

J. Goldman & Co., L.P.

Part 2A of Form ADV: Firm Brochure



J. GOLDMAN & CO., L.P

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This brochure provides information about the qualifications and business practices of J. Goldman & Co., L.P. (the “Firm” or “Investment Adviser” or “Adviser”). If you have any questions about the contents of this brochure, please contact the Firm’s Compliance Department at (212) 262-4340. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. Registration as an investment adviser with the SEC does not imply a certain level of skill or training of J. Goldman & Co., L.P. or its personnel.

Additional information about the Firm and this brochure are available on the SEC’s website at www.adviserinfo.sec.gov.

This document does not constitute an offer to sell or a solicitation of an offer to invest in any security.

Item 2– Material Changes

This section discusses material changes to the Form ADV Part 2A brochure (the “Brochure”) since the Firm’s last annual updating amendment made on March 28, 2024.

- Item 4 related to the Firm’s Advisory Business has been updated to include the following funds: J. Goldman Enhanced, L.P., Woodmont Investments Enhanced Limited, Woodmont Investment Partners Enhanced, L.P., and J. Goldman Enhanced Master Fund, L.P.
- The disclosures under Item 5 related to Fund Expenses and Adviser Expenses that are borne by the Funds (defined below) have been enhanced in accordance with governing Fund documents.
- Item 5 Section A-B has been updated to include the fees and fund terms of J. Goldman Enhanced, L.P. and Woodmont Investments Enhanced Limited.
- Item 6 has been updated to address how the conflicts of interest associated with managing the new funds listed in Item 4 are mitigated.
- Item 11 Section C has been updated to address how the Firm manages trading of affiliated investment vehicles through its trade allocation process.

Investors are encouraged to review the Brochure in its entirety.

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Item 4 – Advisory Business

- A. J. Goldman & Co., L.P., a Delaware limited partnership, is a hedge fund manager with its offices in New York, New York and Miami Beach, Florida. The Firm was founded in 1986 by Jay G. Goldman, who currently holds a controlling interest in and serves as Chief Executive Officer of the Firm. The Firm is also managed by Joseph Magaro, the Firm's President, who joined the Firm in 2001 and became a Partner in 2010. The Chief Compliance Officer, Sagan Weiss ("CCO"), the Chief Operating Officer and General Counsel, Michael Juliano ("COO/GC"), and the Chief Financial Officer, Deanna Wagner ("CFO"), jointly oversee the Firm's back office.

The Firm serves as the investment adviser to certain pooled investment vehicles (each, a "Fund" and collectively, the "Funds") which rely on the Section 3(c)(7) exemption from registration under the Investment Company Act of 1940, as amended ("the Company Act"), and are offered only to investors who are qualified purchasers. The Funds, which are organized in two "master-feeder" structures where the investments are managed in a "master fund" using assets contributed by investors who subscribe to "feeder funds." The first master-feeder structure (the "Legacy Strategy") is comprised of J. Goldman, L.P. (formerly named The Jay Goldman Master Limited Partnership), Woodmont Investments Limited, Woodmont Investment Partners, L.P., and J. Goldman Master Fund, L.P. The second master-feeder structure (the "Enhanced Strategy") is comprised of J. Goldman Enhanced, L.P., Woodmont Investments Enhanced Limited, Woodmont Investment Partners Enhanced, L.P. and J. Goldman Enhanced Master Fund, L.P. (together with the J. Goldman Master Fund, L.P., the "Master Funds" and each a "Master Fund"). An affiliate of the Firm serves as the general partner (the "General Partner") of those Funds organized as limited partnerships.

- B. Each Master Fund's business and purpose is to achieve attractive investment returns in all economic environments by engaging in the purchase and sale of a broad range of investment interests, at times on margin, or utilizing other forms of leverage, primarily of securities (both domestic and foreign), pursuant to trading decisions made by the Investment Adviser. No assurance can be given that the Master Funds' objectives will be achieved. The Master Funds intend to focus on a long/short equity investment strategy. The Investment Adviser also seeks to enhance portfolio returns through significant use of internally-generated "alpha capture" strategies and dynamic models, including internally-generated quantitative "alpha capture" strategies that seek to maximize the Master Funds' risk-adjusted returns through an algorithmic process that analyzes trades and positions in the Master Funds and recommends additional transactions to adjust or resize existing portfolio holdings. In addition, some of the Investment Adviser's strategies may be characterized as risk arbitrage or value investing. The Investment Adviser may also decide to invest a small amount of capital, not to exceed 5% of the Investment Adviser's assets under management, as determined based on the size of the investment at the point of acquisition, in attractive Late-Stage Private opportunities. "Late-Stage Privates" are securities of private issuers that the Investment Adviser believes are likely to be publicly traded within 36 months of the date of acquisition. The Investment Adviser will seek to employ other investment strategies opportunistically and reserves the right to employ investment strategies other than those described herein. The Investment Adviser is not limited with respect to the types of investment strategies it may employ or the markets,

securities or instruments in which it may invest. J. Goldman Enhanced Master Fund, L.P. (the “Enhanced Master Fund”) follows an investment strategy similar to the investment strategy of the Legacy Strategy. The Enhanced Master Fund will seek to replicate the portfolio of the Legacy Strategy, subject to certain exclusions, and will target enhanced returns by investing on a significantly higher leverage basis than the Legacy Strategy. These exclusions are expected to incorporate those individual underlying strategies that the Investment Adviser deems to be historically non-material contributors to overall performance of the Legacy Strategy and that may involve operationally intensive processes and/or related expenses that might make replication impractical or otherwise inconsistent with the best interests of investors (the “Exclusion Criteria”). The Legacy Strategy's dedicated credit strategies, including hedges thereon if relevant, will not be replicated by the Enhanced Master Fund unless and until such strategies represent >12.5% of the Legacy Strategy's assets under management for three consecutive months. Upon introduction of new individual underlying strategies, the Investment Adviser will evaluate such strategies using the Exclusion Criteria. The Legacy Strategy's investments in private companies will not be replicated by the Enhanced Master Fund unless and until such investments in private companies represent >12.5% of the Legacy Strategy's assets under management for three consecutive months. The Enhanced Master Fund will target enhanced returns by investing on a significantly higher leverage basis than the Legacy Strategy. The target leverage for the Enhanced Master Fund will be calculated at approximately 2x the leverage of the Legacy Strategy, adjusted for strategies excluded by virtue of the Exclusion Criteria.

- C. The Firm’s current clients are solely Funds; the Firm does not tailor its investment advisory services to individuals.
- D. The Firm does not participate in wrap-fee programs.
- E. As of December 31, 2023, the Firm managed \$3,648,637,770 in regulatory assets under management on a discretionary basis.

Item 5 – Fees and Compensation

A-B. The specific manner in which the Firm calculates and deducts fees is set forth in the private offering memoranda for the Funds. Fees may be waived, rebated, or calculated differently at the sole discretion of the Firm, and in certain instances, more favorable arrangements are reflected in “side letters” with certain investors. A brief summary of the fees and fund terms is set forth below for Woodmont Investments Limited, J. Goldman, L.P., J. Goldman Enhanced, L.P. and Woodmont Investments Enhanced Limited (together, the “Feeder Funds”).

	<u>Woodmont Investments Limited</u>	<u>J. Goldman, L.P.</u>	<u>J. Goldman Enhanced, L.P.</u>	<u>Woodmont Investments Enhanced Limited</u>
Management Fee	Class A, B, C, D – 1%	Class A, C, E – 0% Class B, D – 1%	Class A – 1%	Class A – 1%
Advisor Expenses	Pass through of all expenses	Pass through of all expenses	Pass through of all expenses	Pass through of all expenses

Incentive Allocation	Class A – 20% on first 15% net annualized; 30% thereafter; quarterly crystallization Class B, C – 20% on first 15% net annualized; 30% thereafter; monthly crystallization Class D – 20% on first 15% net annualized; 30% thereafter; quarterly crystallization	Class A – 30%; quarterly crystallization Class B – 20% on first 15% net annualized; 30% thereafter; monthly crystallization Class C – 30%; annual crystallization Class D – 20% on first 15% net annualized; 30% thereafter; quarterly crystallization Class E – 30%; quarterly crystallization	Class A - 20% on first 15% net annualized; 30% thereafter; quarterly crystallization	Class A - 20% on first 15% net annualized; 30% thereafter; quarterly crystallization
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C. In addition to fees, the Funds bear all costs, fees and expenses incurred in connection with their management and operation. As “pass through” entities, these expenses include the Adviser’s overhead. The Funds’ expenses include: (i) all costs, fees and expenses of the Funds directly related to the purchase, sale or retention of investments by the Funds (including, but not limited to, brokerage commissions, prime broker fees, initial and variation margin, interest and dividend expense, margins, option premiums, brokerage, floor, exchange, and clearinghouse commissions and fees, other transaction costs and expenses, advisory fees (including the Fund’s pro rata share of fees and expenses of a Fund’s advisory committee, if any), management fees, performance compensation, including the expenses of any third party investment adviser engaged to manage a portion of a Fund’s assets, transmission costs, and related expenses); (ii) all Federal, state and local taxes payable by the Funds; (iii) other expenses, including ordinary and extraordinary indemnification, legal (including, without limitation, costs associated with preparing and making regulatory filings, such as Forms 13D, 13F, 13G, 13H, Form PF, Form ADV and any other regulatory filings which may arise), accounting, auditing, recordkeeping and administration expenses (including costs associated with third-party administrators to the Funds), travel expenses, supplies, computer, corporate licensing, custodial and clerical expenses (including expenses incurred in preparing and transmitting reports and tax information to investors in the Funds and regulatory authorities and expenses for specialized administrative services), printing and duplication expenses, the expenses of the continuing offering of interests in the Funds (including expenses incurred in developing and maintaining investor relations and the marketing of the Funds), mailing expenses, filing fees and other regular or extraordinary fees and expenses associated with the operation of the Funds; (iv) all interest expenses of the Funds; and (v) all Adviser Expenses (as defined below) allocated by the Firm to the Funds. For additional information regarding brokerage expenses, please see Item 12, Brokerage Practices, below. The Funds may incur expenses associated with indemnification of the Firm and its affiliates, employees, and agents. To the extent that expenses of the Funds or Adviser Expenses are attributable to multiple Funds, such amounts will be allocated in accordance with the methodology utilized to allocate Adviser Expenses, as described below.

The costs and expenses (including the fees and expenses of counsel and accountants) incurred by or on behalf of the Funds or by or on behalf of the General Partner in connection with a Fund's formation and the offering and sale of its interests or shares shall be borne by the Fund.

The Funds bear the portion of the Investment Adviser's operational and ongoing expenses ("Adviser Expenses") that are allocated by the Firm to the Funds as well as the Funds' pro rata share of any such expenses allocated by or on behalf of each Master Fund in connection with its management and operation. Generally, Adviser Expenses will be paid directly to the relevant third party by the Master Funds or the Funds, as applicable; provided that under circumstances in which direct payment is not possible or is operationally cumbersome (e.g., in the case of contributions to profit sharing plans), the Funds and/or the Master Funds will reimburse the Firm and its affiliates for such Adviser Expenses and the Firm and its affiliates will ensure that such payments are made as expeditiously as possible, generally on the same business day as the relevant amounts are received from the Funds and/or the Master Funds. Adviser Expenses include: (i) all direct and indirect base compensation, discretionary, performance-based and signing bonuses and other compensation and benefits (including, but not limited to, medical, disability income insurance (e.g., directors and officers insurance, cybersecurity insurance, life insurance, contributions to profit sharing plans, expenses attributable to employees' memberships in business associations and other benefits)), payroll taxes and other compensation expenses (including, but not limited to, severance, overtime, relocation expenses and referral fees) for all employees and consultants and expenses incurred in the course of the development and training of employees (including, without limitation, costs related to mentorship programs (including meals and travel), performance coaches and/or professional and educational speakers (including any programs or events that are off site and/or third-party sponsored)); (ii) all other overhead expenses, including: rent, insurance and technology (including, but not limited to, office space, clerical services, equipment (such as trading screens, software, market information charges and other computer and communications equipment)), licensing, maintenance and consultation services in connection with such equipment), trade publications, telephone, communications, meals, travel and entertainment (including, without limitation, in connection with any firm-sponsored off site events); (iii) all ordinary and extraordinary legal, compliance (including compensation for internal compliance personnel and expenses incurred to facilitate compliance with the rules of any self-regulatory organization or applicable law (including reporting obligations)), human resource-related, accounting, auditing, -recordkeeping and administration expenses (including costs associated with regulatory compliance and preparing and making regulatory filings, such as Forms 13D, 13F, 13G, 13H, Form PF, Form ADV and any other regulatory filings which may arise), including, without limitation, expenses incurred in connection with regulatory exams, investigations (other than an investigation that results or has resulted in a court or governmental authority imposing a sanction for a violation of the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act") or the rules promulgated thereunder) and enforcement proceedings; and (iv) all other expenses as the Investment Adviser shall determine. The Adviser Expenses may be considered additional compensation payable by the Funds. The Adviser Expenses are expected to be substantial regardless of the performance of the Funds. Such expenses, including the Adviser Expenses, are determined without an "arms' length" negotiation with any third party and may be significant. There is no limitation on the amount of expenses that may be charged to the Funds.

The Investment Adviser will allocate shared Adviser Expenses among the Legacy Strategy and the Enhanced Strategy (and any addition funds formed in the future) in a manner that it determines, in its sole discretion, to be fair and equitable. In general, the Investment Adviser anticipates that

shared Adviser Expenses that are not disproportionately attributable to the activities of a particular Fund will be allocated on a pro rata basis in proportion to the gross deployed capital of the Funds, which shall be determined at such times that the Investment Adviser determines to be appropriate. The type of expense and the information available at the time of payment and/or accrual of such expenses may dictate the ratio of gross deployed capital used to allocate expenses. The Investment Adviser, in its sole discretion, may decide, from time to time to true-up allocations between Funds that may have varied because of incomplete information available at the time.

In considering whether to allocated a shared expense to certain Funds or pro rata among all Funds, the Investment Adviser will consider factors such as whether the resource or services to which such shared expense relates might ultimately directly or indirectly benefit one or more Funds other than the initial beneficiary, whether such shared expense is de minimis in nature, and/or whether the expense or operational burden associated with determining and administering such allocation would likely be disproportionate relative to the actual shared expense to be allocated.

Additionally, investors that choose to participate in “new issues,” as defined under the rules of the Financial Industry Regulatory Authority (“FINRA”), will absorb all expenses associated with participation in the new issues for which they receive an allocation. The expenses allocated in connection with new issues have typically been and are expected to be between approximately 15-35% of the performance generated by new issues received, however, this number may vary significantly depending on the overall profitability of the Master Funds and the number of initial public offerings in which the Mater Funds participated in a given year.

D. The timing of the payment of management fees, which varies based on the Fund and share class in which the investor is invested, is specified in the offering memorandum for the relevant fund. Where Management Fees are paid in advance, investors are not permitted to redeem prior to the end of the period for which the Management Fee has been paid, and thus investors are not entitled to a refund of the Management Fee paid with respect to such period. Where Management Fees are paid in arrears, if there is a withdrawal or distribution from a capital account of an investor other than the last day of the period for which the Management Fee will be paid, the Management Fee payable by the Fund with respect to such capital account shall be prorated for any such partial period and debited to the capital account of such investor.

E. Neither the Firm nor any of its supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

With regards to performance-based fees, the Firm or the General Partner, an affiliate of the Firm, is entitled to receive an incentive fee or incentive allocation from the Funds (the “Incentive Amount”). The Incentive Amount for each class of investor is summarized above and described in detail in the offering memoranda for the Funds. The General Partner may, in its sole discretion, reduce, waive, or calculate differently the Incentive Amount with respect to any or all investors, as it may designate. Such fees may also be subject to individualized negotiation.

With regards to side-by-side management, the Firm does not manage investment vehicles that are not charged an Incentive Amount, and therefore does not on this basis face conflicts of interest in

the allocation of limited investment opportunities between Funds. The Firm manages the Legacy Strategy and the Enhanced Strategy, each of which are arranged in a “master-feeder” structure. Investors invest their capital into Feeder Funds and the Feeder Funds typically invest all of their assets into a Master Fund. Each Master Fund then invest all of its investable assets pursuant to that Master Fund’s investment strategy. Under this structure, all trading and investing is done at the Master Fund level. Certain Feeder Funds within a particular Master Feeder structure charge fees that are higher (or lower) than the other Feeder Funds in the same master-feeder structure. In addition, Feeder Funds may have more than one share class or investment option, and therefore, management fees and/or Incentive Allocations will be higher (or lower) for one share class or investment option than the other share classes or investment options. Because of the different Incentive Allocations charged by the Feeder Funds, there are inherent incentives to favor the Feeder Funds that are responsible for a higher Incentive Allocation. However, because the trading takes place at the Master Fund level and ownership of the portfolio investments are directly attributed to each Master Fund, the Firm is able to allocate the profit and loss of the assets to each specific investor in proportion to their ownership percentage of the Master Fund’s total assets, thereby, mitigating the incentive to favor the Feeder Funds with the higher Incentive Allocation. The Firm’s trade order aggregation and allocation process is also intended to mitigate the inherent incentive to favor a fund structure (for example, one that charges higher fees) over another fund structure (one that charges lower fees). Please see Item 11.C. for greater detail on the Firm’s allocation process.

Side Letters. The Firm has entered into agreements (“Side Letters”) on behalf of the Funds with certain investors that will result in different terms of an investment than the terms applicable to other investors. As a result of such Side Letters, certain investors receive additional benefits such as more favorable fee arrangements or liquidity terms that other investors will not receive. In particular, fees are waived for investments in the Funds made by employees of the Firm. Except as required by law, in general, the Firm will not be required to notify any or all of the other investors of any such Side Letters or any of the rights and/or terms or provisions thereof, nor will the Firm be required to offer such additional and/or different rights and/or terms to any or all of the other investors.

The Firm discloses, for risk evaluation purposes, risk reports and certain information concerning portfolio composition, in response to requests from certain investors and prospective investors. The Firm will provide this information to such entities as it chooses in its sole discretion and may refuse to provide this information to any such entity at any time. In addition, in the course of conducting due diligence, investors may request information pertaining to their investments and pertaining to the Firm and its affiliates (either verbally or in writing), including information that is not generally made available to all investors. The Firm may respond to such requests without providing relevant information to all other investors and will generally be under no obligation to update any such information. The Firm is generally available to receive reasonable requests from investors about their investments in the Funds. However, the Firm reserves the right to determine, in its sole discretion, what information is appropriate to provide in response to inquiries from investors.

Item 7 – Types of Clients

The Firm provides portfolio management services to pooled investment vehicles that are exempt from registration under the Investment Company Act.

In general, the minimum initial investment in a Fund managed by the Firm is \$500,000, depending on the fund and share class in which the investor invests. The amount of the minimum initial investment may be waived at any time, or in the future increased or decreased, at the discretion of the Firm.

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

- A. Methods of Analysis. The Investment Adviser's investment decisions do not adhere rigidly to any particular investment management formula or system, but rather rely on its knowledge and judgment. From time to time in its sole discretion, the Investment Adviser may refine or change its trading methods and strategies (including technical trading factors or analyses, models, securities and/or commodities traded, and/or money management principles utilized) without prior notice to or approval by the Funds.

The Investment Adviser may seek to achieve the Master Funds' investment objective, described above, in part, through quantitative or systematic trading programs. The Investment Adviser continuously implements and develops proprietary research and quantitative techniques in order to adjust or resize portfolio holdings in certain instruments. These programs may make trading decisions that differ from, or are contrary to, the Investment Adviser's existing strategy.

