairment resulted from a breakdown of SCM's trading systems (e.g., due to a loss of power or a failure of SCM's software).

Model Risk

Certain of SCM's strategies require the use of quantitative forecasting and valuation models that it has developed over time, as well as forecasting and valuation models developed by third parties and made available to SCM. As market dynamics (for example, due to changed market conditions and participants) shift over time, a previously highly successful model often becomes outdated or inaccurate, perhaps without SCM recognizing that fact before substantial losses are incurred. There can be no assurance that SCM will be successful in continuing to develop and maintain effective quantitative models, and the necessity of continuously updating these models demonstrates that SCM's past successful results may not be representative of its future performance.

Failure of Algorithms

SCM utilizes sophisticated computerized models to automatically determine and execute trade entry and exit conditions and manage risk. Substantial test management and software release management efforts are made to ensure that these algorithms operate correctly. However, it is possible that a defect in algorithm design or implementation or risk management could unexpectedly manifest itself and cause sustained long term or instantaneous catastrophic losses for the Funds. Moreover, in the case of certain models it may take a significant period of time – and substantial losses – before it can be determined that the model is malfunctioning.

As a sub-adviser, Waterfront, maintains certain of the models that SCM uses in connection with its trading and certain employees of Waterfront make trade implementation decisions outside of the models, subject to SCM's overall supervisory authority. Pursuant to a sub-advisory and contractual service agreement between SCM and Waterfront, SCM licensed the use of certain intellectual property it owns to Waterfront in connection with certain of Waterfront's sub-advisory services. SCM owns all improvements that Waterfront may make to any of SCM's intellectual property. While SCM has worked extensively with Waterfront to develop these models and periodically reviews the performance of these models, no assurance can be given that a failure by Waterfront to properly maintain these models will not have a material adverse effect on the Funds.

Failure of Technology

SCM utilizes sophisticated direct market access hardware, communications network and software technology in order to efficiently execute trades with minimal latency. Substantial efforts are made to ensure such technology operates correctly, however it is possible that a breakdown of such technology could occur and cause sustained long term or instantaneous catastrophic losses for the Funds.

Trade Execution Risk

Many of the trading techniques used by SCM require the rapid and efficient execution of transactions. Inefficient executions can eliminate the small pricing differentials that many of SCM's strategies seek to exploit. SCM attempts to address trade execution risk through the use of proprietary computer systems and programs, but these, in turn, are subject to the error, malfunction and sabotage risks described above (and are treated by SCM as "trade errors"). As previously noted, SCM treats all trade errors (resulting in both losses and gains) as for the account of the Funds, subject to SCM's general standard of liability and indemnification.

Trade Error Risk

There are two general types of trade errors that can occur. The first type is trade errors caused by a third party, such as an executing broker or clearing broker. Upon a loss to the Funds resulting from a trade error caused by a third party, SCM will attempt to have such third party reimburse the Funds. The second type of trade error is trade errors caused by SCM. SCM defines trade errors as errors in executing the trading signals generated by its strategies — including, but not limited to the following examples: buying rather than selling a particular investment asset (and *vice versa*); buying or selling the wrong investment asset or the wrong amount of an investment asset; or buying or selling an investment asset at the wrong price. For such purposes, "trade errors" include errors resulting from trading execution faults embedded in, as well as malfunctions by, SCM's computer systems and programs (including both software and hardware) or manual trade errors made by SCM trade room employees during manual order entry. Such trade errors are to be distinguished from errors in judgment, due diligence or other factors leading to a trading signal being generated, as well as from unauthorized trading or other improper conduct by SCM personnel.

Due to the nature of trading performed by SCM on behalf of the Funds (including high trading volumes, large trades, and frequent directional changes), a certain level of trade errors is expected to happen and is considered a normal part and risk of business. In fact, the high volume of trades executed by SCM increases the likely number of trade errors. In addition, SCM's personnel may make manual trade errors when manually entering trade orders on behalf of TIF or TFF. Further, due to SCM's reliance on computerized signal generation, the possibility of system implementation errors (see above, under "Reliance on Technology: System Implementation Errors") generating erroneous trading signals is an inherent risk in SCM's trading strategy. In the absence of statutory, regulatory or self-regulatory requirements, or formal guidance to the contrary, each Fund's account bears any losses and retains any gains for all such trade errors (just as any other trading cost), unless the trade errors result from conduct inconsistent with SCM's standard of care.

The trade errors which occur in implementing quantitative strategies can be substantial as a result of a computer malfunction or other technical malfunctions.

In any case where the costs resulting from trade errors are to be reimbursed to the Funds, SCM shall only reimburse direct realized losses from a trade error. Direct losses are limited to commissions and fees associated with the trade and realized losses (if any) incurred in correcting such error. SCM shall not reimburse opportunity costs. Opportunity costs include but are not limited to, any profits that would have been made, or losses avoided, on a position if the position had been initiated or closed out where this did not in fact happen (as for example, in a situation where SCM's system generates, or fails to generate, a trading signal resulting in the execution or missed execution, as applicable, of a trade).

The OTIP managers also are subject to the risk of trade errors. Due to the allocation of substantial amounts of capital to OTIP, the Funds are subject to two “layers” of trade error risk – at both the SCM and the OTIP level. SCM will have no ability to control, and likely will not even know of, trade errors at the OTIP level.

No Formal Diversification Policies

Although diversification is an integral part of SCM’s overall portfolio risk management process, SCM is not restricted as to the percentage of each Fund’s assets that may be invested in any particular issuer, industry, instrument, market or strategy. In attempting to maximize returns, SCM may concentrate the holdings of a Fund in those industries, companies, instruments or markets that, in its sole judgment, provide the best profit opportunities consistent with such Fund’s overall investment objective. Consequently, a loss in any such concentrated position could ultimately result in significant losses to a Fund and a proportionately higher reduction in NAV than if its capital had been spread over a wide number of positions. Due to various degrees of transparency in OTIP investments, SCM may not be able to accurately analyze a Fund’s indirect holdings through OTIP to monitor concentration of investments, which could exacerbate the risk of concentration of investments.

Financing Arrangements; Availability of Credit

The use of leverage is integral to many of SCM’s strategies, and the Funds depend on the availability of credit in order to finance its portfolio. There can be no assurance that the Funds will be able to maintain adequate financing arrangements under all market circumstances. As a general matter, the banks and dealers that provide financing to the Funds can apply discretionary margin, haircut, financing, security and collateral valuation policies. Changes by banks and dealers in such policies, or the imposition of other credit limitations or restrictions, whether due to market circumstances or governmental, regulatory or judicial action, may result in margin calls, loss of financing, forced liquidation of positions at disadvantageous prices, termination of swap and repurchase agreements and cross-defaults to agreements with other dealers. Any such adverse effects may be exacerbated in the event that such limitations or restrictions are imposed suddenly and/or by multiple market participants at or about the same time. The imposition of such limitations or restrictions could compel SCM to liquidate all or part of a Fund’s portfolio at disadvantageous prices.

Leverage

The Funds invest on a highly leveraged basis, both through their borrowings and through the significant degree of leverage typically embedded in the derivative instruments in their portfolios. Losses incurred on leveraged investments increase in direct proportion to the degree of leverage employed. The Funds also incur interest expenses on the borrowings used to leverage its positions.

To the extent the assets of the Funds have been leveraged through the borrowing of money, the purchase of securities on margin or otherwise, the interest expense and other costs and premiums incurred in relation thereto may not be recovered. If gains earned by the Funds’ portfolios fail to cover such costs, the NAV of a Fund may decrease faster than if there had been no borrowings. This risk is increased to the extent that an OTIP manager utilizes leverage in its trading program.

Lack of Liquidity

Despite the generally heavy volume of trading in most of the instruments traded by SCM, the market for certain of these instruments may have limited liquidity. Lack of liquidity can make it economically infeasible for SCM to close out open positions. In addition, illiquidity can disrupt the historical price relationships on which SCM's relative value and directional strategies are based, as the fewer transactions that take place the greater the risk of market values not reflecting true pricing relationships or fair value.

Directional Trading

A significant number of strategies implemented by SCM for the Funds are designed to profit from forecasting absolute price movements in a particular instrument. Predicting future prices is inherently uncertain and the losses incurred, if the market moves against a position, will often not be hedged. The speculative aspect of attempting to predict absolute price movements is generally perceived to exceed that involved in attempting to predict relative price fluctuations.

Futures Contracts

The Funds trade exchange-traded futures contracts ("futures"). Futures prices are highly volatile, and are influenced by many external economic, governmental and world events. The low margin requirements normally associated with futures trading permits the use of a very high degree of leverage which can result in substantial loss (or gain) from a relatively small price movement.

Additional risks associated with futures trading include the following:

Price Volatility. Futures contracts have a high degree of price variability and are subject to periodic rapid and substantial changes. Consequently, substantial losses could occur.

Futures Markets are Leveraged and Speculative. The markets in which SCM trades are speculative, highly leveraged and involve a high degree of risk. Volatility increases risk, particularly when trading with leverage. Trading on a leveraged basis, as SCM does, involves a substantial risk of sudden, significant losses. Such losses may impair the Funds' asset base and may impact SCM's ability to achieve its long-term profit objectives, even if favorable market conditions subsequently develop.

Illiquidity of Markets. Futures positions cannot always be liquidated at the desired price. If there is a relatively small volume of buy and sell orders in a market, it may be difficult to execute a trade at a favorable price. Periods of illiquidity have occurred in the futures markets in the past and can be expected to occur in the future. These periods of illiquidity and the events that trigger them are difficult to predict and there can be no assurance that SCM will be able to do so. Market illiquidity may cause substantial losses for the Funds.

Effects of Speculative Position Limits. Position limits imposed by various regulators may also limit SCM's ability to effect desired trades for the Funds. Position limits are the maximum amount of gross, net long or net short positions that any one person or entity may own or control in a particular financial instrument. For example, the CFTC has interpreted the Reform Act to require the CFTC to impose limits on the size of positions that can be held by market participants in futures contracts and OTC derivatives on certain physical commodities. The final position limits rules, which the CFTC adopted in October 2020, became effective in March 2021 and are in the process

of being phased in. While the ultimate effect of the CFTC's final position limit rules are not yet known, these limits will likely restrict the ability of many market participants, including the Funds, to trade in the commodities markets to the same extent as they have in the past, including affecting their ability to enter into or maintain hedge positions in the applicable commodity or futures contracts. These rules and various other legislative and regulatory requirements may, among other things, reduce liquidity, increase market volatility, and increase costs in these markets. All positions owned or controlled by the same person or entity, even if in different accounts, must be aggregated for purposes of determining whether the applicable position limits have been exceeded. Thus, even if one Fund does not intend to exceed applicable position limits, it is likely that the accounts of both Funds will be aggregated. To the extent that one Fund's positions were aggregated with positions in the other Fund, the effect on the Funds and resulting restriction on SCM's trading activities may be significant. If at any time positions managed by SCM were to exceed applicable position limits, SCM would be required to liquidate positions, which might include positions of either or both of the Funds, to the extent necessary to come within those limits. Further, to avoid exceeding the position limits, SCM might have to forego or modify certain of its contemplated trades. Any such liquidation or limited implementation could result in substantial costs to TIF and/or TFF.

No Intrinsic Value of Positions. Futures trading is a "zero sum game". For every gain there is an equal and offsetting loss rather than an opportunity to participate over time in general economic growth.

Trading on Non-U.S. Exchanges. In trading futures contracts denominated in currencies other than U.S. dollars, the Funds will be subject to the risk of adverse exchange-rate movements between the U.S. dollar and the functional currencies of these contracts unless the Funds successfully hedge against fluctuations in exchange rates. While SCM does attempt to hedge exchange rate risk, there is no guarantee that this will be successful, potentially subjecting the Funds to substantial losses from SCM's trading on foreign exchanges due to adverse exchange rate movements.