The Investment Adviser is not limited in the investment strategies, instruments or markets that it may employ, and may invest in other markets and pursue other investment strategies opportunistically. No assurance can be made that this objective will be achieved. The Investment Adviser selects investment securities based primarily on the following factors: (i) research including in-house and third-party market research which is reviewed daily, with a focus on fundamental analysis, (ii) relative strength with a view of the overall market, either long or short, on the basis of which high capitalization stocks, or group of stocks, are selected depending on their market activities, (iii) volume and price changes where the volume of shares traded in connection with a significant price change may indicate a profitable trading opportunity and (iv) interactions with a large number of research analysts, salesman and traders from major brokerage firms, industry experts and representatives of publicly traded companies which help the Investment Adviser stay abreast of new developments and may result in opportunistic securities purchases.

In addition, the Firm may, in its discretion, from time-to-time delegate investment discretion over some or all of the Master Funds' assets to an unaffiliated third-party investment manager. Under such circumstances, the Master Funds would incur management fees from the third-party managers that are in addition to the Management Fees charged by the Firm.

Additional details concerning the investment program of each Fund are detailed in such Fund's offering documents. Investing in securities inherently involves the risk of loss that investors should be prepared to bear.

- B. Investment strategy. The Firm's primary investment strategy involves the frequent trading of securities, which incurs substantial brokerage commissions and expenses related to trading that can substantially increase taxes and diminish investment returns. The Firm's investment strategy entails many risks, the most significant of which are summarized in response to Item C., below. Investors are encouraged to carefully review the more detailed description of risks that is contained in the private offering memorandum for the relevant Fund to which they have subscribed.

The Enhanced Master Fund has the authority to borrow, trade on margin, utilize derivatives and otherwise obtain leverage from brokers, banks and others on a secured or unsecured basis. The Enhanced Master Fund may utilize leverage to the extent deemed appropriate by the Investment Adviser, and the amount of leverage utilized by the Enhanced Master Fund may be significant. The Investment Adviser expects the Enhanced Master Fund to initially employ leverage of approximately 2.0 times the leverage employed by the Legacy Strategy and will target a leverage ratio for the Enhanced Master Fund of approximately 2.0 times the leverage employed by the Legacy Strategy in connection with its trading activities. However, the Enhanced Master Fund has no pre-determined limitation on the amount of leverage to be deployed in connection with the Enhanced Master Fund's investment program. In the event this changes, the overall leverage of the Enhanced Master Fund will depend on the investment strategies employed by the Enhanced Master Fund and specific market opportunities.

- C. Risk factors. Investing in securities involves the risk of loss, including the potential loss of principal invested, which investors should be prepared to bear. Significant risks associated with the Firm's securities trading and investment strategies implemented by the Firm through investments in the Master Funds are described below. Investors are encouraged to carefully review the more detailed description of risks that is contained in the private offering memorandum for the relevant Fund to which they invest.

Risk of Loss. No guarantee or representation is made that the Master Funds' investment programs, including, without limitation, the Master Funds' investment objectives, diversification strategies or risk monitoring goals, will be successful. Investment results may vary substantially over time. *No assurance can be made that profits will be achieved or that substantial or complete losses will not be incurred. Past investment results of a Master Fund and the Investment Adviser (or investments otherwise made by the investment professionals of the Investment Adviser) are not necessarily indicative of their future performance.*

Risks Relating to Private Investment Funds Generally

Systemic Risk

Systemic risk is the risk of broad financial system stress or collapse triggered by the default of one or more financial institutions, which results in a series of defaults by other interdependent financial institutions. Financial intermediaries, such as clearinghouses, banks, securities firms

and exchanges with which the Master Funds interacts, as well as the Master Funds, are all subject to systemic risk. A systemic failure could have material adverse consequences on the Master Funds and on the markets for the Securities in which the Master Funds seeks to invest.

Risks Relating to Management

Operating History

Prospective investors should not rely on the operating history of the Legacy Strategy to evaluate their investment. There can be no assurance that the Master Funds will achieve results comparable to those achieved in the past.

Dependence on the Investment Manager

The success of the Funds is dependent upon the ability of the Investment Adviser to manage each Master Fund and effectively implement the Master Funds' investment programs. The Funds' governing documents do not permit investors to participate in the management and affairs of the Funds. If the Funds or any of the Other Accounts were to incur substantial losses or were subject to an unusually high level of withdrawal or redemption, the revenues of the Investment Adviser may decline substantially. Such losses and/or withdrawals may impair the Investment Adviser's ability to provide the same level of service to the Funds as it would otherwise be able to provide and to continue operations. The loss of the services of the Investment Adviser could have a material adverse effect on the Funds and the investors' investments therein.

Dependence on Service Providers

The Funds are also dependent upon their counterparties and the third-party service providers disclosed in the Funds' governing documents, including the Investment Adviser, the Administrator, the Prime Brokers, the custodians, Legal Counsel and the Auditors and any other service provider described therein (the "Service Providers"). Errors are inherent in the business and operations of any business, and although the Investment Adviser will adopt measures to prevent and detect errors by, and misconduct of, counterparties and Service Providers, and transact with counterparties and Service Providers it believes to be reliable, such measures may not be effective in all cases. Errors or misconduct could have a material adverse effect on the Funds and the investors' investments therein.

The Funds have no employees and the Funds are reliant on the performance of the Service Providers. Each investor's relationship in respect of its investment is with the Funds only. Accordingly, absent a direct contractual relationship between the investor and the relevant Service Provider, no investor will have any contractual claim against any Service Provider for any reason related to its services to the Funds. Instead, the proper plaintiff in an action in respect of which a wrongdoing is alleged to have been committed against the Funds, as the case may be, by the relevant Service Provider is, *prima facie*, the Funds, as the case may be.

Banking Relationships

The Investment Adviser and the Funds will hold cash and, with respect to the Master Funds, other assets in accounts with one or more banks, custodians or depository or credit institutions (collectively, "Banking Institutions"), which may include both U.S. and non-U.S. Banking Institutions from time to time. The Master Funds may also enter into credit

facilities and have other relationships with Banking Institutions as disclosed to in Funds' private offering memorandum. The distress, impairment, or failure of, or a lack of investor or customer confidence in, any of such Banking Institutions may limit the ability of each of the Investment Adviser and the Funds to access, transfer or otherwise deal with its assets, draw upon a credit facility, or rely upon any of such other relationships, in a timely manner or at all, and may result in other market volatility and disruption, including by affecting other Banking Institutions. All of the foregoing could have a negative impact on the Funds. For example, in such a scenario, the Master Funds could be forced to delay or forgo an investment or a distribution, including in connection with a withdrawal, or generate cash to fund such investment or distribution from other sources (including by disposing of other investments or making other borrowings) in a manner that it would not have otherwise considered desirable. Furthermore, in the event of the failure of a Banking Institution, access to a depository account with that institution could be restricted and U.S. Federal Deposit Insurance Corporation ("FDIC") protection may not be available for balances in excess of amounts insured by the FDIC (and similar considerations may apply to Banking Institutions in other jurisdictions not subject to FDIC protection). In such a case, the Investment Adviser and the Funds, as applicable, may not recover all or a portion of such excess uninsured amounts and could instead have an unsecured or other type of impaired claim against the Banking Institution (alongside other unsecured or impaired creditors). The Investment Adviser does not expect to be in a position to reliably identify in advance all potential solvency or stress concerns with respect to its, or the Funds' banking relationships, and there can be no assurance that the Investment Adviser, or the Funds will be able to easily establish alternative relationships with and transfer assets to other Banking Institutions in the event a Banking Institution comes under stress or fails.

Retention and Motivation of Key Employees

The success of the Funds is dependent upon the talents and efforts of highly skilled individuals employed by the Investment Adviser and the Investment Adviser's ability to identify and willingness to provide acceptable compensation to attract, retain and motivate talented investment professionals and other employees. There can be no assurance that the Investment Adviser's investment professionals will continue to be associated with the Investment Adviser throughout the life of the Funds, and the failure to attract or retain such investment professionals could have a material adverse effect on the Funds. Competition in the financial services industry for qualified employees is intense and there is no guarantee that, if lost, the talents of the Investment Adviser's investment professionals could be replaced.

Investment and Due Diligence Process

When conducting due diligence and making an assessment regarding an investment, the Investment Adviser will rely on the resources reasonably available to it, which in some circumstances, whether or not known to the Investment Adviser at the time, may not be sufficient, accurate, complete or reliable. Due diligence may not reveal or highlight matters that could have a material adverse effect on the value of an investment.

Withdrawals by the General Partner

The General Partner may withdraw all or any portion of its capital account at any time, without notice to the Funds' Investors. The General Partner may be in possession of information relating to the Funds that is not available to other Investors and prospective

Investors. The terms of investment, including economic and liquidity terms, applicable to the General Partner are more favorable than the terms available to the Investors, and Investors will not be provided with notice of such terms or an opportunity to invest on such terms. Such withdrawals by the General Partner may have a material adverse effect on the Funds and the Investors' investments therein.

Effect of Substantial Losses or Withdrawals

If, due to extraordinary market conditions or other reasons, the Funds managed by the Investment Adviser were to incur substantial losses or were subject to an unusually high level of withdrawals, the revenues of the Investment Adviser may decline substantially. Such losses and/or withdrawals may hamper the Investment Adviser's ability to (i) retain employees, (ii) provide the same level of service to the Funds as it would otherwise be able to provide, and (iii) continue operations.

Increasing Assets Under Management

The rates of return achieved by trading advisers or managers often diminish as the assets under their management increases. The Investment Adviser has not agreed to limit the amount of additional equity that it will manage.

Risks Relating to the Structure of the Partnership

Significant Fees and Expenses

The aggregate fees and expenses of the Funds may be significant.

The fees and expenses related to the purchase of data and technology required by sophisticated quantitative processes may include recurring license fees and expenses related to the purchase of computer hardware, communications equipment, and other technology (which are expected to be incurred more often than if the Master Funds did not engage in quantitative processes). In addition, certain of the strategies employed by the Investment Adviser may require more frequent trading, higher portfolio turnover, and, therefore, the possibility of higher brokerage commissions and other transaction fees and expenses. The Funds must generate sufficient income to offset such fees and expenses to avoid a decrease in the net asset value of the Funds.

Absence of Regulatory Oversight

The Funds are not expected to be registered under the securities laws of any country. In particular, the Funds will not be registered as an investment company under the Company Act, and, therefore, will not be required to adhere to the restrictions and requirements under the Company Act. Accordingly, the provisions of the Company Act (which, among other things, require investment companies to have a majority of disinterested directors, require securities to be held in custody by a bank or broker in accordance with rules requiring the segregation of securities, prohibit investment companies from engaging in certain transactions with its affiliates and regulate the relationship between advisers and investment companies) are not applicable.

"Master-Feeder" Structure

The Funds invest through a "master-feeder" structure, in which the Feeder Funds invest through the Master Funds. The "master-feeder" fund structure presents certain unique risks to investors. For example, a smaller Feeder Fund investing in one of the Master Funds may

be materially affected by the actions of a larger Feeder Fund investing in that Master Fund. If a larger Feeder Fund withdraws from one of the Master Funds, the remaining Feeder Funds may experience higher *pro rata* operating expenses, thereby producing lower returns. The Master Funds may become less diverse due to a withdrawal by a larger Feeder Fund, resulting in increased portfolio risk.

Liability of the Feeder Funds and the Master Funds

Each of the Feeder Funds and each Master Fund is a single legal entity. Generally, creditors of a Feeder Fund may enforce claims against all assets of that Feeder Fund, but not against assets of the Master Funds or other Feeder Funds, and creditors of each Master Fund may enforce claims against all assets of that Master Funds, but not against assets of the other Master Fund or the Feeder Funds. However, all assets of the Feeder Funds, including its interests in a Master Fund, may be available to meet all liabilities of the Feeder Funds, and all assets of each Master Fund may be available to meet all liabilities of that Master Fund, even if, in either case, the liability relates to a particular capital account of the Feeder Fund or Master Fund, as the case may be (*e.g.*, new issues and any corresponding hedge positions). Thus, for example, in the event that the assets attributable to capital accounts participating in a new issue were completely depleted by losses or liabilities, a creditor could enforce a claim against the assets of a Feeder Fund which would be borne by the other capital accounts that did not participate in the investment or transaction.

Effect of Substantial Withdrawals

Substantial withdrawals could be triggered by a number of events, including, without limitation, unsatisfactory performance, events in the markets or other significant changes in personnel or management of the Investment Adviser, removal or replacement of the Investment Adviser as the investment manager of the Funds, legal or regulatory issues that investors perceive to have a bearing on the Funds or the Investment Adviser, withdrawals by the General Partner, or other events. Actions taken to meet substantial withdrawal requests from the Funds (as well as similar actions taken simultaneously by other investors in the Master Funds) could result in prices of Securities held by the Funds decreasing and in Fund expenses increasing (*e.g.*, transaction costs and the costs of terminating agreements). The overall value of the Funds also may decrease because the liquidation value of certain assets may be materially less than their cost or mark-to-market value. Each Master Fund may be forced to sell its more liquid positions, which may cause an imbalance in the portfolio that could have a material adverse effect on the remaining investors. Substantial withdrawals could also significantly restrict the Master Funds' ability to obtain financing or transact with derivatives counterparties needed for its investment strategies, which would have a further material adverse effect on the Funds performance. The Funds and the Investment Adviser generally will not disclose to investors the amount of pending withdrawals or withdrawal requests and are under no obligation to make any such disclosure.

Limited Liquidity

An investment in the Funds has limited liquidity because investors will generally have only limited rights to withdraw capital from the Funds or transfer their investments, and the Funds have the right to suspend withdrawals, as described herein. Investors must be prepared to bear the financial risks of an investment in the Funds for an indefinite period of time.

Access to Information and Effect on Withdrawals

Because of the wide range of potential investments, potentially rapid shifts in the concentration of investments among types of Securities or strategies, the inherent complexity of many of the Master Funds' investment strategies and other factors, prospective investors and investors will not have sufficient information to analyze or evaluate in detail the specific risks and potential returns of the Master Funds' investment programs prospectively. The Investment Adviser generally will not provide detailed information about the Master Funds' portfolios or any advance notice of anticipated changes in the composition of the Master Funds' portfolios, nor will the Investment Adviser provide information to prospective investors as to how the Master Funds voted proxies. Furthermore, in response to questions and requests and in connection with due diligence meetings and other communications, the Funds and the Investment Adviser may provide additional information to certain investors and prospective investors that is not distributed to other investors and prospective investors. Such information may affect a prospective investor's decision to invest in the Funds, and investors (which may include personnel and affiliates of the Investment Adviser) may be able to act on such additional information and withdraw their investments potentially at higher values than other investors. Any such withdrawals may result in reduced liquidity for other investors and, in order to meet larger or more frequent withdrawals, the Funds may need to maintain a greater amount of cash and cash-equivalent investments than it would otherwise maintain, which may reduce the overall performance of the Funds. Each investor is responsible for asking such questions as it believes are necessary in order to make its own investment decisions, must decide for itself whether the limited information provided by the Investment Adviser and the Funds is sufficient for its needs and must accept the foregoing risks.

Delayed Schedules K-1

The Funds will provide final Schedules K-1 to the investors for any given fiscal year, as applicable. Investors may be required to obtain extensions of the filing date for their income tax returns at the U.S. federal, state and local levels.

Identity and Reporting of Beneficial Ownership; Withholding on Certain Payments

In order to avoid a U.S. withholding tax of 30% on certain payments (which might in the future include payments of gross proceeds) made with respect to certain actual and deemed U.S. investments, the Master Funds generally will be required to timely register with the Internal Revenue Service (the "Service"), and agree to identify and report information with respect to certain direct and indirect U.S. account holders (including debtholders and equityholders). Investors should consult their own tax advisors regarding the possible implications of these rules on their investment.

Governmental Entity Investors

Governmental entities, including, but not limited to, pension plans maintained by governmental agencies and instrumentalities, may invest in the Funds. Such investors may be subject to laws that affect the applicability or enforcement of certain terms generally governing the Funds. For example, exculpation, indemnification, confidentiality, choice of law and choice of venue provisions may be applied differently with respect to such investors. In addition, investment in the Funds by certain governmental entities may subject the Funds and/or the Investment Adviser to increased regulatory burdens and public disclosures about the Funds, its investors and its activities.

In Kind Distributions

Although the Funds do not intend to make distributions in kind, under certain circumstances a withdrawing investor may receive Securities in lieu of, or in combination with, cash to the extent that the Feeder Funds receive a distribution in kind from the Master Funds. Such distributions may include interests in one or more special purpose vehicles holding Securities owned by the Master Funds, or participations therein. To the extent that a withdrawing investor is distributed interests in special purpose vehicles, such withdrawing investor will continue to be at risk with respect to the Funds' business. The value of the Securities distributed in kind may increase or decrease before they are sold either by the withdrawing investor, if received directly, or by the Investment Adviser or its affiliates, if held through a special purpose vehicle. In either case, the withdrawing investor will incur transaction costs in connection with the sale of any such Securities and, in the case of interests in a special purpose vehicle, will bear a proportionate share of the operating and other expenses borne by such vehicle. Securities distributed in kind may not be readily marketable. The risk of loss and delay in liquidating these Securities will be borne by the investor, with the result that such investor may ultimately receive less cash than it would have received on the date of withdrawal if it had been paid in cash. Furthermore, to the extent that a withdrawing investor receives interests in special purpose vehicles, such withdrawing investor will generally have no voting rights or any control over when and at what price the Securities in which such vehicles have an interest are sold.

Risks Relating to the Operations and Investment Activities of the Master Funds

Systems and Operational Risks

The Master Funds depend on the Investment Adviser to develop and implement appropriate systems for their activities. The Master Funds rely heavily and on a daily basis on financial, accounting and other data processing systems to execute, clear and settle transactions across numerous and diverse markets and to evaluate certain Securities, to monitor its portfolio and capital, and to generate risk management and other reports that are critical to oversight of the Master Funds' activities. In addition, the Funds rely on information systems to store sensitive information about the Master Funds, the Investment Adviser, their affiliates and the investors. Certain of the Funds' and the Investment Adviser's activities will be dependent upon systems operated by third parties, including prime brokers, the Administrator, market counterparties and other service providers, and the Investment Adviser may not be in a position to verify the risks or reliability of such third-party systems. Failures in the systems employed by the Investment Adviser, prime brokers, the Administrator, counterparties, exchanges and similar clearance and settlement facilities and other parties could result in mistakes made in the confirmation or settlement of transactions, or in transactions not being properly booked, evaluated or accounted for. Disruptions in the Master Funds' operations may cause the Funds to suffer, among other things, financial loss, the disruption of its business, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing failures or disruptions could have a material adverse effect on the Funds and the investors' investments therein.

Cybersecurity Risk

As part of its business, the Investment Adviser processes, stores and transmits large amounts of electronic information, including information relating to the transactions of the Funds and

personally identifiable information of the investors. Similarly, service providers of the Investment Adviser and the Funds, especially the Administrator, may process, store and transmit such information. The Investment Adviser has procedures and systems in place to protect such information and prevent data loss and security breaches. However, such measures cannot provide absolute security. The techniques used to obtain unauthorized access to data, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time. Hardware or software acquired from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Network connected services provided by third parties to the Investment Adviser may be susceptible to compromise, leading to a breach of the Investment Adviser's network. The Investment Adviser's systems or facilities may be susceptible to employee error or malfeasance, government surveillance, or other security threats. On-line services provided by the Investment Adviser to the investors may also be susceptible to compromise. Breach of the Investment Adviser's information systems may cause information relating to the transactions of the Funds and personally identifiable information of the investors to be lost or improperly accessed, used or disclosed.

The service providers of the Investment Adviser and the Funds are subject to the same electronic information security threats as the Investment Adviser. If a service provider fails to adopt or adhere to adequate data security policies, or in the event of a breach of its networks, information relating to the transactions of the Funds and personally identifiable information of the investors may be lost or improperly accessed, used or disclosed.

The loss or improper access, use or disclosure of the Investment Adviser's and the Funds' proprietary information may cause the Investment Adviser and the Funds to suffer, among other things, financial loss, the disruption of its business, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing events could have a material adverse effect on the Funds the investors' investments therein.

Reliance on Technical Trading Systems

The Investment Adviser may allocate the Master Funds' capital to investment strategies that are based on technical trading systems. Although the Investment Adviser retains all discretion with respect to the manner in which a trading system's output is interpreted and applied, there can be no assurance that the Investment Adviser's trading systems and its interpretation and application of the trading systems' output will take into account all relevant factors. Technical trading systems can also be ineffective when fundamental factors drive Securities' prices.

Use of Systems

The Investment Adviser relies on the use of computer systems, hardware, software, and telecommunications equipment. The Investment Adviser makes use of its own models as well as systems which are publicly available or provided by third parties. Accordingly, the Funds are exposed to the risk that computer hardware, software, electronic equipment and other services used by the Investment Adviser may cease to be available, for example, due to the insolvency of the provider or the discontinuation of services or software updates.

System Failure

As the Investment Adviser makes extensive use of computer hardware, systems and software, the Master Funds are exposed to risks caused by failures of information technology infrastructure and data. In addition, outright failure or a partial impairment (whether due to external situations or internal file corruption) of the underlying hardware, operating system, software or network may leave the Master Funds unable to trade either generally or in certain of its strategies, and this may expose it to risk should the outage coincide with turbulent market conditions. To mitigate this risk, backup and failover plans have been put in place by the Investment Adviser. Nevertheless, in the worst case, the Investment Adviser may have to liquidate the Master Funds' entire portfolios as the only safe way to proceed should a crippling system outage occur.

Risk of Programming Implementation Error, Logical Error or Error in Implementation or Execution of Partial or Fully Systematic Trading

These failures can also occur in a complex, interdependent environment where different elements of code are all functioning correctly if their interaction gives rise to unanticipated or unintended errors. Given the fact that the Investment Adviser will be utilizing proprietary and third-party code (some of which may be open-source and without any warranties), it is possible or likely that errors will arise from such interactions. It is also possible or likely that errors will arise in connection with the Investment Adviser's employees' (or contractors') implementation or execution of partial or fully systematic trading associated with the Investment Adviser's alpha capture and/or other quantitative-based strategies. For the sake of clarity and without limitation, though losses arising from programming implementation errors or logical errors could adversely affect the Master Funds' performance, such losses would likely not constitute a trade error under the Investment Adviser's policies or the Funds' governing documents.

Data Feed Failure

The Investment Adviser's models utilize data feeds from a number of sources. If these data feeds were to be corrupted, compromised, or discontinued in any manner, or not delivered or accessible in a timely manner, the models may not be properly formulated. This failure to receive the data feeds or receive the data feeds in a timely manner may leave the Master Funds unable to trade or may result in trades that are not aligned with an algorithm's goal, and this may expose the Master Funds to risk of loss or loss of opportunities, in particular if the loss of the data feed coincides with turbulent market conditions. If the data feeds are compromised or discontinued in any material manner or if the data feeds are not delivered or accessible in a timely manner, it may result in a loss to the Master Funds, which could be material.

Risk of Programming Implementation Error or Logical Error

Given the reliance of the Investment Adviser, in part, upon the operation of its models and other software trading and analysis systems, it follows that the Master Funds are therefore at risk of errors of implementation (colloquially known as "bugs") and errors of design that may exist or arise in the software or models, and which may cause inappropriate or aberrant behavior under certain or all market conditions. While reasonable steps have been taken to ensure that the software is adequate in design and free from manifest bugs, formal proof of bug-free code has not been undertaken, nor can the underlying logical and/or mathematical

models be certified as free from error; investors should expect that—at any given time—the Investment Adviser's code will contain errors and bugs.

As with any software, upgrades, "bug fixes" and various other improvements may be introduced over time and the risk therefore exists that such changes may detrimentally affect the performance of the Master Funds, rather than improve it.

Furthermore, without limitation, while the software has been tested, no guarantee can be given that a unique combination of input conditions experienced when running the system "live" and which has not been encountered during development, will not cause the system to fail, perform aberrantly, or take positions that are (under some reasonable criteria) judged to be inappropriate.

These failures can also occur in a complex, interdependent environment where different elements of code are all functioning correctly if their interaction gives rise to unanticipated or unintended errors. Given the fact that the Investment Adviser will be utilizing proprietary and third-party code (some of which may be open-source and without any warranties), it is possible or likely that errors will arise from such interactions. For the sake of clarity and without limitation, though losses arising from programming implementation errors or logical errors could adversely affect the Master Funds' performance, such losses would likely not constitute a trade error under the Investment Adviser's policies or the Feeder Funds' Partnership Agreements.

Risks Inherent in Computer-Driven and Intellectual Property Based Systems

The Investment Adviser relies to a material extent on a wide range of intellectual property systems, including computer hardware and software systems and telecommunications systems, in substantially all phases of its operations, including research, valuation, trade identification and construction, trade execution, clearing, risk management, back-office functions and reporting.

As described above, intellectual property systems are subject to a number of inherent and unpredictable risks. For example, there may be material undiscovered errors in software programs; software and/or hardware may malfunction and/or degrade; electronic and telecommunications delivery may fail; security breaches may lead to unauthorized trades or stolen intellectual property; services provided by third-party vendors to support the intellectual property systems may be interrupted; and computer-driven trading errors may occur. For the sake of clarity and without limitation, though losses arising from computer-driven and intellectual property-based systems could adversely affect the Master Funds' performance, such losses would likely not constitute a trade error under the Investment Adviser's policies or the Feeder Funds' Partnership Agreements.

Valuation of Assets and Liabilities

The Master Funds' assets and liabilities are valued in accordance with the Investment Adviser's valuation policies and procedures, as the same may be amended from time to time (the "Valuation Policy"). If the Investment Adviser determines, in its sole discretion, that the market price does not fairly represent the value of an asset or liability, or that liquidation or third-party market valuations are unavailable to value an asset or liability, the Investment Adviser will value such investment as it reasonably determines. There is a risk that an

investor that withdraws may be paid an amount greater than or less than it would otherwise be paid if the actual value of assets realized by the Master Funds are greater than or less than the value determined by the Investment Adviser at the time of the withdrawal. In addition, there is a risk that a subscription in the Funds could dilute the underlying value of assets held by the other investors if the actual value of such assets is greater than the value determined by the Investment Adviser at the time of the subscription. There is also a risk that a greater Incentive Allocation and Management Fee may be paid in respect of certain assets than would have been paid if the actual value of such assets is less than the value determined for the purposes of calculating such Incentive Allocation and Management Fee. Inaccurate valuations may also prevent the Investment Adviser from effectively managing the Master Funds' investment portfolios and may affect the risk management of the Master Funds.

ASC 820—Fair Value Measurements and Disclosures; Potential GAAP vs. Valuation Policy Reporting Difference

The Master Funds' assets and liabilities are valued in accordance with the Valuation Policy. However, for purposes of preparing the Master Funds' annual audited financial statements, which are prepared in accordance with GAAP, certain of its assets and liabilities may be valued in a manner that, while consistent with GAAP, is different from the manner in which such assets and liabilities are valued pursuant to the Valuation Policy.

Specifically, for purposes of GAAP-compliant financial reporting, the Master Funds are required to follow a specific framework for measuring the fair value of its assets and liabilities, and is required to provide certain additional disclosures regarding the use of fair value measurements in its audited financial statements. Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820, formerly known as FAS 157 ("ASC 820"), defines and establishes a framework for measuring fair value under GAAP and expands financial statement disclosure requirements relating to fair value measurements. Other valuation-related requirements are contained in other provisions of GAAP and sections of the codification. Additional FASB ASCs and updates and additional provisions of GAAP that may be adopted in the future may also impose additional, or different, specific requirements as to the valuation of assets and liabilities for purposes of GAAP-compliant financial reporting.

Accordingly, to the extent that GAAP would require any of the Master Funds' assets or liabilities to be valued in a manner that differs from the Valuation Policy, such assets or liabilities will be valued (x) in accordance with GAAP, solely for purposes of preparing the GAAP-compliant annual audited financial statements, and (y) in accordance with the Valuation Policy (without regard to any GAAP requirements relating to the determination of fair value) for all other purposes, including, without limitation, for purposes of allocating gains and losses among investors, which, as described in the Funds' governing documents, is relevant to, among other things, the determination of net asset value of a capital account, the calculation of the Incentive Allocation and Management Fee, and the amounts payable by the Feeder Fund in respect of a withdrawal by or distribution to an investor.

Generally, accounting rules (including ASC 820) applicable to investment funds and various assets in which they invest are evolving. Such changes may adversely affect the Funds. For example, the evolution of rules governing the determination of the fair market

value of assets to the extent such rules become more stringent would tend to increase the cost and/or reduce the availability of third-party determinations of fair market value. This may in turn increase the costs associated with selling assets or affect their liquidity due to inability to obtain a third-party determination of fair market value.

ASC 740—Accounting Changes; Effect on Net Asset Value

Pursuant to FASB ASC 740, formerly known as FIN 48 ("ASC 740"), which provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in financial statements, the Funds are required to determine whether a tax position, based on its technical merits, meets a more-likely-than-not recognition threshold that the position will be sustained upon examination. As a result of such a determination, the Funds may be required to recognize a contingent tax liability in its net asset value calculation if the related tax position meets the recognition criterion in ASC 740 and, conversely, may be required to unrecognize a contingent tax liability in its net asset value calculation if the related tax position does not meet the recognition criterion in ASC 740. In addition, the net asset value of the Funds may be adjusted if an uncertain tax position is settled. Since ASC 740 has only recently been adopted, the Funds may be required to recognize in its financial statements contingent liabilities that under prior custom and practice in the industry would not have been recognized. Such contingent liabilities may also relate to time periods that predate an investor's investment in a Fund. Recognition and measurement of each tax position, including any tax position for which there is a lack of authority and audit experience, is determined by the General Partner, in its sole discretion, based on discussions with the Investment Adviser, tax advisers and the auditor and based on the facts and circumstances known at the time. There can be no assurance that any such determination will not change over time. Adjustments made to the net asset value of the Funds in connection with the recognition or unrecognition of contingent tax liabilities may have a material positive or negative effect on certain investors and prospective investors, depending on the circumstances.

Counterparty Risk

Each Master Fund expects to establish relationships to obtain financing, derivative intermediation and prime brokerage services that permit it to trade in any variety of markets or asset classes over time. However, there can be no assurance that they will be able to establish or maintain such relationships. An inability to establish or maintain such relationships could limit the Master Funds' trading activities, create losses, preclude the Master Funds from engaging in certain transactions or prevent the Master Funds from trading at optimal rates and terms. Moreover, a disruption in the financing, derivative intermediation and prime brokerage services provided by any such relationships could have a significant impact on the Master Fund's business due to its reliance on such counterparties.

Each Master Fund may impact transactions in the OTC derivatives markets. The stability and liquidity of OTC derivatives transactions depends in large part on the creditworthiness of the parties to the transactions. In the OTC markets, the Master Funds enter into a contract directly with dealer counterparties which may expose the Master Funds to the risk that a counterparty will not settle a transaction in accordance with its terms because of a solvency or liquidity problem with the counterparty. Delays in settlement may also result from disputes over the terms of the contract (whether or not *bona fide*). In addition, the Master Funds may have a concentrated risk in a particular counterparty, which may mean that if such counterparty were to become insolvent or have a liquidity problem, losses

would be greater than if the Master Funds have entered into contracts with multiple counterparties. Certain OTC derivative contracts require that the Master Funds post collateral.

If there is a default by a counterparty, the Master Funds under most normal circumstances will have contractual remedies pursuant to the agreements related to the transaction. However, exercising such contractual rights may involve delays or costs which could result in the net asset value of the Master Funds being less than if the Master Funds had not entered into the transaction. Furthermore, there is a risk that any of such counterparties could become insolvent and/or the subject of insolvency proceedings. In such case, the recovery of the Master Funds' Securities from such counterparty or the payment of claims therefor may be significantly delayed and the Master Funds may recover substantially less than the full value of the Securities entrusted to such counterparty.

Collateral that the Master Funds post to its counterparties that is not segregated with a third-party custodian may not have the benefit of customer-protected "segregation" of such funds. In the event that a counterparty was to become insolvent, the Master Funds may become subject to the risk that it may not receive the return of its collateral or that the collateral may take some time to return.

In addition, the Master Funds may use counterparties located in jurisdictions outside the United States. Such local counterparties usually are subject to laws and regulations in non-U.S. jurisdictions that are designed to protect customers in the event of their insolvency. However, the practical effect of these laws and their application to the Master Funds' assets are subject to substantial limitations and uncertainties. Because of the range of possible factual scenarios involving the insolvency of a counterparty and the potentially large number of entities and jurisdictions that may be involved, it is impossible to generalize about the effect of such an insolvency on the Master Funds and its assets. Investors should assume that the insolvency of any such counterparty would result in significant delays in recovering the Master Funds' Securities from or the payment of claims therefor by such counterparty and a loss to the Master Funds, which could be material.

Competition; Availability of Investments

Certain markets in which the Master Funds may invest are extremely competitive for attractive investment opportunities. As a result, there can be no assurance that the Investment Adviser will be able to identify or successfully pursue attractive investment opportunities in such environments.

Volatility Risk

The Master Funds' investment programs may involve the purchase and sale of relatively volatile Securities and/or investments in volatile markets. Fluctuations or prolonged changes in the volatility of such Securities and/or markets can adversely affect the value of investments held by the Master Funds.

Credit Ratings

In general, the credit rating assigned by a nationally recognized rating agency to a Security represents such rating agency's opinion of the safety of the principal and interest payments of the rated instrument based on available information. Such ratings are relative and

subjective; they are not absolute standards of quality and do not evaluate the market value risk of such Securities. Such ratings also do not reflect macroeconomic or systemic risk, including the risk of increased illiquidity in the credit markets. Further, credit ratings may change over time due to various factors, including changes in the creditworthiness of the issuer and/or changes in the rating agency's analytics and processes. It is possible that a rating agency might not change its rating of a particular issue on a timely basis to reflect subsequent events and, as a result, outstanding ratings may not reflect the issuer's current credit standing. The Master Funds may incur losses if they make investments based on credit ratings that subsequently change in a way not favorable to the Master Funds' investment objectives.

Co-Investments with Third Parties

The Master Funds may co-invest with third parties through joint ventures or other entities. Third-party involvement with an investment may negatively impact the returns of such investment if, for example, the third-party co-venturer has financial difficulties, has economic or business interests or goals that are inconsistent with those of the Master Funds or is in a position to take (or block) action in a manner contrary to the Master Fund's investment objectives. In circumstances where such third parties involve a management group, such third parties may enter into compensation arrangements relating to such investments, including incentive compensation arrangements. Such compensation arrangements will reduce the returns to participants in the investments.

Significant Positions in Securities; Regulatory Requirements

In the event that the Master Funds acquire a significant stake in certain issuers of securities and such stake exceeds certain percentage or value limits, the Master Funds may be subject to regulation and regulatory oversight that may impose notification and filing requirements or other administrative burdens on the Master Funds and the Investment Adviser. Any such requirements may impose additional costs on the Master Funds and may delay the acquisition or disposition of the securities or the Master Funds' ability to respond in a timely manner to changes in the markets with respect to such securities.

In addition, "position limits" may be imposed by various regulators that may limit the Master Funds' ability to effect desired trades. Position limits are the maximum amounts of gross, net long or net short positions that any one person or entity may own or control in a particular issuer's securities. All positions owned or controlled by the same person or entity, even if in different accounts, may be aggregated for purposes of determining whether the applicable position limits have been exceeded. To the extent that each Master Fund's position limits were aggregated with an affiliate's position limits, the effect on the Master Funds and resulting restriction on its investment activities may be significant. If at any time positions managed by the Investment Adviser were to exceed applicable position limits, the Investment Adviser would be required to liquidate positions, which might include positions of the Master Funds, to the extent necessary to come within those limits. Further, to avoid exceeding any position limits, the Master Funds might have to forgo or modify certain of their contemplated trades.

In addition, if each Master Fund, acting alone or as part of a group, acquires beneficial ownership of more than 10% of a certain class of securities of a public company or places a director on the board of directors of such a company, under Section 16 of Exchange Act, the

Master Funds may be subject to certain additional reporting requirements and may be required to disgorge certain short-swing profits arising from purchases and sales of such securities. Furthermore, in such circumstances the Master Funds will be prohibited from entering into a short position in such issuer's securities, and therefore limited in its ability to hedge such investments. Similar restrictions and requirements may apply in non-U.S. jurisdictions.

Litigation Risk

Some of the tactics that the Investment Adviser may use involve litigation. Each Master Fund could be a party to lawsuits either initiated by it, or by a company in which a Master Fund invests, other shareholders of such company, or U.S. federal, state and non-U.S. governmental bodies. There can be no assurance that any such litigation, once begun, would be resolved in favor of one of the Master Funds.

Exposure to Material Non-Public Information

From time to time, the Investment Adviser may receive material non-public information with respect to an issuer of publicly traded securities. In such circumstances, the Master Funds may be prohibited, by law, policy or contract, for a period of time from (i) unwinding a position in such issuer, (ii) establishing an initial position or taking any greater position in such issuer, and (iii) pursuing other investment opportunities related to such issuer.

Currency Exchange Exposure

The Master Funds may invest in Securities denominated in currencies other than the U.S. Dollar. The Master Funds, however, value its Securities in U.S. Dollars. The Master Funds may or may not seek to hedge their non-U.S. currency exposure by entering into currency hedging transactions. There can be no guarantee that Securities suitable for hedging currency or market shifts will be available at the time when the Master Funds wish to use them, or that hedging techniques employed by the Master Funds will be effective. Furthermore, certain currency market risks may not be fully hedged or hedged at all. To the extent unhedged, the value of the Master Funds' positions denominated in currencies other than the U.S. Dollar will fluctuate with U.S. Dollar exchange rates as well as with the price changes of the investments in the various local markets and currencies.

Risks Relating to Investment Strategies

Risk of Loss

No guarantee or representation is made that the Master Funds' investment programs, including, without limitation, the Master Funds' investment objectives, diversification strategies or risk monitoring goals, will be successful. Investment results may vary substantially over time. No assurance can be made that profits will be achieved or that substantial or complete losses will not be incurred. Past investment results of the Investment Adviser (or investments otherwise made by the investment professionals of the Investment Adviser) are not necessarily indicative of their future performance.

Long/Short

The success of the Master Funds' long/short investment strategies depend upon the Investment Adviser's ability to identify and purchase Securities that are undervalued and identify and sell short Securities that are overvalued. The identification of investment

opportunities in the implementation of the Master Funds' long/short investment strategies are a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. In the event that the perceived opportunities underlying the Master Funds' positions were to fail to converge toward, or were to diverge further from values expected by the Investment Adviser, the Master Funds may incur a loss. In the event of market disruptions, significant losses can be incurred which may force the Master Funds to close out one or more positions. Furthermore, the valuation models used to determine whether a position presents an attractive opportunity consistent with the Investment Adviser's long/short strategies may become outdated and inaccurate as market conditions change.