Non-U.S. futures transactions involve executing and clearing trades on non-U.S. exchanges. This is the case even if the non-U.S. exchange is "linked" to a U.S. exchange, whereby a trade executed on one exchange liquidates or establishes a position on the other exchange. Activities on non-U.S. exchanges, including the execution, delivery and clearing of transactions on such exchanges, is not regulated in the U.S. No U.S. regulator has the power to compel enforcement of the rules of non-U.S. exchanges or the laws of a non-U.S. country. For these reasons, the Funds may not be afforded certain of the protections that apply to U.S. transactions, including U.S. alternative dispute resolution procedures or U.S. legal protection. In particular, funds received from customers to margin non-U.S. futures transactions may not be afforded the same protections as funds received to margin futures transactions on U.S. exchanges, even if the same futures commission merchant, broker or dealer are involved.

In addition, some non-U.S. exchanges, in contrast to U.S. exchanges, are "principal markets" in which performance with respect to a contract is the responsibility only of the member with which the trader has entered into a contract and not of the exchange or clearinghouse, if any. In the case of trading on these non-U.S. exchanges, the Funds will be subject to counterparty risk, including, but not limited to, counterparty credit risk and the risk that the counterparty will not perform.

Daily Price Fluctuation Limits. Futures positions may become illiquid because certain commodity exchanges limit fluctuations in certain contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits". Under these daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in that contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. Futures prices have occasionally moved the daily limit for several consecutive days with little or no trading. This could prevent SCM from promptly liquidating unfavorable positions and subject the Funds to substantial losses, or prevent SCM from entering into desired trades. In extraordinary circumstances, the CFTC or other similar non-U.S. regulatory agency could suspend trading in a particular futures contract, or order liquidation or settlement of all open positions in the contract.

Physical Delivery of Underlying Asset. From time to time, either advertently or due to System Implementation Error (see above, under *Risks Relating to Systematic Trading*) or human error, the Funds may take delivery of certain physical commodities underlying a particular futures contract (for example, lumber, oil, precious metals, etc.). If this were to occur, the Funds would incur costs required to warehouse, store and dispose of any such physical commodity. In some cases, this cost may be substantial. In addition, the value of the physical commodity may decrease in value before the Funds can dispose of the physical commodity to a third-party buyer.

Cryptocurrency Futures Contracts

SCM trades exchange-traded cryptocurrency futures contracts for the Funds, which, unlike the futures market for traditional physical commodities, is in the developmental stage and has very limited volume, trading and operational history. As such, cryptocurrency futures contracts and the market for cryptocurrency futures contracts may be riskier, less liquid, more volatile and more vulnerable to economic, market, industry, regulatory and other changes than more established futures contracts and futures markets. The growth and liquidity of the market will depend on, among other things: the supply and demand for cryptocurrency futures; the supply and demand for cryptocurrencies; the continued adoption of cryptocurrencies for commercial uses; the anticipated increase of investments in cryptocurrency-related investment products by retail and institutional investors; speculative interest in cryptocurrencies, cryptocurrency futures, and cryptocurrency-related investment products; regulatory or other restrictions on investors' ability to invest in cryptocurrency futures; and the potential ability to hedge against the market price of cryptocurrencies with cryptocurrency futures (and vice versa). There is no assurance that a liquid market for cryptocurrency futures contracts will develop.

Derivatives

SCM uses derivative financial instruments, including, without limitation, forward contracts, futures contracts and options thereon, contracts for differences, warrants, options, swaps, convertible securities, notional principal contracts, and may use derivatives for hedging and for other trading purposes.

Many of the derivatives traded by SCM are OTC contracts between the Funds and third parties entered into privately, rather than on an exchange. A substantial portion of swap transactions must

be executed in regulated markets and submitted for clearing to regulated clearinghouses. However, such cleared OTC transactions present certain risks different from the risks of trading futures contracts on U.S. exchanges. The cleared OTC market is still evolving and largely untested and, accordingly, there are certain risks related to trading cleared OTC instruments — including exposure to counterparty credit risk in the event an OTC transaction submitted for clearing is rejected by the futures commission merchant or clearinghouse, and the risk that certain cleared OTC transactions may not be easily “ported” to another futures commission merchant if necessary — in addition to the risks of trading futures contracts. The risks posed by such instruments and techniques, which can be extremely complex and may involve leveraging of the Funds' assets, include: (1) market risk (adverse movements in the price of a financial asset or commodity); (2) operational risk (inadequate controls, deficient procedures, human error, system failure or fraud); (3) documentation risk (exposure to losses resulting from inadequate documentation); (4) liquidity risk (exposure to losses created by inability to prematurely terminate the derivative); (5) systemic risk (the risk that financial difficulties in one institution or a major market disruption will cause uncontrollable financial harm to the financial system); and (6) concentration risk (exposure to losses from the concentration of closely related risks such as exposure to a particular industry or exposure linked to a particular entity, futures commission merchant or clearinghouse). While the Reform Act is intended in part to reduce these risks, its success in this regard will depend on the implementation of many rules and regulations, a process that may take several years.

Use of derivatives and other instruments (such as equities) for hedging purposes involves certain additional risks, including (1) imperfect correlation between movements in the asset on which the derivative is based and movements in the asset being hedged; and (2) possible impediments to effective portfolio management or the ability to meet short-term obligations because of the percentage of a Fund's assets segregated to secure its obligations under derivatives contracts. By hedging a particular position, SCM limits the potential gain from an increase in value of such position, but may not achieve a commensurate increase in risk control.

Relative Value Strategies

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

With market conditions over the past several years, the profitability of relative value trading has been materially reduced — in part due to the number of market participants seeking to exploit the same mispricings.

Event-Driven Investing

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

Hybrid and Other Strategies

Many of the strategies executed by SCM combine elements of more than one of the foregoing general strategy types. SCM's approach combines a range of different trading techniques, both implementing different strategies in different markets and combining different strategies, in the same or related markets.

SCM is continually developing new strategies, adapting and refining existing strategies, and retiring old strategies. There is no material limitation on the strategies that SCM may apply and no assurance as to which types of strategies may be applied at any one time. In addition, while certain OTIP managers may be subject to limitations on the types of strategies that they may employ, SCM may not have the ability to effectively impose such limitations or enforce any limitations that may be imposed.