Short-Selling

General Risk

The success of the Master Funds' short-selling investment strategies depends upon the Investment Adviser's ability to identify and sell short Securities that are overvalued. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying Security could theoretically increase without limit, thus increasing the cost to the Master Funds of buying those Securities to cover the short position.

Borrowing and Counterparty Risk

There can be no assurance that the Master Funds will be able to maintain the ability to borrow Securities sold short. In such cases, the Master Funds can be "bought in" (*i.e.*, forced to repurchase Securities in the open market to return to the lender). There also can be no assurance that the Securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing Securities to close out a short position can itself cause the price of the Securities to rise further, thereby exacerbating the loss.

Even if the Master Funds secure a "good borrow" of the Security sold short at the time of execution, the lending institution may recall the lent Security at any time, thereby forcing the Master Funds to purchase the Security at the then-prevailing market price, which may be higher than the price at which such Security was originally sold short by the Master Funds.

In addition, the Master Funds may be required to provide additional margin to its counterparties, including its prime brokers, on short notice if the price of a Security underlying a short position suddenly rises. If the Master Funds are unable to deliver the additional margin required, the Master Funds may need to prematurely close out the short position at unattractive prices, thereby resulting in a substantial loss. Depending on the timing and magnitude of a price increase in respect of an open short position, the Master Funds may be required to liquidate long positions to meet margin requirements, thereby further increasing the losses (or decreasing the gains) of the Master Funds.

Further, fees charged to the Master Funds for borrowing Securities may be substantial, and will decrease any gains (or increase losses) associated with a short position.

Short strategies can also be implemented synthetically through various instruments and be used with respect to indices or in the OTC market and with respect to futures and other instruments. In some cases of synthetic short sales, there is no floating supply of an underlying instrument with which to cover or close out a short position and the Master Funds may be entirely dependent on the willingness of OTC market makers to quote prices at which the synthetic short position may be unwound. There can be no assurance that such market makers will be willing to make such quotes. Short strategies can also be implemented on a leveraged basis.

Short-Squeeze Risk

A so-called "short squeeze" can occur when the price of Securities in which the Master Funds have an open short position rise sharply in a short time frame. The rapid rise may be a result of (i) multiple short sellers seeking to cover their short positions in the same time frame by purchasing the Security, resulting a rapid price increase; (ii) market participants collectively purchasing a significant amount of shares, thereby causing a substantial increase the price of such Securities; or (iii) one or more lenders of a Security that was used to facilitate a short position suddenly demanding the return of the Security that has been loaned. A "short squeeze" may result in the Master Funds having to prematurely close out a short position at relatively unattractive high prices, resulting in a substantial loss. Further, the risk of a "short squeeze" likely will increase if other short sellers, market participants and/or lenders become aware of the Master Funds' short positions, including, without limitation, as a result of legally-required reporting with respect to the Master Funds' ownership of options to purchase the underlying Security being shorted.

Legal Restrictions and Reporting-Related Risk

Certain jurisdictions have enacted restrictions on short selling (including wholesale bans, at times) as well as public disclosure requirements. If additional short selling restrictions and disclosure requirements are enacted, the prices of the instruments in which the Master Funds invest may be materially affected and the ability of the Investment Adviser to take advantage of opportunities for short selling may be significantly reduced.

Specifically, on October 13, 2023, the SEC adopted new rule 13f-2 ("Rule 13f-2") of the Exchange Act. Rule 13f-2 requires institutional investment managers to report equity security short positions to the SEC on new Form SHO. While the Form SHO information that the Investment Adviser will file with the SEC (if any) is treated as confidential, the SEC plans to publish aggregated data derived from Form SHO submissions within a month of the end of each reporting period. This information published by the SEC will be the aggregated gross short position for each class of equity security and the aggregate of the net activity reported by all reporting managers for each equity security. In addition, each month the SEC also plans to publish similar aggregated Form SHO data for the prior 12 months that reflect

updated information that accounts for any changes that result from amendments and restatements to Form SHO filings. Rule 13f-2 will go into effect on January 2, 2024. However, compliance with the Rule 13f-2 reporting requirements will not be required until 12 months later, January 2025, with the SEC commencing the publication of aggregated short position data collected under Rule 13f-2 three months later. In addition, in December 2023, several industry groups sued the SEC to invalidate the rule, although it is not clear whether the case will be resolved before market participants will need to comply with the rule's requirements.

While the short position information provided by the Investment Adviser to the SEC will be confidential and not available to the public, market participants will now have monthly visibility, albeit on an aggregate basis, into the magnitude of open short positions with respect to a particular issuer. The disclosure that will be provided pursuant to Rule 13f-2 increases the risk that a "short squeeze" could occur in one or more short positions maintained by the Master Funds because market participants will now have broad and regularly recurring information regarding the open short positions.

Long-Term

The success of the Master Funds' long-term investment strategies depends upon the Investment Adviser's ability to identify and purchase Securities that are undervalued and hold such investments so as to maximize value on a long-term basis. In pursuing any long-term strategy, the Master Funds may forgo value in the short-term or temporary investments in order to be able to avail the Master Funds of additional and/or longer-term opportunities in the future. Consequently, the Master Funds may not capture maximum available value in the short-term, which may be disadvantageous, for example, for investors who withdraw all or a portion of their capital accounts before such long-term value may be realized by the Master Funds.

Merger Arbitrage

The success of the Master Funds' merger or "risk" arbitrage strategies depends upon the Investment Adviser's ability to identify and exploit merger activity to capture (or sell short) the spread between current market values of Securities and their values after successful completion of a merger, restructuring or similar corporate transaction. Merger arbitrage investments often incur significant losses when anticipated merger or acquisition transactions are not consummated. The consummation of mergers, tender offers and exchange offers can be prevented or delayed by a variety of factors, including: (i) regulatory and antitrust restrictions, (ii) political factors, (iii) industry weakness, (iv) stock-specific events and (v) failed financings. Merger arbitrage positions also are subject to the risk of overall market movements. To the extent that a general increase or decline in equity values affects the stocks involved in a merger arbitrage position differently, the position may be exposed to loss. Merger arbitrage strategies also depend for success on the overall volume of merger activity, which historically has been cyclical in nature.

Short-Term Market Considerations

The Investment Adviser's trading decisions at the Master Funds may be made on the basis of short-term market considerations, and the portfolio turnover rate could result in significant trading related expenses.

Diversification and Concentration

The Investment Adviser may select investments at the Master Funds that are concentrated in a limited number or types of Securities. In addition, the Master Funds' portfolio may become significantly concentrated in Securities related to a single or a limited number of issuers, industries, sectors, strategies, countries or geographic regions. This limited diversification may result in the concentration of risk, which, in turn, could expose the Master Funds to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in such Securities.

Capital Structure Arbitrage

The success of the Master Funds' capital structure arbitrage strategies depends upon the Investment Adviser's ability to identify and exploit the relationships between movements in different securities within an issuer's capital structure (including, bank debt, convertible and non-convertible senior and subordinated debt and preferred and common stock). Identification and exploitation of these opportunities involve uncertainty. There can be no assurance that the Investment Adviser will be able to locate investment opportunities or to correctly exploit price discrepancies. A reduction in the pricing inefficiency of the markets in which the Master Funds will seek to invest will reduce the scope for the Master Funds' investment strategies. In the event that the perceived mispricings underlying the Master Fund's positions fail to materialize, these investment strategies could be unsuccessful or result in losses.

Relative Value

The success of the Master Funds' relative value investment strategies depends upon the Investment Adviser's ability to identify and exploit perceived inefficiencies in the pricing of Securities, financial products, or markets. Identification and exploitation of such inefficiencies involve uncertainty. There can be no assurance that the Investment Adviser will be able to locate investment opportunities or to exploit pricing inefficiencies in the securities markets. Mispricings, even if correctly identified, may not be corrected by the market, at least within a timeframe over which it is feasible for the Investment Adviser to maintain a position. Even pure arbitrage positions can result in significant losses if the Investment Adviser is not able to maintain both sides of the position until expiration/maturity. A reduction in the pricing inefficiency of the markets in which the Investment Adviser seeks to invest will reduce the scope for the Master Funds' investment strategies. In the event that the perceived mispricings underlying the Master Funds' positions were to fail to converge toward, or were to diverge further from, relationships expected by the Investment Adviser, the Master Funds may incur losses. Even if the Master Funds' relative value investment strategy is successful, it may result in high portfolio turnover and, consequently, high transaction costs.

Convertible Arbitrage

The success of the Master Funds' convertible arbitrage strategies depends upon the Investment Adviser's ability to identify convertible securities that appear incorrectly valued relative to their theoretical value, purchase (or sell short) such a convertible security and sell short (or purchase) the underlying security for which the convertible security can be exchanged to exploit price differentials. There can be no assurance that the Investment Adviser will be able to identify convertible arbitrage opportunities or that changes in price differentials will not cause losses. Borrowing and lending against such investments involves substantial risks. The prices of these investments can be volatile, market movements are difficult to predict, and financing sources and related interest and exchange rates are subject to rapid change. Certain corporate securities may be subordinated (and thus exposed to the first level of default risk) or otherwise subject to substantial credit risks.

Lack of Control

The Master Funds may invest in debt instruments and equity securities of companies that it does not control, which the Master Funds may acquire through market transactions or through purchases of securities directly from the issuer or other shareholders. Such Securities will be subject to the risk that the issuer may make business, financial or management decisions with which the Master Funds do not agree or that the majority stakeholders or the management of the issuer may take risks or otherwise act in a manner that does not serve the Master Funds' interests. In addition, the Master Funds may share control over certain investments with co-investors, which may make it more difficult for the Master Funds to implement their investment approach or exit the investment when it otherwise would. The occurrence of any of the foregoing could have a material adverse effect on the Funds.

Hedging Transactions

The Master Funds may utilize Securities for risk management purposes in order to: (i) protect against possible changes in the market value of the Master Funds' investment portfolios resulting from fluctuations in the markets and changes in interest rates; (ii) protect the Master Funds' unrealized gains in the value of its investment portfolios; (iii) facilitate the sale of any Securities; (iv) enhance or preserve returns, spreads or gains on any Security in the Master Funds' portfolios; (v) hedge against a directional trade; (vi) hedge the interest rate, credit or currency exchange rate on any of the Master Funds' Securities; (vii) protect against any increase in the price of any Securities the Master Funds anticipate purchasing at a later date; or (viii) act for any other reason that the Investment Adviser deems appropriate. The Master Funds will not be required to hedge any particular risk in connection with a particular transaction or its portfolio generally. The Investment Adviser may be unable to anticipate the occurrence of a particular risk and, therefore, may be unable to attempt to hedge against it. While the Master Funds may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Master Funds than if it had not engaged in any such hedging transaction. Moreover, the portfolio will always be exposed to certain risks that cannot be hedged.

Multiple portfolio managers of the Investment Adviser will be trading on behalf of the Master Funds at any given time. It is possible that a portfolio manager will invest in a position that is economically offset, in whole or in part, by a position taken by another

portfolio manager. In such circumstances, the Funds may bear transaction expenses without achieving the economic exposure sought by the portfolio managers.

Discretion of the Investment Manager; New Strategies and Techniques

While the Investment Adviser will generally seek to employ the representative investment strategies and techniques discussed herein, the Investment Adviser (subject to the policies and control of the General Partner, in its capacity as general partner of the Master Funds) has considerable discretion in the types of Securities the Master Funds may trade and has the right to modify the investment strategies and techniques of the Master Funds without the consent of the investors. New investment strategies and techniques may not be thoroughly tested in the market before being employed and may have operational or theoretical shortcomings which could result in unsuccessful trades and, ultimately, losses to the Master Funds. In addition, any new investment strategy or technique developed by the Master Funds may be more speculative than earlier investment strategies and techniques and may involve material and as-yet-unanticipated risks that could increase the risk of an investment in the Master Funds.

Leverage and Borrowing

Leverage for Investment Purposes

The use of leverage will allow the Master Funds to make additional investments, thereby increasing their exposure to assets, such that their total assets may be greater than their capital. However, leverage will also magnify the volatility of changes in the value of the Master Funds' portfolio. The effect of the use of leverage by the Master Funds in a market that moves adversely to its investments could result in substantial losses to the Master Funds, which would be greater than if the Master Funds were not leveraged.

Borrowing for Cash Management Purposes

The Master Funds have the authority to borrow for cash management purposes, such as to satisfy withdrawal requests. The rates at and terms on which the Master Funds can borrow will affect the operating results of the Master Funds.

Collateral

The instruments and borrowings utilized by the Master Funds to leverage investments may be collateralized by all or a portion of the Master Funds' portfolios. Accordingly, a Master Fund may pledge its Securities in order to borrow or otherwise obtain leverage for investment or other purposes. Should the Securities pledged to brokers to secure a Master Fund's margin accounts decline in value, that Master Fund could be subject to a "margin call", pursuant to which that Master Fund must either deposit additional funds or Securities with the broker or suffer mandatory liquidation of the pledged Securities to compensate for the decline in value. The banks and dealers that provide financing to that Master Fund can apply essentially discretionary margin, "haircut", financing and collateral valuation policies. Changes by counterparties in any of the foregoing may result in large margin calls, loss of financing and forced liquidations of positions at disadvantageous prices. Lenders that provide other types of asset-based or secured financing to the Master Funds may have similar rights. There can be no assurance that the Master Funds will be able to secure or maintain adequate financing.

Costs

Borrowings will be subject to interest, transaction and other costs, and other types of leverage also involve transaction and other costs. Any such costs may or may not be recovered by the return on the Master Funds' portfolio.

Lending of Portfolio Securities

The Master Funds may lend securities on a collateralized and an uncollateralized basis from their portfolios to creditworthy securities firms and financial institutions. While a securities loan is outstanding, the Master Funds will continue to receive the equivalent of the interest or dividends paid by the issuer on the securities, as well as interest on the investment of the collateral or a fee from the borrower. The risks in lending securities, as with other extensions of secured credit, if any, consist of possible delay in receiving additional collateral, if any, or in recovery of the securities or possible loss of rights in the collateral, if any, should the borrower fail financially.

Structured Product Arbitrage

The success of the Master Funds' structured product arbitrage strategy depends upon the Investment Adviser's ability to identify and exploit the inefficient pricing of portfolio risk and the implicit correlations of time to default with respect to various categories of structured products and derivatives. In the event that the perceived mispricings underlying the Master Funds' positions were incorrect, the Master Funds could incur losses. In addition, the lack of an established, liquid secondary market for some structured products (including collateralized debt obligations) may make it difficult to realize the perceived value of such Securities.

Risks Relating to Methods of Analysis

Fundamental Analysis

Certain trading decisions made by the Investment Adviser for the Master Funds may be based on fundamental analysis. Data on which fundamental analysis relies may be inaccurate or may be generally available to other market participants. To the extent that any such data are inaccurate or that other market participants have developed, based on such data, trading strategies similar to the Master Funds' trading strategies, the Master Funds may not be able to realize its investment goals. In addition, fundamental market information is subject to interpretation. To the extent that the Investment Adviser misinterprets the meaning of certain data, the Master Funds may incur losses.

Trend Following

Certain trading decisions made by the Investment Adviser for the Master Funds may be based on trend following. Any factor that would lessen the prospect of major trends occurring in the future (such as increased governmental control of, or participation in, the financial markets) may reduce the prospect that a particular trading method or strategy will be profitable in the future. In the past, there have been periods without discernible trends and, presumably, such periods will continue to occur in the future. Moreover, any factor that would make it more difficult to execute trades at desired prices in accordance with the signals of the trading method or strategy (such as a significant lessening of liquidity in a particular market) would also be detrimental to profitability. Further, many managers'

trading methods utilize similar analyses in making trading decisions. Therefore, bunching of buy and sell orders can occur, which makes it more difficult for a position to be taken or liquidated.

Web Scraping

The Investment Adviser's investment strategies may involve the use of automated data collection to analyze prospective investments. Automated data collection refers to the use of a "robot" to collect data from, web sites, including targeted data collection often set to regularly collect specific information from individual website. Automated data collection may inadvertently (i) violate a website's end user license agreement ("EULA") terms, including but not limited to robot exclusion protocols – a direction that a website employs to direct the robot about which areas of the website may not be scanned or scraped; (ii) circumvent technical measures that a website operator has in place to stop automated data collection; (iii) give rise to claims under the Computer Fraud and Abuse Act if the collection evades technological measures used by the website operator to disable or redirect robots; (iv) overwhelm the information technology systems of the website operator by taking up the website operating's bandwidth; (v) come into possession of material non-public information or information that, when aggregated, could be considered material non-public information; (vi) give rise to copyright infringement claims (where the information that is taken by the data collector is protected by copyright); and (vii) give rise to trespass claims (where the data collection interferes with the website operator's systems or platform). The Investment Adviser makes good faith efforts to mitigate these risks. To the extent that the Investment Adviser has arrangements with third-party vendors who engage in automated data collection, the Investment Adviser conducts due diligence of such third-party vendors, but the Investment Adviser does not have the ability to supervise such third-party vendors on a day-to-day basis.

Quantitative Analysis

Quantitative Model Risk and Risk Management Danger

There can be no assurance that the models used by the Investment Adviser will continue to be viable. The use of a model that is not viable or not completely viable could, at any time, have a material adverse effect on the performance of the Master Funds. There can be no assurance that the Master Funds will achieve their investment objectives or that the models (even if completely or partially viable) will continue to further or ultimately be capable of furthering the Master Funds' investment objectives.

In addition, given that the systems can execute trades autonomously, undesired results may only be detected after the fact, perhaps after a significant number of transactions have occurred.

Risk management techniques are based in part on the observation of historical market behavior, which may not predict market divergences that are larger than historical indicators. Also, information used to manage risks may not be accurate, complete or current, and such information may be subject to misinterpretation. In the complex environment in which the Investment Adviser operates, effective risk management depends upon many factors, not all of which may be properly identified, and effective assessment, analysis, process creation, control or treatment of risks could be difficult to implement. For

the sake of clarity and without limitation, though losses arising from quantitative model risks could adversely affect the Master Funds' performance, such losses would likely not constitute a trade error under the Investment Adviser's policies or the Feeder Funds' governing documents.

At times the Investment Adviser may manually override or shut down the operations of a quantitative model. This would generally be done in an effort to mitigate the damage from a deteriorating or malfunctioning model or a model that is reacting negatively to unforeseen market conditions. Such an override or intervention could result in greater losses than would be the case if there had been no intervention and/or could result in the model being overridden or inactive at a time when the model would have achieved gains for the portfolio.

Obsolescence Risk

The Master Funds are unlikely to be successful unless the assumptions underlying the models are realistic and either remain realistic and relevant in the future or are adjusted to account for changes in the overall market environment. If such assumptions are inaccurate or become inaccurate and are not promptly adjusted, it is likely that profitable trading signals will not be generated. If and to the extent that the models do not reflect certain factors, and the Investment Adviser does not successfully address such omission through its testing and evaluation and modify the models accordingly, major losses may result. The Investment Adviser will continue to test, evaluate and add new models, as a result of which the existing models may be modified from time to time. Any modification of the models or strategies will not be subject to any requirement that investors receive notice of the change or that they consent to it. There can be no assurance as to the effects (positive or negative) of any modification on the Master Funds' performance. For the sake of clarity and without limitation, though losses arising from obsolescence risks could adversely affect the Master Funds' performance, such losses would likely not constitute a trade error under the Investment Adviser's policies or the Feeder Funds' governing documents.

Crowding/Convergence

There is significant competition among quantitatively-focused managers and the ability of the Investment Adviser to deliver returns that have a low correlation with the broader global markets and other hedge funds is dependent on its ability to employ models that are simultaneously profitable and differentiated from those employed by other managers. To the extent that the Investment Adviser is not able to develop sufficiently differentiated models, the investors' investment objectives may not be met, irrespective of whether the models are profitable in an absolute sense. In addition, to the extent that the Investment Adviser's models come to resemble those employed by other managers, the risk that a market disruption that negatively affects predictive models will adversely affect the Master Funds is increased, as such a disruption could accelerate reductions in liquidity or rapid repricing due to simultaneous trading across a number of funds in the marketplace. For the sake of clarity and without limitation, though losses arising from crowding/convergence risks could adversely affect the Master Funds' performance, such losses would likely not constitute a trade error under the Investment Adviser's policies or the Feeder Funds' governing documents.

Risk of Programming and Modeling Errors

The research and modeling process engaged in by third parties employed by the Investment Adviser is extremely complex and involves financial, economic, econometric and statistical theories, research and modeling; the results of that process must then be translated into computer code. The complexity of the individual tasks, the difficulty of integrating such tasks, and the limited ability to perform "real world" testing of the end product raise the chances that the finished model may contain an error. For the sake of clarity and without limitation, though losses arising from programming and modeling errors could adversely affect the Master Funds' performance, such losses would likely not constitute a trade error under the Investment Adviser's policies or the Feeder Funds' governing documents.

Involuntary Disclosure Risk

The ability of the Investment Adviser to achieve its investment goals for the Master Funds are dependent in large part on its ability to develop and protect its models and proprietary research. The models and proprietary research and the Models and Data are largely protected by the Investment Adviser through the use of policies, procedures, agreements, and similar measures designed to create and enforce robust confidentiality, non-disclosure, and similar safeguards. However, aggressive position-level public disclosure obligations (or disclosure obligations to exchanges or regulators with insufficient privacy safeguards) could lead to opportunities for competitors to reverse-engineer the Investment Adviser's models, and thereby impair the relative or absolute performance of the Master Funds.

Proprietary Trading Methods

Because the trading methods employed by the Investment Adviser on behalf of the Master Funds are proprietary to the Investment Adviser, an investor will not be able to determine any details of such methods or whether they are being followed.

Technical Trading Strategies

The buy and sell signals generated by certain strategies of the Master Funds are not based on any analysis of fundamental supply and demand factors, general economic factors or anticipated world events but generally upon factors such as studies of actual daily, weekly and monthly price fluctuations, volume variations, changes in open interest and correlations and variance measures. The profitability of any technical trading strategy depends upon occurrence in the future of major price moves or trends in the instruments traded. In the past there have been periods without discernible trends and presumably similar periods will occur in the future. The best trading strategy will not be profitable if there are no trends of the kind it seeks to follow. In addition, a technical trading strategy may be profitable for a period of time, after which the strategy fails to detect correctly any future price movements. Accordingly, technical traders often modify or replace their strategy on a periodic basis. Any factor that may lessen the prospect of major trends in the future (for example, as increased governmental control of, or participation in, the markets) may reduce the prospect that the strategy will be profitable. Any factor that would make it more difficult to execute trades at the strategy's signal prices, such as a significant lessening of liquidity in a particular market, also would be detrimental to profitability.

Spread Trading

A part of the Investment Adviser's strategy may involve spread positions between two or more Securities positions. To the extent the price relationships between such positions remain constant, no gain or loss on the positions will occur. Such positions, however, do entail a substantial risk that the price differential could change unfavorably, thus causing a loss to the spread position. The Investment Adviser's strategy also may involve arbitraging among two or more Securities. This means, for example, that the Investment Adviser may cause the Master Funds to purchase (or sell) Securities (on a current basis) and take offsetting positions in the same or related Securities. To the extent the price relationships between such positions remain constant, no gain or loss on the positions will occur. These offsetting positions entail substantial risk that the price differential could change unfavorably causing a loss to the position. Moreover, the arbitrage business is extremely competitive, and many of the major participants in the business are large investment banking firms with substantially greater financial resources, larger research staffs and more investment professionals than will be available to the Investment Adviser. Arbitrage activity by other larger firms may tend to narrow the spread between the price at which the Investment Adviser may cause the Master Funds to purchase a Security and the price the Investment Adviser expects that the Master Funds will receive upon consummation of a transaction.

Model and Data Risk

The Investment Adviser will rely on quantitative and systematic models (both proprietary models developed by the Investment Adviser, and those supplied by third parties) and information and data supplied by third parties ("Models and Data"). Models and Data can be used to construct sets of transactions and investments, to value investments or potential investments (whether for trading purposes, or for the purpose of determining the net asset value of the Master Funds), to provide risk management insights, and to assist in hedging the Master Funds' exposure.

When Models and Data prove to be incorrect, misleading or incomplete, any decisions made in reliance thereon expose the Master Funds to potential risks. For example, by relying on Models and Data, the Investment Adviser may be induced to buy certain investments at prices that are too high, to sell certain other investments at prices that are too low, or to miss favorable opportunities altogether. Similarly, any hedging based on faulty Models and Data may prove to be unsuccessful.

All models rely on correct market data inputs. Because the Investment Adviser's models are usually constructed based on, or employ, historical or current market data supplied by third parties, the success of relying on Models and Data may depend heavily on the accuracy and reliability of the supplied data, which can contain errors.

For the sake of clarity and without limitation, though Model and Data risks could adversely affect the Master Funds' performance, losses that arise as a result of the use of Models and Data likely would not constitute reimbursable trade errors under the Investment Adviser's policies or the Investment Management Agreements.

Self-Trades

The Investment Adviser utilizes both traditional, fundamental analysis as well as model and program-driven algorithmic investment processes. These two investment processes are operated separately and independently; as a result, at times, trade orders may be placed for a single client at the same time which are offsetting positions, and it is possible that some of these may be filled against each other. While the Investment Adviser has policies and procedures intended to reduce the chances of "self-trades" occurring, it is likely that they will occur from time to time. Historically, regulators and self-regulatory organizations have typically held that self-trades are presumptively manipulative and, while the Investment Adviser would attempt to demonstrate that any self-trades involving the Master Funds are inadvertent and not manipulative, there is a risk that an exchange or another regulator would commence an action against the Investment Adviser.

Correlation Risk

The Master Funds may be exposed to correlated risks. These occur when funds and other investors hold similar positions and employ similar strategies, resulting in intensified risks leading to potential cascading loss in times of market stress.

Quantitative traders can be particularly susceptible to this type of correlation risk as a result of convergence in their automated trading algorithms and positions held. The high leverage and hedging techniques that many arbitrage-driven quantitative hedge fund managers use can further magnify the effects of correlation risk.

Artificial Intelligence and Machine Learning Risks

The emergence of recent technology developments in generative intelligence such as ChatGPT and similar large language models and chatbots (collectively, "Generative AI") can pose risks to the Investment Adviser, the Master Funds, and the Master Funds' investments. The Investment Adviser expects to use Generative AI in various processes, including potentially in connection with its investment research process. The Investment Adviser is likely to be further exposed to the risks of Generative AI through third parties (including, but not limited to, the Investment Adviser's or the Master Funds' service providers or counterparties) that use Generative AI, and the Investment Adviser may not always be aware of such use. The Investment Adviser cannot necessarily control the manner in which products created and/or utilized by third parties are developed or maintained. Furthermore, due to the rapidly evolving nature of Generative AI and its widespread potential uses, the Investment Adviser expects that its policies and procedures will continue to evolve in response to any unique challenges.

Generative AI is often highly reliant on the collection and analysis of large amounts of data, and in many instances, it may not be possible or practicable to incorporate all potentially relevant data into the data set that Generative AI utilizes or to evaluate the source and the reliability of the data being analyzed. Further, the outputs of Generative AI may be inaccurate or unreliable and are also susceptible to errors in such outputs' subsequent analysis. Additionally, the use of Generative AI may involve (i) cybersecurity risks (including, but not limited to, the increased likelihood that the Investment Adviser and the Master Funds' investments become a victim of cybercrime), (ii) threats to proprietary and confidential information, (iii) intellectual property violations, (iv) access to, or disclosure of, personal information in violation of applicable data protection laws, and (v) other risks that are not currently foreseen. Such inaccuracies, errors, risks, threats, and/or violations

could have adverse impacts on the Investment Adviser and the Master Funds' investments. Generative AI continues to develop rapidly, making it difficult to predict the future risks that may arise from such developments.

Risks Relating to Market Conditions Generally

General Economic and Market Conditions

The success of the Master Funds' activities will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the Master Funds' investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of the prices and the liquidity of the Master Funds' investments. Volatility or illiquidity could impair the Master Funds' profitability or result in losses. The Master Funds may maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets.

Governmental Interventions

Extreme volatility and illiquidity in markets has in the past led to, and may in the future lead to, extensive governmental interventions in equity, credit and currency markets. Generally, such interventions are intended to reduce volatility and precipitous drops in value. In certain cases, governments have intervened on an "emergency" basis, suddenly and substantially eliminating market participants' ability to continue to implement certain strategies or manage the risk of their outstanding positions. In addition, these interventions have typically been unclear in scope and application, resulting in uncertainty. It is impossible to predict when these restrictions will be imposed, what the interim or permanent restrictions will be and/or the effect of such restrictions on the Master Funds' strategies.

Potential Interest Rate Increases

Uncertainty of the U.S. and global economy, and sensitivity of interest rates to changes in U.S. government and other nations' monetary and fiscal policies, including changes in the federal funds rate, create a risk that interest rates will be volatile in the future. Interest rate volatility is difficult to predict, and may cause the value of any assets sensitive to interest rates, including fixed income instruments, held by the Master Funds to decrease, which may result in substantial withdrawals from the Feeder Funds that, in turn, force the Master Funds to liquidate such instruments at disadvantageous prices negatively impacting the performance of the Master Funds.

Discontinuation of LIBOR

The London Interbank Offered Rate ("LIBOR") for U.S. Dollars, which is commonly used as a reference rate within various financial contracts (any such rate, a "Reference Rate"), ceased publication after June 30, 2023 (the one-week and two-month tenors of U.S. Dollar LIBOR ceased to be published after December 31, 2021). The Alternative Reference Rates Committee (the "ARRC") convened by the Board of Governors of the Federal Reserve System ("FRB") recommended certain SOFR term rates as the replacement (in commercial loan agreements) for U.S. Dollar LIBOR. The ARRC's recommendations are consistent with replacements proposed under the Adjustable Interest Rate (LIBOR) Act (the "LIBOR Act"), which became effective in March 2022, and the final rule implementing the LIBOR

Act adopted by the FRB, which became effective in February 2023. The FRB also recommended certain SOFR-based replacements for derivative transactions. The Secured Overnight Financing Rate ("SOFR") is a secured, risk-free rate, where LIBOR was an unsecured rate reflecting counterparty risk, and certain of the recommended replacement rates proposed by the ARRC and under the LIBOR Act included a credit spread adjustment to address this difference. However, in new issue transactions (i.e., transactions not transitioning from London interbank offered rates) a market practice developed to absorb the credit spread adjustment as part of the pricing spread over the applicable benchmark rate, as opposed to indicating a credit spread adjustment as a separate item (for example, as an adjustment to a SOFR-based benchmark rate) within the applicable benchmark rate. Investors should expect that the Master Funds will be a party to SOFR-based contracts, or contracts utilizing different Reference Rates. Considered in their entirety, the impacts of the discontinuation of U.S. Dollar LIBOR on financial markets generally and on the specific financial contracts to which the Master Funds are a party may adversely affect the performance of the Master Funds.

Sanctions

The Master Funds' operations are or may become subject to economic sanctions laws and regulations of various jurisdictions. At any given time, whether under applicable law, by contractual commitment or as a voluntary risk management measure, the Master Funds may be required, or elect, to comply with various sanctions programs, including the Specially Designated Nationals and Blocked Persons List and Sectoral Sanctions programs administered by OFAC, the sanctions regimes administered by subsidiary organs of the United Nations Security Council, and the Restrictive Measures adopted by the European Union. Some sanctions that may apply to the Master Funds prohibit or restrict dealings with particular identified persons. Other potentially applicable sanctions programs broadly prohibit or restrict dealings in certain countries or territories or with individuals and entities located in such countries or territories. In addition to such current sanctions, additional sanctions may be imposed in the future. Such sanctions may be imposed with little or no advance warning or "safe harbor" for compliance and may be ambiguous, including as to the scope of financial activities that regulators may ultimately deem to be covered by the sanctions.

Depending on the scope and duration of a particular sanctions program, compliance by the Master Funds may result in a material adverse effect on the Funds and the investors' investments therein. The Investment Adviser and the Master Funds may be subject to heightened or targeted regulatory scrutiny and information requests as a result of such sanctions. In addition, if the Investment Adviser or the Master Funds were to violate or be deemed in violation of any such sanction, it could face significant legal and monetary penalties. Sanctions may negatively impact the Master Funds' ability to effectively implement its investment strategy and have a material adverse impact on the Master Funds' investments in various ways, including by preventing or inhibiting the Master Funds from making certain investments, forcing the Master Funds to divest from investments previously made, and leading to substantial reductions in the revenues, profits and value of the Master Funds' investments. Finally, sanctions may have broader economic implications, such as influencing the price of certain commodities, which may have adverse effects on inflation and the value of the U.S. dollar, which may adversely affect investment objectives and strategies of the Master Funds.

Climate Change-Related Risks

The environmental effects of climate change, including rising temperatures, extreme weather, fires, flooding, erratic weather fluctuations, agricultural failures and displacement and destabilization of human populations, could have materially adverse effects on the Securities held by the Master Funds. The Investment Adviser believes that such risks may increase over time, although the time period over which these consequences might unfold is difficult to predict. In addition to the physical, economic and geo-political risks associated with climate change, there are transition risks. The willingness of certain governments, industries and businesses, especially those that profit from, or have a reliance on, fossil fuels, to adapt to climate change or transition to sustainable practices may also adversely affect the Securities. Regulatory changes and divestment movements tied to concerns about climate change could adversely affect the value of certain industries whose activities or products are seen as accelerating climate change, or ill-positioned in light of the economic and social demands imposed by climate change. In recent years, certain investors have incorporated the business risks of climate change and the adequacy of companies' responses to climate change as part of their investment theses. These shifts in investing priorities may result in adverse effects on the trading price of Securities if investors determine that the company has not made sufficient progress on climate change and environmental sustainability matters whether or not climate change proves to be as severe as predicted or preventable. The values of Securities whose performance is linked to assets and revenue streams that are exposed to climate change risk, including futures and swaps that directly or indirectly reference real estate property values, mortgages, and taxes, may readily be affected by both long-term, systemic effects of climate change, as well as severe environmental events whose occurrence is inherently unpredictable.

Assumption of Catastrophe Risks

The Master Funds may be subject to the risk of loss arising from direct or indirect exposure to various catastrophic events, including the following: hurricanes, earthquakes and other natural disasters (which may be caused, or enhanced in frequency and severity, by climate change factors); war, terrorism and other armed conflicts; social or political unrest; cyberterrorism; major or prolonged power outages or network interruptions; and public health crises, including infectious disease outbreaks, epidemics and pandemics. To the extent that any such event occurs and has a material effect on global financial markets or specific markets or issuers in which the Master Funds invest (or has a material negative impact on the operations of the Investment Adviser or the Service Providers), the risks of loss can be substantial and could have a material adverse effect on the Funds. Furthermore, any such event may also adversely impact one or more individual investors' financial condition, which could result in substantial withdrawal requests by such investors as a result of their individual liquidity situations and irrespective of Funds' performance. (See "Risk Factors—Risks Relating to the Structure of the Partnership—Effect of Substantial Withdrawals".)

Risks Relating to Specific Sectors, Types of Companies and Types of Investments

Micro-, Small- and Medium-Capitalization Companies

Investments in securities of micro- and small-capitalization companies involve higher risks in some respects than do investments in securities of larger "blue-chip" companies. For example, prices of securities of micro- and small-capitalization and even medium-capitalization companies are often more volatile than prices of securities of large-

capitalization companies and may not be based on standard pricing models that are applicable to securities of large-capitalization companies. Furthermore, the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) may be higher than for larger, "blue-chip" companies. Finally, due to thin trading in the securities of some micro- and small-capitalization companies, an investment in those companies may be illiquid.

Derivative Instruments Generally

Certain swaps, options and other derivative instruments may be subject to various types of risks, including market risk, liquidity risk, credit risk, legal risk and operations risk. The regulatory and tax environment for derivative instruments in which the Master Funds may participate is evolving, and changes in the regulation or taxation of such Securities may have a material adverse effect on the Master Funds.

Regulation in the Derivatives Industry

There are many rules related to derivatives that may negatively impact the Master Funds, such as requirements related to recordkeeping, reporting, portfolio reconciliation, central clearing, minimum margin for OTC instruments and mandatory trading on electronic facilities, and other transaction-level obligations. Parties that act as dealers in swaps, are also subject to extensive business conduct standards, additional "know your counterparty" obligations, documentation standards and capital requirements. All of these requirements add costs to the legal, operational and compliance obligations of the Investment Adviser and the Master Funds and increase the amount of time that the Investment Adviser spends on non-investment-related activities. Requirements such as these also raise the costs of entering into derivative transactions, and these increased costs will likely be passed on to the Master Funds.

These rules are operationally and technologically burdensome for the Investment Adviser and the Master Funds. These compliance obligations require employee training and use of technology, and there are operational risks borne by the Master Funds in implementing procedures to comply with many of these additional obligations.

These regulations may also result in the Master Funds forgoing the use of certain trading counterparties (such as broker-dealers and futures commission merchants ("FCMs")), as the use of other parties may be more efficient for the Master Funds from a regulatory perspective. However, this could limit the Master Funds' trading activities, create losses, preclude the Master Funds from engaging in certain transactions or prevent the Master Funds from trading at optimal rates and terms.

Many of these requirements were implemented under legislation intended to reform the U.S. financial regulatory system, the EU Regulation on OTC Derivatives, Central Counterparties and Trade Repositories (known as the European Market Infrastructure Regulation, or "EMIR"), and similar regulations globally. In the United States, regulatory responsibility for derivatives is divided between the SEC and the CFTC, a distinction that does not exist in any other jurisdiction. The SEC has regulatory authority over "security-based swaps" and the CFTC has regulatory authority over "swaps". EMIR is being implemented in phases through the adoption of delegated acts by the European Commission. As a result of the SEC and CFTC bifurcation and the different pace at which the SEC, the CFTC, the European Commission and other international regulators have promulgated necessary regulations,

different transactions are subject to different levels of regulation. Though many rules and regulations have been finalized, there are others, particularly SEC regulations with respect to security-based swaps, that are still in the proposal stage or are expected to be introduced in the future.

The following describes derivatives regulations that may have the most significant impact on the Master Funds:

Reporting

Most swap transactions have become subject to anonymous "real time reporting" requirements, meaning that information relating to transactions entered into by the Master Funds will become visible to the market in ways that may impair the Master Funds' ability to enter into additional transactions at comparable prices or could enable competitors to "front run" or replicate the Master Funds' strategies.

Central Clearing

In order to mitigate counterparty risk and systemic risk in general, various U.S. and international regulatory initiatives, including EMIR, are underway to require certain derivatives to be cleared through central clearinghouses. In the United States, clearing mandates affect certain interest rate and credit default swaps. The CFTC and the SEC may introduce clearing requirements for additional classes of derivatives in the future. EMIR also requires OTC derivatives contracts meeting specific criteria to be cleared through central counterparties.

While such clearing requirements may be beneficial for the Master Funds in many respects (for instance, they may reduce the counterparty risk to the dealers to which the Master Funds would be exposed under non-cleared derivatives), the Master Funds could be exposed to new risks, such as the risk that an increasing percentage of derivatives will be required to be standardized and/or cleared through central clearinghouses, and, as a result, the Master Funds may not be able to hedge their risks or express an investment view as well as they would have been able to had they used customizable derivatives available in the OTC markets. The Master Funds may have to split their derivatives portfolio between centrally cleared and OTC derivatives, which may result in operational inefficiencies and an inability to offset risk between centrally cleared and OTC positions, and which could lead to increased costs.