Short Sales

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

During market disruptions over the past several years, securities regulators in a number of countries imposed bans on the short-selling of financial sector (and in some cases, broader market) equities. These limitations were typically imposed on an "emergency" basis, making it impossible for numerous market participants to continue to implement their strategies. It is possible that securities regulators could re-impose these bans, either on a short-term or permanent basis. Any ongoing regulatory limitations on short-selling which may result from market disruptions could materially

adversely affect SCM's ability to implement its strategies for the benefit of the Funds.

Non-U.S. Securities and Emerging Markets

SCM trades equity or equity derivative securities of companies domiciled or operating in one or more non-U.S. countries, including in countries that are considered to be "emerging markets." Trading in these securities involves considerations and possible risks not typically involved in trading in securities of companies domiciled and operating in the United States, including instability of some non-U.S. governments, the possibility of expropriation, limitations on the use or removal of funds or other assets, changes in governmental administration or economic or monetary policy (in the United States or abroad) or changed circumstances in dealings between nations. The application of non-U.S. tax laws (*e.g.*, the imposition of withholding taxes on dividend or interest payments, capital gains taxes, income taxes and excise taxes) or confiscatory taxation may also affect SCM's trading in non-U.S. securities. The Funds may incur higher expenses from trading non-U.S. securities and, in particular, in emerging markets, than from trading U.S. securities and in non-emerging markets because of the costs that must be incurred in connection with conversions between various currencies and because non-U.S. brokerage commissions may be higher than commissions in the United States. Non-U.S. markets also may be less liquid, more volatile and subject to less stringent governmental supervision than in the United States. SCM's trading in securities listed or domiciled in non-U.S. countries could be adversely affected by other factors not present in the United States, including lack of uniform accounting, auditing and financial reporting standards and potential difficulties in enforcing contractual obligations and in hedging market risk.

Private Investments; Illiquid Investments; Estimated Values

From time to time, SCM, on behalf of TIF may trade illiquid and restricted, as well as thinly-traded, instruments. There is often no trading market for these investments, and TIF might only be able to liquidate these positions, if at all, at disadvantageous prices. TIF may be required to hold such investments despite adverse price movements. If TIF makes a short sale of an illiquid holding, it may have difficulty in covering the short sale, resulting in a potentially unlimited loss on that position.

SCM values the illiquid investments in TIF's portfolio at fair value in its good faith discretion. Although there can be no assurance that these valuations will accurately predict the price at which an arm's-length buyer would be willing to purchase the investments, these valuations are part of the calculation of TIF's NAV.

In order to ascertain the NAV of TIF, SCM will need to use an estimated "fair value" for its illiquid investments. Any such "fair value" may differ materially from the value ultimately realized upon the liquidation of these investments. Nevertheless, Management Fees and Incentive Fees will be paid, the participation of new Subscriptions in the profits and losses of TIF determined, and redemption proceeds calculated, based on TIF's/ "fair value" determinations.

OTIP

SCM invests a substantial portion of each Fund's capital in OTIP. All of these investments involve reliance on the performance of third parties, thereby increasing the risk of manager misconduct or bad judgment, as well as limiting SCM's control over, and knowledge of, each Fund's overall portfolio. SCM may not be able to withdraw capital from an OTIP investment even in situations

where such OTIP investment is deviating from announced strategies or risk control policies or has otherwise been materially adversely affected. Furthermore, an OTIP investment may deviate significantly from its announced strategies and/or risk control policies without SCM's knowledge.

In selecting OTIP investments with which to place and/or invest capital, SCM relies on a variety of both quantitative as well as qualitative factors, as well as the subjective judgment of its personnel. There can be no assurance as to what factors will be considered in selecting OTIP investments, and poor selection could result in material losses for a Fund.

There can be no assurances that OTIP (or any particular OTIP manager) will be successful in the future or avoid substantial losses. Many of the risks described herein with respect to the Funds' investments apply equally (if not more so) to investments made by OTIP managers, and such risks are often potentially heightened by the use of OTIP managers. For example, OTIP managers trade independently of one another on a discretionary basis and may, therefore, take overlapping positions, resulting in further concentration of each Fund's portfolio. Conversely, OTIP managers may be on opposite sides of a particular trading strategy (e.g., one going long on interest rates and another going short on such rates), which can reduce the overall profitability to a Fund from such strategies and causes the Fund to bear the costs of each such trade. Furthermore, OTIP involves risks which are materially different from those involved in SCM's proprietary trading: for example, the risks of investing in unaffiliated entities over which neither SCM nor the Funds have any control, and of investing in entities which are significantly less liquid than the Funds. In addition, some OTIP investments are made in the form of managed accounts, which potentially expose the Funds to unlimited losses with respect to such accounts. OTIP also creates potential tax risks relating to the possibility of the Funds becoming subject to tax on certain types of income in certain jurisdictions. Investors should specifically consider the nature and scope of the risks associated with OTIP before making an investment in TIF or TFF.

Force Majeure - Risk of Natural Disasters, Epidemics, Terrorist Attacks and Risk of War

Countries and regions in which SCM trades on behalf of the Funds or otherwise does business are susceptible to natural disasters (e.g., fire, flood, earthquake, storm and hurricane) and epidemics, pandemics or other outbreaks of serious contagious disease. The occurrence of a natural disaster or epidemic could adversely affect and severely depress consumer demand, reduce economic output and disrupt travel, business operations and financial markets in many countries (even beyond the site of the natural disaster or epidemic), all of which could adversely affect the Funds' investment programs and SCM's ability to do business.

In addition, terrorist attacks, or the fear of or the precautions taken in anticipation of such attacks, could, directly or indirectly, materially and adversely affect certain industries in which SCM invests or could affect the countries and regions in which SCM trades or otherwise does business on behalf of the Funds. Other acts of war (e.g., war, invasion, acts of foreign enemies, hostilities and insurrection, regardless of whether war is declared) and political turmoil could also have a material adverse impact on the financial condition of industries or countries in which SCM invests on behalf of the Funds.

COVID-19

The global outbreak of the novel coronavirus (COVID-19) is currently creating unprecedented economic and social uncertainty throughout the world. The ultimate impact of the COVID 19

outbreak is difficult to predict, but it is likely that COVID-19 will have a materially adverse impact on global, national and local economies in the immediate future and that such negative impact is likely to persist for some time. In particular, disruptions to commercial activity across economies due to the imposition of quarantines, remote working policies, “social distancing” practices and travel restrictions, and/or failures to contain the outbreak despite these measures, could materially and adversely impact the Funds’ investments. Similar disruptions may occur in respect of SCM’s and the Funds’ service providers and counterparties (including providers of financing), which could also negatively impact the Funds. Such disruption may adversely affect the Funds’ returns, operating results and financial condition. While there are indications of various governmental responses to the potential negative effects of COVID-19, it is unclear how effective these responses will be and what other impacts such responses may have on the overall performance of markets or the Funds.

Cybersecurity Breaches

SCM is subject to risks associated with a breach in its cybersecurity. Cybersecurity is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from “hacking” by other computer users, other unauthorized access and the resulting damage and disruption of hardware and software systems, loss or corruption of data, as well as misappropriation of confidential information. If a cybersecurity breach occurs, the Funds may incur substantial costs, including those associated with: forensic analysis of the origin and scope of the breach; increased and upgraded cybersecurity; investment losses from sabotaged trading systems; 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 both SCM and its Clients to civil liability, as well as regulatory inquiry and/or action. In addition, any such breach could cause substantial redemptions from the Funds or the Feeder Funds. Furthermore, investors could be exposed to additional losses as a result of unauthorized use of their personal information.

Item 9 - Disciplinary Information

SCM and its employees are not currently and have not been the subject of any disciplinary actions. This includes any civil, criminal or administrative proceedings.

Item 10 - Other Financial Industry Activities and Affiliations

General

As noted in Item 4, SCM has been registered with the U.S. Commodity Futures Trading Commission as a “commodity trading advisor” since June 2003 and as a “commodity pool operator” since January 2009.

As noted in Item 4 and Item 8, Waterfront acts as a sub-adviser to the Funds. In this capacity and subject to SCM’s overall supervisory authority, Waterfront provides portfolio strategy development, investment analysis services (including, without limitation, the development, evaluation, testing and procurement of valuation and forecast models and trading strategies), software development consulting services (including, without limitation, the design, coding and implementation of custom computer software applications specified by SCM) and various other ancillary services.

Conflicts of Interest

Trading and Allocation Policies

While SCM may trade the same or substantially similar strategies for TIF and TFF, it is possible that these Funds may have disparate returns.

The financial instruments traded on behalf of TIF may involve substantial correlation with those traded on behalf of TFF. However, due to the nature of the different strategies and objectives of TIF and TFF, there can be no assurance that any financial instrument will be traded in the same way or at the same time on behalf of each of the Funds. SCM's trade orders are typically handled by its proprietary automated execution management system which directs the execution of SCM's orders utilizing either a fully automated process or with limited human intervention. This system seeks to algorithmically ensure proper allocation of filled orders between SCM's Funds. Where SCM deems it to be advantageous, SCM may also use broker algorithms to handle certain trades or have SCM's trade personnel manually execute certain trades. SCM will attempt to allocate all filled orders and corresponding prices ratably based on the desired trade amount measured at the time of the order entry. Notwithstanding the foregoing, an aggregated order may be allocated using a methodology different from that specified above under certain circumstances. Examples of reasons for allocating orders on a different basis include, without limitation, different investment mandates, available cash, liquidity requirements, portfolio rebalancing due to capital activity (*i.e.*, subscriptions to, or redemptions from, TIF, TFF or the Feeder Funds), macro risk parameters established by SCM, legal, tax, accounting, compliance or regulatory reasons (including the desire to avoid and/or minimize a regulatory filing, disclosure or other obligation) and the avoidance of odd lots. While SCM will endeavor to ensure that its trade allocation system does not systematically advantage TIF or TFF, due to the large volume of orders placed and filled orders received, it is likely that for some trades, TIF or TFF may be inadvertently advantaged during placement of orders, fill receipt and/or post trade allocation. SCM will seek to monitor, review, test and, if necessary, periodically modify its trade allocation system in an effort to minimize the occurrence of these events. However, it is highly likely that a number of preferential trade allocations will occur, and SCM will only act to reverse or otherwise change these allocations in the event they are deemed by SCM, in its sole discretion, to be material. Such preferential trade allocations are not deemed by SCM to be trade errors.

SCM may buy or sell financial instruments on behalf of one Fund prior to or after SCM buys or sells the same or similar financial instruments on behalf of the other Fund. Furthermore, SCM may determine that it is in the best interests of the Funds to trade different financial instruments with the same or similar economic effect (for example, a stock index futures contract for TFF and an exchange-traded fund on the same stock index for TIF) due to the applicable investment mandates, available cash, liquidity requirements, portfolio rebalancing due to capital activity (*i.e.*, subscriptions to, or redemptions from, TIF or TFF), macro risk parameters established by SCM, legal, tax, accounting, compliance or regulatory reasons (including the desire to avoid and/or minimize a regulatory filing, disclosure or other obligation), for each of the Funds. In such instances, the trade allocation policy described above will not apply since that policy is only applicable to trades that are made concurrently in the same financial instrument. As a result, prices paid by one Fund and amounts received by such Fund may be adversely affected as compared to the other Fund.

While SCM will endeavor to treat each of the Funds fairly in relation to one another and such

Fund's investment objectives, there can be no assurance that SCM is free from conflicts of interest in this regard; SCM is likely to have different direct and indirect benefits resulting from trading profits in each of TIF and TFF and SCM may, and its principals do, have investments in TIF (through HFL) whereas, other than with respect to Adams investment in TFF through non-voting Class M shares received from the Incentive Allocations, they do not have investments in TFF. In addition, the profits of one Fund may differ significantly from the profits in the other Fund, giving SCM an incentive to favor the more profitable Fund or direct more internal resources to the more profitable Fund so that it earns higher fees. SCM cannot be free from, and is not free from, inherent conflicts of interest in managing the investments for TIF and TFF and shall be free to manage each Fund as it sees fit in its sole discretion and in accordance with its fiduciary duties as further described under Item 6 above.