Another risk is that the Master Funds may be subject to more onerous and more frequent (daily or even intraday) margin calls from both the Master Funds' FCM and the clearinghouse. Virtually all margin models utilized by the clearinghouses are dynamic, meaning that unlike traditional bilateral swap contracts where the amount of initial margin posted on the contract is typically static throughout the life of the contract, the amount of the initial margin that is required to be posted in respect of a cleared contract will fluctuate, sometimes significantly, throughout the life of the contract. The dynamic nature of the margin models utilized by the clearinghouses and the fact that the margin models might be changed at any time may subject the Master Funds to an unexpected increase in collateral obligations by clearinghouses during a volatile market environment, which could have a detrimental effect on the Master Funds. Clearinghouses also limit collateral that they will accept to cash, U.S. treasuries and, in some cases, other highly rated sovereign and private debt instruments, which may require the Master Funds to borrow eligible securities from a dealer to meet margin calls and raise the costs of

cleared trades to the Master Funds. In addition, clearinghouses may not allow the Master Funds to portfolio-margin its positions, which may increase the Master Funds' costs.

Although standardized clearing for derivatives is intended to reduce counterparty risk (for instance, it may reduce the counterparty risk to the dealers to which the Master Funds would have been exposed under OTC derivatives), it does not eliminate risk. Derivatives clearing may also lead to concentration of counterparty risk, namely in the clearinghouse and the Master Funds' FCM, subjecting the Master Funds to the risk that the assets of the FCM are insufficient to satisfy all of the FCM's payment obligations, leading to a payment default. The failure of a clearinghouse or FCM could have a significant impact on the financial system. Even if a clearinghouse does not fail, large losses could force significant capital calls on FCMs during a financial crisis, which could lead FCMs to default and, thus, worsen the crisis.

Swap Execution Facilities

In addition to the central clearing requirement, certain swap transactions are required to trade on regulated electronic platforms, such as swap execution facilities ("SEFs"), which require the Master Funds to subject itself to regulation by these venues and subject the Master Funds to the jurisdiction of the CFTC. CFTC rules governing the operation of SEFs continue to evolve; the SEC has yet to finalize rules related to security-based SEFs.

The EU regulatory framework governing derivatives is set not only by EMIR but also a legislative package known as a recast of the Markets in Financial Instruments Directive ("MiFID II"). Among other things, MiFID II requires transactions in derivatives to be executed on regulated trading venues.

It is not clear whether these trading venues will benefit or impede liquidity, or how they will fare in times of market stress. Trading on these trading venues may increase the pricing discrepancy between assets and their hedges as products may not be able to be executed simultaneously, therefore increasing basis risk. It may also become relatively expensive for the Master Funds to obtain tailored swap products to hedge particular risks in its portfolio due to higher collateral requirements on bilateral transactions as a result of these regulations.

Margin Requirements for Non-Cleared Swaps

Rules issued by U.S., EU and other regulators globally (the "Margin Rules") impose various margin requirements on all swaps that are not centrally cleared, including the establishment of minimum amounts of initial margin that must be posted, and, in some cases, the mandatory segregation of initial margin with a third-party custodian. Although the Margin Rules are intended to increase the stability of the derivatives market, the overall amount of margin that the Master Funds will be required to post to swap counterparties may increase by a material amount, and as a result the Master Funds may not be able to deploy capital as effectively. Additionally, to the extent the Master Funds are required to segregate initial margin with a third-party custodian, additional costs will be incurred by the Master Funds.

Call and Put Options

The Master Funds may incur risks associated with the sale and purchase of call options and put options. Under a conventional cash-settled option, the purchaser of the option pays a premium in exchange for the right to receive upon exercise of the option (i) in the case of a

call option, the excess, if any, of the reference price or value of the underlier (as determined pursuant to the terms of the option) above the option's strike price or (ii) in the case of a put option, the excess, if any, of the option's strike price above the reference price or value of the underlier (as so determined). Under a conventional physically settled option structure, the purchaser of a call option has the right to purchase a specified quantity of the underlier at the strike price, and the purchaser of a put option has the right to sell a specified quantity of the underlier at the strike price.

A purchaser of an option may suffer a total loss of premium (plus transaction costs) if that option expires without being exercised. An option's time value (*i.e.*, the component of the option's value that exceeds the in-the-money amount) tends to diminish over time. Even though an option may be in-the-money to the purchaser at various times prior to its expiration date, the purchaser's ability to realize the value of an option depends on when and how the option may be exercised. For example, the terms of the transaction may provide for the option to be exercised automatically if it is in-the-money on the expiration date. Conversely, the terms may require timely delivery of a notice of exercise, and exercise may be subject to other conditions (such as the occurrence or non-occurrence of certain events, such as knock-in, knock-out or other barrier events) and timing requirements, including the "style" of the option.

Uncovered option writing (*i.e.*, selling an option when the seller does not own a like quantity of an offsetting position in the underlier) exposes the seller to potentially significant loss. The potential loss of uncovered call writing is unlimited. The seller of an uncovered call may incur large losses if the reference price or value of the underlier increases above the exercise price by more than the amount of any premiums earned. As with writing uncovered calls, the risk of writing uncovered put options is substantial. The seller of an uncovered put option bears a risk of loss if the reference price or value of the underlier declines below the exercise price by more than the amount of any premiums earned. Such loss could be substantial if there is a significant decline in the value of the underlier.

Index or Index Options

The value of an index or index option fluctuates with changes in the market values of the assets included in the index. Because the value of an index or index option depends upon movements in the level of the index rather than the price of a particular asset, whether the Master Funds will realize appreciation or depreciation from the purchase or writing of options on indices depends upon movements in the level of instrument prices in the assets generally or, in the case of certain indices, in an industry or market segment, rather than movements in the price of particular assets.

Index Futures

The price of index futures contracts may not correlate perfectly with the movement in the underlying index because of certain market distortions. First, all participants in the futures market are subject to margin deposit and maintenance requirements. Rather than meeting additional margin deposit requirements, participants may close futures contracts through offsetting transactions that would distort the normal relationship between the index and futures markets. Second, from the point of view of speculators, the deposit requirements in

the futures market are less onerous than margin requirements in the securities market. Therefore, increased participation by speculators in the futures market also may cause price distortions. Successful use of index futures contracts by the Master Funds are also subject to the Investment Adviser's ability to correctly predict movements in the direction of the market.

Credit Default Swaps

Credit default swaps can be used to implement the Investment Adviser's view that a particular credit, or group of credits, will experience credit improvement or deterioration. In the case of expected credit improvement, the Master Funds may sell credit default protection in which it receives a premium to take on the risk. In such an instance, the obligation of the Master Funds to make payments upon the occurrence of a credit event creates leveraged exposure to the credit risk of the referenced entity. The Master Funds may also buy credit default protection with respect to a referenced entity if, in the Investment Adviser's judgment, there is a high likelihood of credit deterioration. In such instance, the Master Funds will pay a premium regardless of whether there is a credit event.

Futures Contracts

The value of futures contracts depends upon the price of the Securities, such as commodities, underlying them. The prices of futures contracts are highly volatile, and price movements of futures contracts can be influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, as well as national and international political and economic events and policies. In addition, investments in futures contracts are also subject to the risk of the failure of any of the exchanges on which the Master Funds' positions trade or of its clearinghouses or counterparties. Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits". Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a 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. This could prevent the Master Funds from promptly liquidating unfavorable positions and subject the Master Funds to substantial losses or prevent it from entering into desired trades. Also, low margin or premiums normally required in such trading may provide a large amount of leverage, and a relatively small change in the price of a security or contract can produce a disproportionately larger profit or loss. In extraordinary circumstances, a futures exchange or the CFTC could suspend trading in a particular futures contract, or order liquidation or settlement of all open positions in such contract.

Non-U.S. Futures Transactions

Foreign futures transactions involve executing and clearing trades on a foreign exchange. This is the case even if the foreign exchange is formally "linked" to a domestic exchange, whereby a trade executed on one exchange liquidates or establishes a position on the other exchange. No domestic organization regulates the activities of a foreign exchange, including the execution, delivery, and clearing of transactions on such an exchange, and no

domestic regulator has the power to compel enforcement of the rules of the foreign exchange or the laws of the foreign country. Moreover, such laws or regulations will vary depending on the foreign country in which the transaction occurs. For these reasons, the Master Funds may not be afforded certain of the protections which apply to domestic transactions, including the right to use domestic alternative dispute resolution procedures. In particular, funds received from customers to margin foreign futures transactions may not be provided the same protections as funds received to margin futures transactions on domestic exchanges. In addition, the price of any foreign futures or option contract and, therefore, the potential profit and loss resulting therefrom, may be affected by any fluctuation in the foreign exchange rate between the time the order is placed and the time the foreign futures contract is liquidated or the time the foreign option contract is liquidated or exercised.

Forward Contracts

The Master Funds may enter into forward contracts and options thereon, including non-deliverable forwards. The principals who deal in the forward contract market are not required to continue to make markets in such contracts. There have been periods during which certain participants in forward markets have refused to quote prices for forward contracts or have quoted prices with an unusually widespread between the price at which they were prepared to buy and that at which they were prepared to sell. The imposition of credit controls or price risk limitations by governmental authorities may limit such forward trading to less than that which the Investment Adviser would otherwise recommend, to the possible detriment of the Master Funds. In their forward trading, the Master Funds will be subject to the risk of the failure of, or the inability or refusal to perform with respect to its forward contracts by, the principals with which the Master Funds trade. The assets on deposit with such principals will also generally not be protected by the same segregation requirements imposed on certain regulated brokers in respect of customer funds on deposit with them. The Investment Adviser may order trades for the Master Funds in such markets through agents. Accordingly, the insolvency or bankruptcy of such parties could also subject the Master Funds to the risk of loss.

Contracts for Differences

Contracts for differences ("CFDs") are privately negotiated contracts between two parties, buyer and seller, stipulating that the seller will pay to or receive from the buyer the difference between the nominal value of the underlying instrument at the opening of the contract and that instrument's value at the end of the contract. The underlying instrument may be a single security, stock basket or index. A CFD can be set up to take either a short or long position on the underlying instrument. The buyer and seller are both required to post margin, which is adjusted daily. The buyer will also pay to the seller a financing rate on the notional amount of the capital employed by the seller less the margin deposit. A CFD is usually terminated at the buyer's initiative. As is the case with owning any financial instrument, there is the risk of loss associated with buying a CFD. There may be liquidity risk if the underlying instrument is illiquid because the liquidity of a CFD is based on the liquidity of the underlying instrument. A further risk is that adverse movements in the underlying security will require the buyer to post additional margin. CFDs also carry counterparty risk, *i.e.*, the risk that the counterparty to the CFD transaction may be unable or unwilling to make payments or to otherwise honor its financial obligations under the terms of the contract. If the counterparty were to do so, the

value of the contract may be reduced. Entry into a CFD transaction may, in certain circumstances, require the payment of an initial margin and adverse market movements against the underlying stock may require the buyer to make additional margin payments. CFDs may be considered illiquid. To the extent that there is an imperfect correlation between the return on each Master Fund's obligations to its counterparty under the CFDs and the return on related assets in their portfolios, the CFD transaction may increase each Master Fund's financial risks.

Failure to Enter into Offsetting Trade

To the extent the Master Funds invest in a futures contract or long option, unless an offsetting trade is made, the Master Funds would be required to take physical delivery of the commodity underlying the future or option. To the extent the Investment Adviser fails to enter into such offsetting trade prior to the expiration of the contract, the Master Funds may suffer a loss since neither of the Master Funds nor the Investment Adviser have the operational capacity to accept physical delivery of commodities.

Exotic Options

Exotic options are typically, but not always, traded OTC. OTC contracts may not trade in a liquid market and pricing may be opaque. The illiquidity of these markets can be exacerbated in times of market stress. The Master Funds may incur substantial costs entering into and exiting positions that could have a material impact on performance. Exotic options may be subject to a higher degree of pricing risk as demonstrated by instances in which different counterparties in the market employ different valuation and pricing methodologies to the same exotic option. Because exotic options can often be highly customised, there is lower visibility with respect to the pricing and valuation of these instruments. Exotic options may be subject to high levels of price volatility. For example, in the case of barrier options, as the price of the asset underlying the option trades closer to a barrier level, the delta of the option (*i.e.*, the ratio of the change in the price of the underlying asset to the corresponding change in the price of the option) and the gamma of the option (*i.e.*, the rate of change of the delta with respect to the underlying asset's price) may become very high. Exotic options may be subject to higher levels of model risk than commonly traded options because standard models are not able to adequately capture or predict the risks associated with the exotic options. Exotic options may be "path dependent". This means that their terminal value (at exercise or expiration) depends upon the value of the underlying asset, not only at the time of exercise or expiration, but also at prior points in time. In this sense, the option's terminal value depends upon the "path" taken by the underlying asset over the life of the option. For example, a barrier option's value at expiration depends upon both the value of the underlying asset at expiration and whether the past value of the underlying asset ever satisfied a barrier condition. In contrast, a vanilla option (*e.g.*, a call option) is not path dependent. Its value at exercise or expiration depends on the value of the underlying asset only at that point in time. The additional features incorporated by exotic options require additional judgments regarding the likelihood of certain conditions being satisfied, any one of which can result in loss if made incorrectly. An OTC option may be closed out only with the counterparty, although either party may engage in an offsetting transaction that puts that party in the same economic position as if it had closed out the option with the counterparty; however, the exposure to counterparty risk may differ. OTC options generally involve greater credit and counterparty risk than exchange-traded options.

Distressed Obligations

The obligations of issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems (including companies involved in bankruptcy or other reorganization and liquidation proceedings) are likely to be particularly risky investments although they also may offer the potential for correspondingly high returns. Among the risks inherent in investments in troubled entities is the risk that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments may also be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and the bankruptcy court's power to disallow, reduce, subordinate, recharacterize debt as equity or disenfranchise particular claims. Such companies' obligations may be considered speculative, and the ability of such companies to pay their debts on schedule could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or specific developments within such companies. In addition, there is no minimum credit standard that is a prerequisite to each Master Fund's investments in any Security. Obligations in which the Master Funds invest may be less than investment grade. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is unusually high. There is no assurance that value of the assets collateralizing the Master Funds' investments will be sufficient or that prospects for a successful reorganization or similar action will become available. In any reorganization or liquidation proceeding relating to a company in which the Master Funds invest, the Master Funds may lose its entire investment, may be required to accept cash or securities with a value less than its original investment and/or may be required to accept payment over an extended period of time. Under such circumstances, the returns generated from the Master Funds' investments may not compensate the investors adequately for the risks assumed. In addition, under certain circumstances, payments and distributions may be disgorged if any such payment is later determined to have been a fraudulent conveyance or a preferential payment.

In liquidation (both in and out of bankruptcy) and other forms of corporate reorganization, there exists the risk that the reorganization either will be unsuccessful (due to, for example, failure to obtain requisite approvals), will be delayed (for example, until various liabilities, actual or contingent, have been satisfied) or will result in a distribution of cash or a new Security the value of which will be less than the purchase price to the Master Funds of the Security in respect to which such distribution was made.

Debt Securities Generally

Debt securities of all types of issuers may have speculative characteristics, regardless of whether they are rated. The issuers of such instruments (including sovereign issuers) may face significant ongoing uncertainties and exposure to adverse conditions that may undermine the issuer's ability to make timely payment of interest and principal in accordance with the terms of the obligations.

Market Making by Dealers

The value of each Master Fund's fixed-income investments, if any, will be affected by general fixed income market conditions, such as the volatility and liquidity of the fixed income market, which are affected by the ability of dealers to "make a market" in fixed-

income investments. In recent years, the market for bonds has significantly increased while dealer inventories have significantly decreased, relative to market size. This reduction in dealer inventories may be attributable to regulatory changes, such as capital requirements, and is expected to continue. As dealers' inventories decrease, so does their ability to make a market (and, therefore, create liquidity) in the fixed income market. Especially during periods of rising interest rates, this could result in greater volatility and illiquidity in the fixed income market, which could impair each Master Fund's profitability or result in losses.

Interest Rate Risk

Changes in interest rates can affect the value of each Master Fund's investments in fixed-income instruments, if any. Increases in interest rates may cause the value of the Master Funds' debt investments, if any, to decline. The Master Funds may experience increased interest rate risk to the extent they invest, if at all, in lower-rated instruments, debt instruments with longer maturities, debt instruments paying no interest (such as zero-coupon debt instruments) or debt instruments paying non-cash interest in the form of other debt instruments.

Prepayment Risk

The frequency at which prepayments (including voluntary prepayments by the obligors and accelerations due to defaults) occur on debt instruments will be affected by a variety of factors including the prevailing level of interest rates and spreads as well as economic, demographic, tax, social, legal and other factors. Generally, obligors tend to prepay their fixed rate obligations when prevailing interest rates fall below the coupon rates on their obligations. Similarly, floating rate issuers and borrowers tend to prepay their obligations when spreads narrow.

In general, "premium" securities (securities whose market values exceed their principal or par amounts) are adversely affected by faster than anticipated prepayments, and "discount" securities (securities whose principal or par amounts exceed their market values) are adversely affected by slower than anticipated prepayments. Since many fixed rate obligations will be discount instruments when interest rates and/or spreads are high, and will be premium instruments when interest rates and/or spreads are low, such debt instruments may be adversely affected by changes in prepayments in any interest rate environment.

The adverse effects of prepayments may impact the Master Funds' portfolios in two ways. First, particular investments may experience outright losses, as in the case of an interest-only instrument in an environment of faster actual or anticipated prepayments. Second, particular investments may underperform relative to hedges that the Investment Adviser may have constructed for these investments, resulting in a loss to the Master Funds' overall portfolios. In particular, prepayments (at par) may limit the potential upside of many instruments to their principal or par amounts, whereas their corresponding hedges often have the potential for unlimited loss.

Zero-Coupon and Deferred Interest Bonds

Zero-coupon bonds and deferred interest bonds are debt obligations issued at a significant discount from face value. The original discount approximates the total amount of interest the bonds will accrue and compound over the period until maturity or the first interest accrual date at a rate of interest reflecting the market rate of the security at the time of issuance. While zero-coupon bonds do not require the periodic payment of interest, deferred interest bonds generally provide for a period of delay before the regular payment of interest begins. Such investments experience greater volatility in market value due to changes in interest rates than debt obligations that provide for regular payments of interest.

High-Yield

Bonds or other fixed-income securities that are "higher yielding" (including non-investment grade) debt securities are generally not exchange-traded and, as a result, these securities trade in the over-the-counter marketplace, which is less transparent and has wider bid/ask spreads than the exchange-traded marketplace. High-yield securities face ongoing uncertainties and exposure to adverse business, financial or economic conditions, which could lead to the issuer's inability to meet timely interest and principal payments. High-yield securities are generally more volatile and may or may not be subordinated to certain other outstanding securities and obligations of the issuer, which may be secured by substantially all of the issuer's assets. High-yield securities may also not be protected by financial covenants or limitations on additional indebtedness. The market values of certain of these lower-rated and unrated debt securities tend to reflect individual corporate developments to a greater extent than do higher-rated securities, which react primarily to fluctuations in the general level of interest rates, and tend to be more sensitive to economic conditions than are higher-rated securities. Companies that issue such securities may be highly leveraged and may not have available to them more traditional methods of financing. In addition, the Master Funds may invest in bonds of issuers that do not have publicly traded equity securities, making it more difficult to hedge the risks associated with such investments.