OTIP Allocation Procedures

The allocation of OTIP investments between the Funds presents potential conflicts for SCM. OTIP allocates capital to unaffiliated investment managers through investments in managed accounts or interests in limited liability vehicles. Investments in limited liability vehicles made by SCM on behalf of TIF are generally, but not exclusively, made into offshore corporate funds treated as corporations for United States federal income tax purposes and are marked to market pursuant to the Fund's election under Section 475(f) of the U.S. Internal Revenue Code of 1986, as amended. TFF expects to be treated as a partnership for United States federal income tax purposes. Investments in limited liability vehicles by SCM on behalf of TFF are generally, but not exclusively, made in funds that will generate K-1 tax reporting and are treated as "pass-through" entities for United States federal income tax purposes.

Given that SCM has previously been making OTIP investments on behalf of the TIF and has recently started to make OTIP investments on behalf of TFF (since December 2020), the OTIP investment portfolio, both in terms of the types of fund investments and the value of such investments, will differ between the TIF and TFF. In addition, future differences in the OTIP portfolio composition can be attributed to many factors, including, but not limited to, different collective investment vehicles, different subscription and redemption dates, capacity constraints for existing TIF investments resulting in OTIP funds being closed to new investments or only open for existing investors or *de minimis* investments, United States federal tax attributes that result in after-tax performance differences, liquidity constraints, capital activity and different investment mandates.

In addition to the above, SCM is likely to have different direct and indirect benefits resulting from OTIP investments made in different collective investment vehicles for each of TIF and TFF. SCM may, and its principals do, have investments in TIF (through HFL) whereas, other than with respect to Adams investment in TFF through non-voting Class M shares received from the Incentive Allocations, they do not have investments in TFF. In addition, the profits generated by OTIP investments of one Fund may differ significantly from the profits generated by OTIP investments in the other Fund, giving SCM an incentive to favor the more profitable Fund or direct more internal resources to the more profitable Fund so that it earns higher fees. SCM cannot be free from, and is not free from, inherent conflicts of interest in managing the OTIP investments for TIF and TFF and shall be free to manage each Fund as it sees fit in its sole discretion and in accordance with its fiduciary duties and allocation policies and procedures as further described under Item 6 above.

Trading

SCM's employees and officers do trade for their own accounts and may trade in certain of the same markets as those in which the Funds trade. In conducting their personal trading, SCM's employees and officers will have an incentive to prefer themselves over the Funds (subject to SCM's Personal Trading Policy as further described under Item 11). Trading in these accounts may occur against and/or ahead of the trading of the Funds. The records of such trading will not be made available to the Investors.

SCM does not trade for its own account.

Incentive Fee

The receipt by SCM of an Incentive Fee or the receipt by Adams of an Incentive Allocation may incentivize SCM to trade and invest a Fund's portfolio in a more speculative manner than SCM otherwise would. In addition, SCM may be incentivized to favor one Fund over the other Fund if such other Fund pays a higher incentive fee or Incentive Allocation or under circumstances that would result in an Incentive Fee or an Incentive Allocation being paid to SCM or Adams at a time when the Fund's profitability differs such that one Fund is not generating performance-based fees.

Trade Errors

SCM has a conflict of interest both in determining what transactions constitute trade errors and in resolving such trade errors. If SCM determines that a transaction does not constitute a trade error, the profit or loss on the transaction will be allocated to the Funds, *pro rata*, without further inquiry, so that SCM will have an incentive to reach such determination.

If SCM determines that a transaction resulted in a trade error, SCM must make the further determination of whether SCM met its standard of care with respect to such trade error. The standard of care applicable to SCM applies to SCM itself, not to the individual SCM personnel involved in any given trade error. Consequently, SCM itself would be deemed to have violated its standard of care only if SCM did not have adequate control and supervisory procedures in place with respect to trade errors. While it is unlikely that SCM would determine that SCM's conduct with respect to any given trade error failed to meet SCM's standard of care, SCM nevertheless will have a conflict of interest in reaching such determination.

Trade Allocations

As previously noted, SCM has conflict of interest in allocating trades between TIF and TFF, where, for example, one Fund is below its high water mark.

Different Business Terms

From time to time, the Directors of TIF or TFF may permit certain shareholders to acquire shares on different business terms than other shareholders, provided that doing so does not adversely affect such other shareholders.

Waiver of Redemption Restrictions

The Directors of TIF or TFF may from time to time waive certain of the restrictions imposed upon redemptions with respect to certain shareholders. The Directors may waive such restrictions in the case of certain shareholders and not others as well as in the case of certain redemptions by the same shareholder but not others. The waiver of redemption restrictions can, in unusual circumstances, adversely affect continuing shareholders.

The Directors of TIF and TFF will waive any redemption notice provisions in the case of redemption requests by SCM (generally used to facilitate cash flow for its operations).

Valuation

Although each Fund's Directors are ultimately responsible for determining the fair market value of a Fund's assets and liabilities, SCM's third party administrator has been delegated the authority to determine such amounts. Furthermore, the third party administrator and its affiliates are authorized to use SCM's valuations, rather than quotes supplied by independent dealers, if the third party administrator believes SCM's values are more accurate, in its sole discretion. Overvaluing positions could inflate the reported NAV of shareholders' respective tranches of shares as well as a Fund's performance record and the Management Fees, Incentive Fees or Incentive Allocation payable to SCM.

For purposes of valuing OTIP investments in investment corporations and limited partnerships, the third party administrator relies on valuations provided by the independent administrators of such investments or, in some instances, the managers themselves, and the third party administrator and its affiliates are fully absolved in doing so.

The Funds' Directors

The Directors face certain conflicts of interest in relation to each Fund, including, without limitation, involvement with other entities utilizing investment strategies similar to those of the Funds and with other businesses in general. A majority of each Fund's Directors are employees of SCM and may have an incentive to take or approve actions that benefit SCM. The Directors may from time to time conduct business with persons or entities that invest in, or whose clients invest in, one or both of the Funds, may deal with the Funds, may have dealings with others doing business with the Funds, or who are engaged in competitive activities, and may earn fees from, or receive or provide other consideration from or to, any of the foregoing.

OTIP

The OTIP managers will also be subject to their own conflicts of interest not disclosed herein, and the Funds are subject to two "layers" of conflicts of interest— at both the SCM and the OTIP level. SCM will have no ability to control, and likely will not even know of, the conflicts of interest and the resolution thereof by the OTIP managers at the OTIP level.