The Master Funds may invest in obligations of issuers that are generally trading at significantly higher yields than had been historically typical of the applicable issuer's obligations. Such investments may include debt obligations that have a heightened probability of being in covenant or payment default in the future or that are currently in default and are generally considered speculative. The repayment of defaulted obligations is subject to significant uncertainties. Defaulted obligations might be repaid only after lengthy workout or bankruptcy proceedings, during which the issuer might not make any interest or other payments. Typically, such workout or bankruptcy proceedings result only in partial recovery of cash payments or an exchange of the defaulted security for other debt or equity securities of the issuer or its affiliates, which may in turn be illiquid or speculative.

Corporate Debt

Bonds, notes and debentures issued by corporations may pay fixed, variable or floating rates of interest, and may include zero-coupon obligations. Corporate debt instruments may be subject to credit ratings downgrades. Other instruments may have the lowest quality ratings or may be unrated. In addition, the Master Funds may be paid interest in kind in connection with their investments in corporate debt and related financial instruments (e.g., the principal owed to the Master Funds in connection with a debt investment may be increased by the

amount of interest due on such debt investment), if any. Such investments may experience greater market value volatility than debt obligations that provide for regular payments of interest in cash and, in the event of a default, the Master Funds may experience substantial losses.

Mezzanine Debt

Mezzanine debt is typically junior to the obligations of a company to senior creditors, trade creditors and employees. The ability of each Master Fund to influence a company's affairs, especially during periods of financial distress or following an insolvency, will be substantially less than that of senior creditors. Mezzanine debt instruments are often issued in connection with leveraged acquisitions or recapitalizations in which the issuers incur a substantially higher amount of indebtedness than the level at which they had previously operated. Default rates for mezzanine debt instruments have historically been higher than for investment-grade instruments. In the event of the insolvency of a portfolio company of the Master Funds or similar event, the Master Funds' debt investments therein will be subject to fraudulent conveyance, subordination and preference laws.

Stressed Debt

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

Non-Performing Nature of Debt

Certain debt instruments may be non-performing or in default. Furthermore, the obligor or relevant guarantor may also be in bankruptcy or liquidation. There can be no assurance as to the amount and timing of payments, if any, with respect to such debt instruments.

Troubled Origination

When financial institutions or other entities that are insolvent or in serious financial difficulty originate debt, the standards by which such instruments were originated, the recourse to the selling institution, or the standards by which such instruments are being serviced or operated may be adversely affected.

Sovereign Debt

Several factors may affect (i) the ability of a government, its agencies, instrumentalities or its central bank to make payments on the debt it has issued ("Sovereign Debt"), including securities that the Investment Adviser believes are likely to be included in restructurings of the external debt obligations of the issuer in question, (ii) the market value of such debt and (iii) the inclusion of Sovereign Debt in future restructurings, including such issuer's (x) balance of trade and access to international financing, (y) cost of servicing such obligations, which may be affected by changes in international interest rates, and (z) level of international currency reserves, which may affect the amount of non-U.S. exchange

available for external debt payments. Significant ongoing uncertainties and exposure to adverse conditions may undermine the issuer's ability to make timely payment of interest and principal, and issuers may default on their Sovereign Debt.

Equitable Subordination

Under common law principles that in some cases form the basis for lender liability claims, if a lender (i) intentionally takes an action that results in the undercapitalization of a borrower or issuer to the detriment of other creditors of such borrower or issuer, (ii) engages in other inequitable conduct to the detriment of such other creditors, (iii) engages in fraud with respect to, or makes misrepresentations to, such other creditors or (iv) uses its influence as a stockholder to dominate or control a borrower or issuer to the detriment of other creditors of such borrower or issuer, a court may elect to subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors (a remedy called "equitable subordination"). If a Master Fund engages in such conduct, that Master Fund may be subject to claims from creditors of an obligor that debt held by that Master Fund should be equitably subordinated.

Convertible Securities

A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument. If a convertible security held by one of the Master Funds is called for redemption, that Master Fund will be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third-party. Any of these actions could have an adverse effect on that Master Fund's ability to achieve its investment objective.

Currencies

A principal risk in trading currencies is the rapid fluctuation in the market prices of currency contracts. Prices of currency contracts traded by the Master Funds are affected generally by relative interest rates, which in turn are influenced by a wide variety of complex and difficult to predict factors such as money supply and demand, balance of payments, inflation levels, fiscal policy, and political and economic events. In addition, governments from time to time intervene, directly and by regulation, in these markets, with the specific effect, or intention, of influencing prices which may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations.

American Depositary Receipts and Global Depositary Receipts

American Depositary Receipts ("ADRs") are receipts issued by a U.S. bank or trust company evidencing ownership of underlying securities issued by non-U.S. issuers. ADRs may be listed on a national securities exchange or may be traded in the OTC market. Global Depositary Receipts ("GDRs") are receipts issued by either a U.S. or non-U.S. banking institution representing ownership in a non-U.S. company's publicly traded securities that are traded on non-U.S. stock exchanges or non-U.S. OTC markets. Holders of unsponsored ADRs or GDRs generally bear all the costs of such facilities. The depository of an unsponsored facility frequently is under no obligation to distribute investor communications received from the issuer of the deposited security or to pass through voting rights to the holders

of depositary receipts in respect of the deposited securities. Investments in ADRs and GDRs pose, to the extent not hedged, currency exchange risks (including blockage, devaluation and non-exchangeability), as well as a range of other potential risks relating to the underlying shares, which could include expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains, other income or gross sale of disposition proceeds, political or social instability or diplomatic developments that could affect investments in those countries, illiquidity, price volatility and market manipulation. In addition, less information may be available regarding the underlying shares of ADRs and GDRs, and non-U.S. companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to, or as uniform as, those of U.S. companies. Such risks may have a material adverse effect on the performance of such investments and could result in substantial losses.

Equity Securities Generally

The value of equity securities of public and private, listed and unlisted companies and equity derivatives generally varies with the performance of the issuer and movements in the equity markets. As a result, the Master Funds may suffer losses if they invest in equity instruments of issuers whose performance diverges from the Investment Adviser's expectations or if equity markets generally move in a single direction and the Master Funds have not hedged against such a general move. The Master Funds also may be exposed to risks that issuers will not fulfill contractual obligations such as, in the case of convertible securities or private placements, delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale.

Private Investments

The Legacy Master Fund may invest a small amount of capital, not to exceed 5% of the Investment Adviser's assets under management, as determined based on the size of the investment at the point of acquisition, in attractive Late-Stage Private opportunities. Equity investments in private issuers may involve a high degree of business and financial risk. Such risks may adversely affect the performance of such investments and result in substantial losses to the Legacy Master Fund. The Legacy Master Fund may have control positions in addition to advisory roles in certain issuers, along with certain contractual rights to protect its investments. Notwithstanding the foregoing, the Legacy Master Fund may not always have control over an issuer. The Legacy Master Fund runs the risk of refusal of management or shareholders of issuers to adopt the recommendations of the Legacy Master Fund, disagreement with existing management and any investment losses resulting from such refusal or disagreement. These types of investments are also subject to unique risks relating to valuations and liquidity as described below.

Illiquid Securities

Certain Securities may be illiquid because, for example, they are subject to legal or other restrictions on transfer or there is no liquid market for such Securities. Valuation of such Securities may be difficult or uncertain because there may be limited information available about the issuers of such Securities. The market prices, if any, for such Securities tend to be volatile and may not be readily ascertainable, and the Master Funds may not be able to sell them when they desire to do so or to realize what they perceive to be their fair value in the event of a sale. The sale of restricted and illiquid Securities often requires more time and

results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of Securities eligible for trading on national securities exchanges or in the OTC markets. The Master Funds may not be able to readily dispose of such illiquid investments and, in some cases, may be contractually prohibited from disposing of such investments for a specified period of time. As a result, the Master Funds may be required to hold such Securities despite adverse price movements. Even those markets which the Investment Adviser expects to be liquid can experience periods, possibly extended periods, of illiquidity. Occasions have arisen in the past where previously liquid investments have rapidly become illiquid.

Liquidity Risks Generally

Under certain market conditions, such as during volatile markets or when trading in a financial instrument or market is otherwise impaired, the liquidity of each Master Fund's portfolio positions may be reduced. In addition, each Master Fund may from time to time hold large positions with respect to a specific type of financial instrument, which may reduce one or both Master Fund's liquidity. During such times, a Master Fund may be unable to dispose of certain financial instruments, including longer-term financial instruments, which would adversely affect its ability to rebalance its portfolios or to meet withdrawal requests. In addition, such circumstances may force a Master Fund to dispose of financial instruments at reduced prices, thereby adversely affecting its performance. If there are other market participants seeking to dispose of similar financial instruments at the same time, a Master Fund may be unable to sell such financial instruments or prevent losses relating to such financial instruments. Furthermore, if either Master Fund incurs substantial trading losses, the need for liquidity could rise sharply while its access to liquidity could be impaired. In addition, in conjunction with a market downturn, the Master Funds' counterparties could incur losses of their own, thereby weakening their financial condition and increasing each Master Fund's credit risk to them.

In addition, given the overlap of securities held by the Enhanced Master Fund and the Legacy Strategy, the Investment Adviser may dispose of a security on behalf of the Legacy Strategy which will continue to be held by the Enhanced Master Fund. In such case, the price of the security held by the Enhanced Master Fund may be materially impacted by such sale in the short-term or longer. Certain investment techniques of the Enhanced Master Fund can, in certain circumstances, magnify the impact of adverse market moves to which the Enhanced Master Fund may be subject. In addition, the Enhanced Master Fund's investment in securities may be materially affected by conditions in the financial markets and overall economic conditions occurring globally and, in particular, countries or markets where the Enhanced Master Fund may invest its assets.

Initial Public Offerings

Investments in initial public offerings (or shortly thereafter) may involve higher risks than investments issued in secondary public offerings or purchases on a secondary market due to a variety of factors, including, without limitation, the limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the issuer and limited operating history of the issuer. In addition, some companies in initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental

stage companies, without revenues or operating income, or the near-term prospects of achieving them. These factors may contribute to substantial price volatility for such securities and, thus, for the value of the Funds.

PIPE or CMPO Transactions

Private investments in public companies whose stocks are quoted on stock exchanges or which trade in the OTC securities market, a type of investment commonly referred to as a "PIPE" or "CMPO" transaction, may be entered into with smaller capitalization public companies, which will entail business and financial risks comparable to those of investments in the publicly issued securities of smaller capitalization companies, which may be less likely to be able to weather business or cyclical downturns than larger companies and are more likely to be substantially hurt by the loss of a few key personnel. In addition, PIPE or CMPO transactions will generally result in the Master Funds acquiring either restricted stock or an instrument convertible into restricted stock. As with investments in other types of restricted securities, such an investment may be illiquid. Each Master Fund's ability to dispose of securities acquired in PIPE or CMPO transactions may depend on the registration of such securities for resale. Any number of factors may prevent or delay a proposed registration. Alternatively, it may be possible for securities acquired in a PIPE or CMPO transaction to be resold in transactions exempt from registration in accordance with Rule 144 under the Securities Act, or otherwise under the U.S. federal securities laws. There can be no guarantee that there will be an active or liquid market for the stock of any small capitalization company due to the possible small number of stockholders. As a result, even if the Master Funds are able to have securities acquired in a PIPE or CMPO transaction registered or sell such securities through an exempt transaction, the Master Funds may not be able to sell all the securities on short notice, and the sale of the securities could lower the market price of the securities. There is no guarantee that an active trading market for the securities will exist at the time of disposition of the securities, and the lack of such a market could hurt the market value of the Master Funds' investments.

Exchange Traded Funds

Exchange Traded Funds ("ETFs") are publicly traded unit investment trusts, open-end funds or depository receipts that seek to track the performance and dividend yield of specific indices or companies in related industries. These indices may be either broad-based, sector, or international. However, ETF shareholders are generally subject to the same risk as holders of the underlying Securities they are designed to track. ETFs are also subject to certain additional risks, including, without limitation, the risk that their prices may not correlate perfectly with changes in the prices of the underlying Securities they are designed to track, and the risk of trading in an ETF halting due to market conditions or other reasons, based on the policies of the exchange upon which the ETF trades. Generally, each shareholder of an ETF bears a *pro rata* portion of the ETF's expenses, including management fees. Accordingly, in addition to bearing their proportionate share of the Master Funds' expenses (*e.g.*, Management Fees and operating expenses), investors may also indirectly bear similar expenses of an ETF.

Loan Investments

Each Master Fund's success in the area of loan investing will depend, in part, on its ability to obtain loans on advantageous terms. In purchasing loans, the Master Funds will compete

with a broad spectrum of investors and institutions. Increased competition for, or a diminution in the available supply of, qualifying loans could result in lower yields on such loans, which could reduce returns to investors. The following describes the risk characteristics of certain types of loans; however, the Master Funds may invest in other types of loans not listed here which will entail their own set of risks.

Bank Loans

Bank loans are subject to unique risks, including: (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights laws; (ii) so-called lender-liability claims by the issuer of the obligations; (iii) environmental liabilities that may arise with respect to collateral securing the obligations; and (iv) limitations on the ability of the Master Funds to directly enforce its rights with respect to participations. Successful claims by third parties arising from these and other risks will be borne by the Master Funds.

As secondary market trading volumes increase, new loans are frequently adopting standardized documentation to facilitate loan trading, which may improve market liquidity. There can be no assurance, however, that future levels of supply and demand in loan trading will provide an adequate degree of liquidity or that the current level of liquidity will continue. Because of the provision to holders of such loans of confidential information relating to the borrower, the unique and customized nature of the loan agreement, and the private syndication of the loan, loans are not as easily purchased or sold as a publicly traded security, and historically the trading volume in the loan market has been small relative to the high-yield debt market.

Fraud Associated with Loans

Of paramount concern in loan investments is the possibility of material misrepresentation or omission on the part of the borrower or loan seller. Such inaccuracy or incompleteness may adversely affect the valuation of the collateral underlying the loans or may adversely affect the ability of the Master Funds to perfect or effectuate a lien on the collateral securing the loan. The Master Funds will rely upon the accuracy and completeness of representations made by borrowers to the extent reasonable, but cannot guarantee such accuracy or completeness. Under certain circumstances, payments to the Master Funds may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

Preferred Stock

Investments in preferred stock involve risks related to priority in the event of bankruptcy, insolvency or liquidation of the issuing company and how dividends are declared. Preferred stock ranks junior to debt securities in an issuer's capital structure and, accordingly, is subordinate to all debt in bankruptcy. Preferred stock generally has a preference as to dividends. Such dividends are generally paid in cash (or additional shares of preferred stock) at a defined rate, but unlike interest payments on debt securities, preferred stock dividends are payable only if declared by the issuer's board of directors. Dividends on preferred stock may be cumulative, meaning that, in the event the issuer fails to make one or

more dividend payments on the preferred stock, no dividends may be paid on the issuer's common stock until all unpaid preferred stock dividends have been paid. Preferred stock may also be subject to optional or mandatory redemption provisions.

Real Estate-Related Securities

Securities issued by entities which invest in real estate, including "real estate investment trusts" ("REITs"), generally will be subject to the risks incident to the ownership and operation of commercial real estate and/or risks incident to the making of nonrecourse mortgage loans secured by real estate. Such risks include the risks associated with both the domestic and international general economic climates; local real estate conditions; risks due to dependence on cash flow; risks and operating problems arising out of the absence of certain construction materials; changes in supply of, or demand for, competing properties in an area (as a result, for instance, of over-building); the financial condition of tenants, buyers and sellers of properties; changes in availability of debt financing; energy and supply shortages; changes in the tax, real estate, environmental, and zoning laws and regulations; various uninsured or uninsurable risks; natural disasters; and the ability of the Master Funds or third-party borrowers to manage the real properties. In addition, the Master Funds may incur the burdens of ownership of real property, which include the paying of expenses and taxes, maintaining such property and any improvements thereon, and ultimately disposing of such property.

Repurchase and Reverse Repurchase Agreements

In a reverse repurchase transaction, the Master Funds "buy" securities issued from a broker-dealer or financial institution, subject to the obligation of the broker-dealer or financial institution to repurchase such securities at the price paid by the Master Funds, plus interest at a negotiated rate. The use of repurchase and reverse repurchase agreements by the Master Funds involve certain risks. For example, if the seller of securities to the Master Funds under a reverse repurchase agreement defaults on its obligation to repurchase the underlying securities, as a result of its bankruptcy or otherwise, the Master Funds will seek to dispose of such securities, which action could involve costs or delays. If the seller becomes insolvent and subject to liquidation or reorganization under applicable bankruptcy or other laws, each Master Fund's ability to dispose of the underlying securities may be restricted. It is possible, in a bankruptcy or liquidation scenario, that the Master Funds may not be able to substantiate its interest in the underlying securities. Finally, if a seller defaults on its obligation to repurchase securities under a reverse repurchase agreement, the Master Funds may suffer a loss to the extent that it is forced to liquidate its position in the market, and proceeds from the sale of the underlying securities are less than the repurchase price agreed to by the defaulting seller. Similar elements of risk arise in the event of the bankruptcy or insolvency of the buyer.

Restricted Securities

Restricted securities cannot be sold to the public without registration under the Securities Act. Unless registered for sale, restricted securities can be sold only in privately negotiated transactions or pursuant to an exemption from registration (*e.g.*, under Rule 144A of the Securities Act). Although these securities may be resold in privately negotiated transactions, because there is often little liquidity for these securities, they may be difficult and take a substantial amount of time to sell, and the prices realized from these sales could

be less than those originally paid by the Master Funds. Restricted securities may involve a high degree of business and financial risk which may result in substantial losses.

Special Purpose Acquisition Companies

A special purpose acquisition company (a "SPAC") is a publicly traded company formed for the purpose of raising capital through an initial public offering to fund the acquisition, through a merger, capital stock exchange, asset acquisition or other similar business combination, of one or more undervalued operating businesses. Following the acquisition of a target company, a SPAC typically would exercise control over the management of such target company in an effort to increase the value of such target company. Capital raised through the initial public offering of securities of a SPAC is typically placed into a trust until the target company is acquired or a predetermined period of time elapses. Investors in a SPAC would receive a return on their investment in the event that a target company is acquired and such target company's value increased. In the event that a SPAC is unable to locate and acquire target companies by the deadline, the SPAC would be forced to liquidate its assets, which may result in losses due to the expenses and liabilities of the SPAC. Investors in a SPAC are subject to the risk that, among other things, (i) such SPAC may not be able to locate or acquire target companies by the deadline, (ii) assets in the trust may be subject to third-party claims against such SPAC, which may reduce the per share liquidation price received by the investors in the SPAC, (iii) such SPAC may be exempt from the rules promulgated by the SEC to protect investors in "blank check" companies, such as Rule 419 promulgated under the Securities Act, so that investors in such SPAC may not be afforded the benefits or protections of those rules, (iv) such SPAC may only be able to complete one business combination, which may cause it to be solely dependent on a single business, (v) the value of any target company may decrease following its acquisition by such SPAC, (vi) the value of the funds invested and held in the trust decline, (vii) the inability to redeem due to the failure to hold the securities in the SPAC on the record date or the failure to vote against the acquisition and (viii) if the SPAC is unable to consummate a business combination, public stockholders will be forced to wait until the deadline before liquidating distributions are made. In addition, most SPACs are illiquid and have a concentrated shareholder base that tends to be comprised of hedge funds (at least at inception). The Master Funds may invest in a SPAC that, at the time of investment, has not selected or approached any prospective target businesses with respect to a business combination. In such circumstances, there may be limited basis for the Master Funds to evaluate the possible merits or risks of such SPAC's investment in any particular target business. To the extent that a SPAC completes a business combination, it may be affected by numerous risks inherent in the business operations of the acquired company or companies. For these and additional reasons, investments in SPACs are speculative and involve a high degree of risk.

Undervalued Securities

The identification of investment opportunities in undervalued securities is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. While investments in undervalued securities offer the opportunity for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from each Master Fund's investments may not adequately compensate for the business and financial risks assumed.

When-Issued and Forward Commitment Securities

The purchase of securities on a "when-issued" basis involves a commitment by the Master Funds to purchase or sell securities at a future date (typically one or two months later). No income accrues on securities that have been purchased on a when-issued basis prior to delivery to the Master Funds. When-issued securities may be sold prior to the settlement date. If the Master Funds dispose of the right to acquire a when-issued security prior to its acquisition, it may incur a gain or loss. In addition, there is a risk that securities purchased on a when-issued basis may not be delivered to the Master Funds. In such cases, the Master Funds may incur a loss.

Risks Relating to Regulatory Environment

Business and Regulatory Risks of Hedge Funds

The legal, tax and regulatory environment worldwide for private investment funds (such as the Funds) and their managers is evolving. Changes in the regulation of private investment funds, their managers, and their trading and investing activities may have a material adverse effect on the ability of each Master Fund to pursue its investment program and the value of investments held by each Master Fund. There has been an increase in scrutiny of the private investment fund industry by governmental agencies and self-regulatory organizations. New laws and regulations or actions taken by regulators that restrict the ability of each Master Fund to pursue its investment program or employ brokers and other counterparties could have a material adverse effect on the Funds and investors' investments therein. In addition, the Firm may, in its sole discretion, cause the Funds to be subject to certain laws and regulations if it believes that an investment or business activity is in each Master Fund's interest, even if such laws and regulations may have a detrimental effect on one or more investors.

Increased regulation (whether promulgated under securities laws or any other applicable law) and regulatory oversight of and changes in law applicable to private investment funds and their managers may impose administrative burdens on the Firm, including responding to examinations and other regulatory inquiries and implementing policies and procedures. Such administrative burdens may divert the Firm's time, attention and resources from portfolio management activities to responding to inquiries, examinations and enforcement actions (or threats thereof). Regulatory inquiries often are confidential in nature, may involve a review of an individual's or a firm's activities or may involve studies of the industry or industry practices, as well as the practices of a particular institution.

These risk factors do not address or anticipate every possible current or future regulation that may affect the Firm, the Master Funds or their businesses. Such regulations may have a significant impact on the investors or the operations of the Master Funds, including, without limitation, restricting the types of investments the Master Funds may make, preventing each Master Fund from exercising their voting rights with regard to certain financial instruments, requiring each Master Fund to disclose the identity of its investors or otherwise. The Firm may cause a Master Fund to be subject to such regulations if it believes that an investment or business activity is in the Master Fund's interest, even if such regulations may have a detrimental effect on one or more investors. Prospective investors are encouraged to consult their own advisors regarding an investment in the Funds. The effect of any future regulatory change on the Funds could be substantial and adverse.

Alternative Investment Fund Managers Directive

The Alternative Investment Fund Managers Directive (the "AIFM Directive") regulates: (i) alternative investment fund managers (each, an "AIFM") based in the European Economic Area (the "EEA") or the United Kingdom; (ii) the management of any alternative investment fund ("AIF") established in the EEA or the United Kingdom (irrespective of where an AIF's AIFM is based); and (iii) the marketing of any AIF, such as the Partnership, to professional investors in the EEA or the United Kingdom.

Under the AIFM Directive, certain conditions must be met to permit the marketing of the Shares to any potential and existing investors in the EEA or the United Kingdom. The ability of the Funds or the Firm to offer the Shares in the EEA or the United Kingdom will depend on the relevant state permitting the marketing of non-EEA or United Kingdom domiciled funds under the national private placement regimes implementing the AIFM Directive and the ability of the Funds and the Firm to comply with such national private placement regimes, where available. Compliance with the requirements of such regimes may increase the costs of the administration of the Funds significantly, including the costs of regulatory reporting services to the Funds and custody and prime brokerage services provided to each Master Fund. As such, the Funds' ability to market the Shares to EEA or United Kingdom investors may be limited.

MiFID II

The package of European Union market infrastructure reforms known as "MiFID II" increased regulation of trading platforms and firms providing investment services in the European Union. Among its many market infrastructure reforms, MiFID II brought in: (i) significant changes to pre- and post-trade transparency obligations applicable to financial instruments admitted to trading on EU trading venues (including a new transparency regime for non-equity financial instruments); (ii) an obligation to execute transactions in shares and derivatives on an EU regulated trading venue; and (iii) a new focus on regulation of algorithmic and high frequency trading. These reforms may lead to a reduction in liquidity in certain financial instruments over time, as some of the sources of liquidity exit European markets, and may result in significant increases in transaction costs.

Although the full impact of these reforms is difficult to assess at present, it is possible that the resulting changes in the available trading liquidity options and increases in transactional costs may have an adverse effect on the ability of the Firm to execute the investment program.

Risks Relating to Non-U.S. Investments and Non-U.S. Jurisdictions

Non-U.S. Exchanges

The Master Funds may trade on exchanges or markets located outside the U.S. Trading on such exchanges or markets is not regulated by the SEC and the CFTC and may, therefore, be subject to more risks than trading on U.S. exchanges, such as the risks of exchange controls, expropriation, burdensome taxation, moratoria and political or diplomatic events. Risks in investments in non-U.S. Securities may also include reduced and less reliable information about issuers and markets, less stringent accounting standards, illiquidity of securities and markets, higher brokerage commissions and custody fees.

Non-U.S. Investments

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

Item 9 – Disciplinary Information

In the past ten years, there have been no legal or disciplinary events involving either the Firm or any of its management persons that are material to the Firm's advisory business.

Item 10 – Other Financial Industry Activities and Affiliations

- A. Neither the Firm nor any of its management persons is registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. The Firm claims an exemption from registration with the CFTC as a CPO pursuant to CFTC Rule 4.13(a)(3) and, accordingly, is not subject to certain regulatory requirements with respect to the Funds it manages that would otherwise be applicable absent such an exemption. In accordance with such exemption, at all times, the Master Funds (or the feeder funds, through the Master Funds) establishes a commodity interest or security futures position, either (a) the aggregate initial margin and premiums required to establish such positions will not exceed 5% of the liquidation value of the feeder fund's or each Master Funds' portfolios respectively; or (b) the aggregate net notional value of such positions will not exceed 100% of the liquidation value of the feeder fund's or each Master Funds' portfolios, respectively. The Firm also serves as the commodity trading advisor ("CTA") with respect to each of the Funds. The Firm is not, and is not required to be, registered with the CFTC as a CTA with respect to any of the Funds pursuant to one or more exemptions from such registration.

- C. As described above, the Firm serves as the Investment Adviser to affiliated pooled investment vehicles which are managed through two master-feeder structures.

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

- A. The Firm has adopted a Code of Ethics pursuant to Rule 204A-1 of the Advisers Act which is available to any Fund or investor upon request to the Firm's Compliance Department. The Code of Ethics sets forth standards that Employees are required to uphold and contains policies and procedures that are relevant to ethical conduct and the avoidance of conflicts of interest, such as insider trading and personal securities transactions. On a quarterly basis, Employees are required to certify that they have complied, and will continue to comply, with the provisions of the Code of Ethics.
- B. The Firm generally does not recommend to clients securities in which the Firm or its related persons have a material financial interest. As described in response to Item 11.D. below, from time to time, the Firm's Employees trade in securities that are recommended to clients.
- C. The Firm does not engage in proprietary trading and manages its trading of affiliated investment vehicles through use of "master-feeder" structures. Generally, when the Firm purchases securities for more than one Master Fund, trade execution will take place at an aggregated level across both Master Funds, unless such aggregation is not consistent with its duty to obtain best execution or aggregation is not consistent with the terms of the investment guidelines, investment objectives and/or restrictions for one or more of the Master Funds. When possible, each Master Fund will participate at the average price for all of the Firm's transactions in that security on a given business day, with transaction costs shared based on each Master Fund's participation in the transaction. A trade allocation schedule will be determined, generally no more frequently than monthly, which specifies how the order will be allocated among each Master Fund. It should be noted that an aggregated order may be allocated on a basis different from that specified in the trade allocation schedule if both Master Funds receive fair and equitable treatment and the reason for the different allocation is explained and is approved by the CFO, COO/GC, or CCO. Reasons for allocating on a basis different from that specified in the trade allocation schedule may include, but are not limited to, a Master Fund's investment guidelines and restrictions, risk parameters, liquidity requirements, portfolio exposure, permitted or available counterparties, hedging, tax or legal reasons, and to avoid odd-lots or in cases when a pro rata allocation would result in a de minimis allocation to a Master Fund. In the event of a de minimis allocation the de minimis shares shall be allocated as detailed in trade allocation schedule or in a manner otherwise pre-approved by the CFO, COO/GC, or CCO. The Firm believes that the master-feeder structures create significant operational efficiencies, which in turn reduces operational risk and the potential for trade allocation errors. Further, it provides for a more creditworthy vehicle, which the Firm believes will allow it to obtain more beneficial financing terms from each Master Fund's counterparties. The Firm's books and records will separately reflect, for each Master Fund, all orders at the aggregated level in which the Master Funds participated, and all securities held by, and bought and sold for, that Master Fund. For avoidance of doubt, the Firm may rely upon the allocation records kept by its prime-brokers, each of the Master Fund's assets will be

deposited with one or more custodians, and the assets of each Master Fund will not be held collectively any longer than is necessary to settle the purchase or sale in question; cash or securities held collectively for the Master Funds will be delivered to the custodian as soon as practicable following settlement. The Firm will receive no additional compensation of any kind as a result of an aggregated order. Individual investment advice and treatment will be accorded to each Master Fund. As described in response to Item 11.D. below, from time to time, the Firm's Employees trade in securities that are recommended to clients.

- D. The Firm's Code of Ethics prohibits front running client trades and requires the Firm's Employees to report their personal securities holdings and transactions to the Firm for compliance review. In addition, the Firm generally prohibits "opening" transactions in publicly-traded individual stocks and individual options, and generally permits personal securities transactions in publicly-traded individual stocks and individual options only to dispose of pre-existing positions or in transactions in managed accounts over which the Employee has no direct or indirect influence or control. The Code of Ethics requires Employees to obtain preapproval before investing in a private investment.

Item 12 – Brokerage Practices

- A. The Firm has complete discretion in deciding which brokers-dealers each Master Fund will use, and in negotiating the rates of compensation the Master Funds will pay. Each Master Fund's securities transactions can be expected to generate a substantial amount of brokerage commissions and other compensation, all of which the Funds, not the Firm, will be obligated to pay. In consideration of the Firm's duties to the Funds, the Firm has implemented policies and procedures designed to ensure the appropriateness of broker-dealer selection and the reasonableness of broker-dealer compensation. Each broker-dealer that the Firm selects must be approved by the Compliance Department and the Firm's Trade Oversight Committee and be placed upon the list of approved broker-dealers that the Compliance Department maintains. In addition, the rate, amount, and allocation of broker-dealer compensation is reviewed by the Firm's Trade Oversight Committee on a quarterly basis.

The Firm selects broker-dealers on the basis of best execution, meaning that the Firm believes the selected broker-dealers will assist the Firm in its efforts to maximize the value of the securities portfolio. The Firm is not required to consider any particular criteria, and generally considers a variety of factors, which may include quality of execution, reputation, financial strength and stability, block trading and block positioning capabilities, willingness and ability to execute difficult transactions, willingness and ability to provide liquidity and/or commit capital, access to underwritten offerings and secondary markets, ongoing reliability, overall costs of a trade including commissions, mark-ups, mark-downs or spreads and other current transaction costs, nature of the security and the available market makers, desired timing of the transaction, size of the trade, confidentiality of trading activity, market intelligence, idea generation, availability of stocks to borrow for short sales, sourcing of and provision of research or brokerage services, and other similar services.

The Master Funds may pay for research and execution services with client securities transactions, known as "soft dollars," or "Commission Sharing Arrangements." The use of client transactions to obtain research or other products or services is a benefit to the Firm

because the Firm does not have to pay for them. The Firm generally uses soft dollars to pay for research or brokerage products or services within the meaning of the safe harbor created by Section 28(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Section 28(e) of the Exchange Act recognizes the potential conflict of interest involved in this activity but protects investment managers such as the Firm from claims that the activity involves a breach of fiduciary duty to advisory clients, even if the brokerage commission paid are higher than the lowest available, provided that the value of the commissions paid is reasonable in light of the value of the research and brokerage products received.

The Firm generally considers the amount and nature of research, execution, and other services provided by brokers as well as the extent to which such services are relied on and attempts to allocate a portion of the brokerage business of the Master Funds on the basis of that consideration. A broker is not precluded from receiving business because it does not provide research and brokerage services beyond execution services. However, relationships with brokerage firms that provide soft dollar services to the Firm may potentially influence the Firm’s judgment in the allocation of brokerage business and create a conflict of interest to the extent it could influence the Firm’s judgement in using the services of those brokers to execute each Master Fund’s brokerage transactions. The Firm believes that such allocation of brokerage business will help the Fund to obtain research and execution capabilities. However, each Master Fund’s trades executed through these brokers or dealers, or any other brokerage firm may or may not be at the best or lower price otherwise available. The Firm may cause clients to incur greater costs for execution of securities transactions than those charged by other broker-dealers in exchange for the soft dollar benefits described above. The Firm’s “master-feeder” structures ensure that each Fund receives benefits from the research products and services received that are proportional to the client securities transactions that were expended.

Research products and services paid through soft dollars and Commission Sharing Arrangements include, but are not limited to, proprietary research on companies and industry sectors, independent research, corporate access, and attendance at conferences.

The Firm’s process for overseeing the use of soft dollars and Commission Sharing Arrangements is summarized as follows. All services which a portfolio manager, analyst, or trader of the Firm wishes to pay for through a soft dollar and Commission Sharing Arrangement are submitted to the Compliance Department for approval. The CCO or their designee ensures that the products or services are eligible to be paid through Commission Sharing Arrangements with soft dollar brokers under the Firm’s policies and procedures and the provisions of Section 28(e) of the Exchange Act. The CCO also reviews all soft dollar and Commission Sharing Arrangements and oversees the Firm’s administration of its policies and procedures concerning the use of soft dollars.

The Firm does not consider Investor referrals from third parties when selecting or recommending broker-dealers to execute securities transactions.

The Firm does not currently engage in directed brokerage arrangements.

From time to time, the Firm’s prime brokers provide assistance in areas such as management consulting and selection of third-party service providers. This presents a potential conflict of interest in that it could incentivize the Firm to select prime brokers who offer consulting

services over those who do not. However, the Firm does not believe that these services are a material consideration in its selection process and further always remains mindful of its fiduciary duties to the Funds.

Item 13 – Review of Accounts

- A. The Firm's Investment Personnel review actual and potential portfolio investments during weekly Investment Committee meetings. In addition, Investment Personnel generally memorialize the investment thesis for and their assessment of the holdings in their portfolio in weekly reports. Compliance checks in the Firm's trade order management system screen for certain investment restrictions.
- B. The Investment Committee reviews the Master Funds' holdings on a periodic basis. Additionally, the Investment Committee, with the assistance of other members of the Firm's Senior Investment Personnel and the Firm's Risk Committee, regularly supervises all trading activity and monitors for associated risk with the assistance of reports created by the Director of Risk. The CEO retains ultimate authority for all investment decisions. Risk assessment messages are circulated when any securities position needs increased observation or attention.
- C. Investors are provided with written information regarding their accounts in the form of monthly statements reflecting the net asset value of their investment and annual audited financial statements for the Funds, which are distributed by the Funds' Administrator. These reports are distributed electronically to investors.

Item 14 – Client Referrals and Other Compensation

- A. No one other than the Firm's Funds provides an economic benefit to the Firm for providing investment advice or other advisory services.
- B. The Firm does not compensate any person for referrals.

Item 15 – Custody

The Firm has legal custody of funds or securities of the Funds in the sense of having the authority to access such funds and securities. The Firm uses qualified custodians to hold its securities, funds and other assets. Those custodians send reports to the Master Funds on a monthly basis, and make electronic reports available daily, which are used to internally reconcile with the Funds' Administrator. The Master Funds' qualified custodians do not send reports directly to investors in the Funds; however, the Administrator sends monthly net asset value statements to investors. Additionally, the Funds are subject to an annual audit by independent accountants. Investors should carefully review the monthly net asset value statements and annual audited financial statements they receive.

Item 16 – Investment Discretion

The Firm accepts discretionary authority to manage securities on behalf of its Funds through the investment management agreements with such Funds. This discretionary authority has no limitations.

Item 17 – Voting Client Securities

- A. The Firm exercises proxy voting authority for the Master Funds. The Firm’s Compliance Department is responsible for overseeing and monitoring all proxy votes to ensure that such votes adhere to the Firm’s proxy voting policy and procedures.

The Firm’s general policy is to vote proxy proposals, amendments, consents or resolutions relating to Master Funds’ securities, including interests in private investment funds, if any (collectively, “proxies”), in a manner that serves the best interests of the Funds that the Firm manages, as the Firm determines in its discretion, taking into account relevant factors, including, but not limited to, the impact on the value of the securities; the anticipated costs and benefits associated with the proposal; the effect on liquidity; and customary industry and business practices. The Firm retains discretion to abstain from voting any proxy if it determines that the cost of voting a proxy exceeds the expected benefit to its clients.

For routine matters, the Firm will vote in accordance with the recommendation of the company’s management, directors, general partners, managing members or trustees (collectively, the “Management”), as applicable, unless, in the Firm’s opinion, such recommendation is not in the best interests of the Funds. For non-routine matters, the Firm will generally vote in accordance with the recommendation of the company’s Management; however, such proxies related to non-routine matters may be voted otherwise on a case-by-case basis when in the best interests of the Funds, as determined by the investment staff whose responsibilities include coverage of the sector for which the proxies are being voted.

At times, conflicts may arise between the interests of the Funds and the interests of the Firm or its affiliates. In the event the Firm determines that it has or may be perceived to have a conflict of interest with respect to voting a proxy (such as an Employee’s status as an officer, director or controlling shareholder with respect to a personal investment; or an investor’s status as an officer, director or controlling shareholder with respect to a Fund position), the Firm will address matters involving such conflicts of interest as follows:

- If a proxy proposal is addressed by the Firm’s policies, such as in routine matters to vote with Management, the Firm will vote in accordance with such policies;
- If the proxy proposal is not addressed by the Firm’s policies, or requires a case-by-case determination, and the Firm determines that the expected benefit from voting exceeds the cost to the Fund, the Firm will at that time seek and vote in accordance with the recommendation of an independent proxy advisory service. The Firm will memorialize the rationale for of the decisions concerning such vote in writing.

Investors may obtain information from the Firm on how it voted with respect to their Fund’s securities by contacting the Firm’s Compliance Department.

The Firm retains a litigation recovery service, Battea Class Action Services (“Battea”) to recover proceeds from class action lawsuits on behalf of the Funds. A portion of the class action proceeds recovered on behalf of the Funds is remitted to Battea.

Item 18 – Financial Information

- A. The Firm does not require or solicit prepayment six months or more in advance of more than \$1,200 in fees per Fund, and therefore has not included a balance sheet.
- B. The Firm is not aware of any conditions that are reasonably likely to impair the Firm's ability to meet contractual commitments to the Funds.
- C. The Firm has never been the subject of a bankruptcy petition.