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

SCM maintains a Code of Ethics and Personal Trading Policy (the "Code"). The Code is available to any investor or prospective investor in the Funds or the Feeder Funds, upon request and at no cost.

SCM's reputation for conducting its business in the highest ethical and professional manner is essential to its success. SCM's officers, partners, directors (and persons of similar status or performing similar functions), employees and other persons providing investment advice on its behalf and subject to its control (each a "supervised person" and, collectively, "supervised persons") are responsible for continuing to uphold these high ethical and professional standards. The Code establishes the standard of business conduct that all supervised persons must follow. This includes, but is not limited to, a duty of loyalty to SCM's Clients, which requires that supervised persons act in the best interests of the Funds and always place the Funds' interests first and foremost. Supervised persons must avoid actions or activities that allow (or appear to allow) them or their family members to profit or benefit from their relationships with SCM and the Funds, or that bring into question their independence or judgment. Supervised persons must always observe standards of business conduct and act in accordance with all applicable federal securities laws and regulations and other applicable laws and regulations. Supervised persons must report any violations of the Code promptly to SCM's Chief Compliance Officer ("CCO").

The Code also addresses personal trading by SCM's supervised persons who have access to non-public information regarding any Clients' purchase or sale of securities or certain portfolio holdings or who is involved in making securities recommendations to Clients or who has access to such recommendations that are non-public (each an "access person" and, collectively, "access persons"). The Code requires access persons to report certain of their personal securities holdings and transactions. Access persons are required to submit annual reports of brokerage accounts containing certain holdings. In addition, access persons are required to submit quarterly transaction reports that detail certain of their respective securities transactions.

Subject to the Code, as described above, SCM's supervised persons are permitted to engage in personal securities transactions (including transactions in securities currently held in the Funds' accounts or that may be appropriate for investment in such accounts) subject to preclearance obligations for participation in initial public offerings and private placements (other than investments in TIF or HFL). Currently, other than with respect to Adams receipt of non-voting Class M Shares of TFF in respect of its Incentive Allocation, SCM's supervised persons do not invest in TFF or TFFLP. In addition, SCM and its partners, principals, employees, and other affiliates may engage in investment activities for their own accounts or for family members. These activities may involve the purchase and sale of securities that are similar to or the same as, and effected at the same or different times as, but in different concentrations or prices than, those purchased or sold for the Funds.

All supervised persons must conduct themselves in accordance with the Code and seek to avoid even the appearance of improper behavior. Each new supervised person is required to read the Code and acknowledge his or her understanding of the Code. In addition, all supervised persons must sign the acknowledgement on an annual basis.

If an access person recommends, buys or sells positions for the Funds or has access to trading information and also trades securities for a personal account, there may be a conflict of interest if the access person's personal trading influences their decisions regarding the Funds' trades or if the access person misuses trading information to effect personal trades. The Code contains policies and procedures intended to ensure that personal securities trading by access persons is conducted in such a manner as to avoid actual or potential conflicts of interest or any abuse of an access person's position of trust and responsibility. An access person's duty of loyalty to the Funds

prohibits misappropriating trading information and/or strategies developed for use in managing the Funds capital in the access person's personal trading. The Code is designed to ensure that the Funds are not disadvantaged in any respect by the transactions executed by any access person and access persons in no respect misappropriate any benefit properly belonging to the Funds.

Item 12 - Brokerage Practices

In negotiating commission rates and selecting brokers to execute securities trades on behalf, of the Funds, SCM seeks best execution and takes into account numerous factors, including, but not limited to, the financial stability and reputation of the broker and the quality of the special execution capabilities, clearance, settlement, net pricing, latency, online pricing, block trading and block positioning capabilities, on-line access to computerized data regarding Clients' accounts, performance measurement data, efficiency of execution and error resolution, quotation services, the availability of stocks to borrow for short sales, custody, record keeping and other services provided by such broker.

It is SCM's policy not to enter into "soft dollar" arrangements (*i.e.*, arrangements under which SCM agrees to pay more than the lowest available commission for products or services provided by a broker-dealer). SCM retains the option to utilize soft dollar arrangements in the future. If SCM chooses to change its practice regarding soft dollars, it is permitted to select brokers in recognition of the value of various services or products, beyond transaction execution, that they provide to SCM and the Funds. If SCM elects to use soft dollars, it shall follow its internal policies and procedures, which are consistent with Section 28(e) of the Securities Exchange Act of 1934 and any applicable regulatory guidance.

SCM, however, uses full-service broker-dealers that may provide, from time to time (without being requested to do so), research or other products or services to most or all of their customers. SCM may take advantage of the research or other products or services provided rather than producing or paying for them from another provider. In these situations, SCM receives a benefit because it does not have to pay for the research or other products or services. Even in the absence of soft dollar arrangements, SCM may have an incentive to utilize broker-dealers based on benefits that it receives from the broker-dealers, rather than the interests of the Funds in receiving the most favorable execution. However, since the research or other products or services provided are not material in nature and quantity and may be provided, from time to time, by several broker-dealers, SCM's receipt of such research or other products or services does not have a material effect on its selection of broker-dealers. Furthermore, SCM addresses any potential conflicts of interest through its best execution policies and procedures and any research or other products or services received are used for the benefit of the Funds.

SCM's OTIP program allocates the Funds' assets to outside managers. These outside managers may utilize soft dollars. SCM does not receive a benefit and does not exercise control over the outside managers' utilization of soft dollar arrangements, if any.

SCM has occasionally utilized capital introduction services provided by broker-dealers with whom SCM may effect transactions. Capital introduction services are utilized for the purpose of: (1) introducing prospective investors to SCM; and (2) introducing OTIP to potential outside managers. These capital introduction services are not material or considered by SCM when determining whether to utilize a particular broker-dealer. Commissions paid by the Funds are not increased as a result of any capital introduction services provided by broker-dealers. Furthermore, SCM

addresses any potential conflicts of interest through its best execution policies and procedures and any capital introduction services are used for the benefit of the Funds.

Broker-dealers utilized by SCM may, from time to time, provide and maintain telecommunication connections between SCM and the broker-dealers and/or various exchanges. The costs of these services are not material and are provided by the broker-dealers to ensure the maintenance of the telecommunication connections and the measurement of the latency associated with trading conducted by SCM are more efficient. The provision of these services does not result in the increase of any commissions paid by the Funds. SCM's receipt of such services does not have a material effect on its selection of broker-dealers. Furthermore, SCM addresses any potential conflicts of interest through its best execution policies and procedures and any telecommunication services are used for the benefit of the Funds.

Futures brokerage commissions are not subject to the same requirement of best price and execution as are securities brokerage commissions.

See Item 8 and Item 10 above for information regarding trade errors. SCM aggregates the purchase and sale of certain securities, including exchange traded futures contracts, foreign exchange contracts, for the Funds. Other securities, including a small number of common stocks and exchange-traded products, are traded on behalf of both TIF and TFF, but may not be purchased or sold on an aggregate basis due to broker limitations, exchange rules or regulatory requirements. Certain other securities may be traded by SCM for TIF only as part of its investment mandate. SCM does not engage in the purchase and sale of any securities for the Feeder Funds.

Item 13 - Review of Accounts

SCM's CEO (or his delegate) periodically reviews the trading activity conducted by SCM on behalf of the Funds in conjunction with SCM's Chief Operating Officer, Director of Fund Accounting and members of the portfolio management personnel. These reviews consist of an ongoing analysis of (1) various trading data, (2) internally generated risk reports and (3) an evaluation of such other information SCM deems appropriate.

SCM provides shareholders of TIF, HFL and TFF and limited partners of TFFLP with a number of written reports including a weekly performance estimate and an account statement once each month showing such investor's beginning and ending account balance and performance for the previous month. In addition, these investors are provided with a monthly performance and risk management summary, which includes information about performance, performance attribution, counterparty concentration, forecasted and realized volatility and portfolio liquidity. SCM provides annual audited financial statements for the Funds' investors within 180 days of the end of each Fund's respective fiscal year. SCM also provides tax reports for investors subject to U.S. taxation.

Item 14 - Client Referrals and Other Compensation

SCM does not provide or receive any economic benefits related to client referrals nor does SCM receive any economic benefits for the provision of advisory services to its Clients from anyone who is not a Client.

Item 15 - Custody

Although SCM does not maintain physical custody of the Funds' assets, SCM has custody of those assets under Rule 206(4)-2 (often referred to as the "Custody Rule") of the Advisers Act because SCM's related persons and/or supervised persons may access the assets and, with respect to TFFLP, because Adams serves as the General Partner of TFFLP. SCM is exempt from many of the provisions of Rule 206(4)-2 because TIF and TFF are audited in accordance with U.S. generally accepted accounting principles on an annual basis by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. In accordance with the requirements of the Custody Rule, audited financial statements are distributed to each shareholder in TIF and HFL and to each shareholder in TFF and limited partner of TFFLP within 180 days of the end of each Fund's fiscal year.

Item 16 - Investment Discretion

SCM provides discretionary investment advisory services to the Funds and has the authority to determine the type and amount of any financial instruments to be bought and sold on behalf of the Funds. This includes the discretion to choose the broker or dealer to be used in any transactions and the commission rates to be paid. Therefore, SCM makes decisions to buy or sell investment instruments on behalf of the Funds without the consent of the shareholders in the Funds. This authority is granted to SCM through the execution of a subscription agreement by each Fund's shareholders.

SCM is responsible, under the supervision of HFL's Board of Directors, for the determination that HFL invests all of its assets into TIF. SCM is also responsible, under the supervision of TFFLP's General Partner, Adams, for the determination that TFFLP invest all of its assets in TFF. Accordingly, SCM provides discretionary investment advisory services: (1) to HFL, and HFL shareholders authorize HFL's investment into TIF through the execution of a subscription agreement; and (2) to TFFLP, and TFFLP's limited partners authorize TFFLP's investment into TFF through the execution of a subscription agreement.

Item 17 - Voting Client Securities

Proxy Voting Policy. SCM maintains Proxy Voting Policies and Procedures (the "Proxy Policy") to ensure that it exercises appropriate voting authority with respect to securities held by the Funds. The Proxy Policy and information on SCM's proxy voting record is available upon request from SCM's CCO. With respect to securities traded by SCM using its proprietary computerized trading strategies, the Funds respective Board of Directors have determined that SCM shall abstain from voting proxies. Due to the investment strategies pursued by SCM, the Funds respective Board of Directors believe that the outcome of any particular proxy vote would have minimal (if any) impact on SCM's investment decision-making process.

SCM will monitor corporate events and/or resolutions relating to private funds the OTIP portfolio. SCM will determine whether to vote proxies and will cast votes as it deems appropriate, in the best interest of TIF or TFF, as applicable.

With regard to OTIP managed accounts, the unaffiliated investment manager with trading authority over the respective account has been granted full discretionary authority over voting proxies (either as part of the investment management agreement or in a separate instruction). In this regard, while the Fund, or a subsidiary of the Fund, has legal ownership of the security, there

is no authority to vote or direct the voting of proxies relating to securities held in the account. This is to ensure that the outside manager has the ability to vote in accordance with the objectives of the particular strategy related to a managed account.

Class Action Participation. SCM has determined that the Funds will not participate as plaintiffs or other participants in class action litigation in which they may be eligible to participate. The potential benefit of participating in a class action would, in most cases, be outweighed by the significant risk that proprietary trading strategies could be revealed during the litigation and discovery process related to any such class actions. The revelation of such strategies could have a negative impact on the Funds. Moreover, the potential cost in time and resources related to class actions could exceed any potential benefit for the Funds.

Notwithstanding the above, where SCM determines that the Funds have suffered a direct and proximate loss due to third party activities that are or may be subjected to class action litigation, SCM may direct the Funds to participate in such class action litigation.

OTIP may have certain accounts that participate in class actions upon the request of the unaffiliated portfolio manager directing that account. These requests will be reviewed by SCM on a case by case basis to determine whether such class action could provide a potential benefit to the Funds.

Item 18 - Financial Information

SCM is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to its Clients, and SCM has not been the subject of a bankruptcy petition at any time during the past 10 years.