

# Saturn V Capital Management LP

## Part 2A of Form ADV

### The Brochure

919 Congress Ave., Suite 830  
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This brochure provides information about the qualifications and business practices of Saturn V Capital Management LP (“SATURN V”). If you have any questions about the contents of this brochure, please contact us at 415-738-4435. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about SATURN V is also available on the SEC’s website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Material Changes

SATURN V’s business activities have not changed materially since the last filing of this brochure dated October 2023. This brochure has been updated to reflect SATURN V’s regulatory assets under management as of December 31, 2023 and to supplement existing disclosures.

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## Advisory Business

SATURN V is a Delaware limited partnership originally formed in March 2021 as a Delaware limited liability company and reorganized as a Delaware limited partnership in September 2023. SATURN V’s founder, controlling owner and primary portfolio manager is Xiaoying Tian.

Although SATURN V may manage additional client accounts in the future, it currently provides discretionary advisory services to (1) Saturn V Capital, L.P., a Delaware limited partnership (the “Master Fund”), and (2) Blackwell Partners LLC – Series A, a Delaware limited liability company (“Blackwell”). The Master Fund operates as the Master Fund in a “mini-master” structure. The Master Fund is available for investment primarily by U.S. taxable investors that directly invest in the Master Fund as limited partners. These direct investors are “qualified purchasers” so that the Master Fund can be excluded from the definition of an “investment company” under section 3(c)(7) of the Investment Company Act of 1940 (“ICA”). The Master Fund’s offshore feeder fund that also invests as a limited partner is Saturn V Capital Offshore Ltd. (the “Offshore Feeder Fund”), a Cayman Islands exempted company and, together with the Master Fund, the “Funds”. The Offshore Feeder Fund invests substantially all of its assets in the Master Fund.

The Offshore Feeder Fund is available for investment primarily by non-U.S. investors and U.S. tax-exempt investors that are “qualified purchasers” so that it can rely on ICA section 3(c)(7).

Blackwell is a “fund of one” and is not available to other investors. Blackwell’s investor is a “qualified purchaser” and relies on ICA section 3(c)(7).

As of December 31, 2023, SATURN V managed on a discretionary basis, approximately \$400,282,991 of client assets. SATURN V does not manage any assets on a non-discretionary basis.

## **Fees and Compensation**

Management Fees. SATURN V’s compensation is negotiable and varies and is disclosed in each Fund’s private offering memorandum or Blackwell’s investment management agreement. SATURN V charges management fees to the Funds which are calculated as a percentage of assets of each Fund as of the first day of each fiscal quarter. The Funds’ management fee is payable in quarterly installments at the beginning of each fiscal quarter based on the net market value of each investor’s account on the date the fee accrues and becomes payable. SATURN V charges management fees to Blackwell which are calculated as a percentage of assets of Blackwell at the end of each fiscal quarter. Blackwell’s management fee is payable in arrears at the end of each fiscal quarter. The percentage of assets charged to investors ranges between 0% and 0.4375% per quarter. SATURN V may waive all or any portion of the management fees with respect to any investor in its sole discretion.

SATURN V’s affiliate, Saturn V Capital GP, LLC, a Delaware limited liability company (“Saturn V GP”), serves as general partner of the Master Fund. As general partner, Saturn V GP directly deducts the management fee described above, which it has assigned SATURN V. Investors in the Offshore Feeder Fund pay these management fees indirectly through their investment in the Master Fund.

Performance Allocations and Fees. Saturn V GP, as general partner to the Master Fund, is allocated a performance-based profits allocation, which is based on a percentage of net profits (including both realized and unrealized gains). Investors in the Offshore Feeder Fund pay these performance allocations indirectly through their investment in the Master Fund. SATURN V is paid a performance-based fee from Blackwell, which is based on a percentage of net profits (including both realized and unrealized gains). The percentage of net profits charged to investors ranges between 0% and 20% per annum.

The Performance Allocation and Fee payable to SATURN V is generally not negotiable. SATURN V may, however, in its sole discretion, provide certain investors with special fee and allocation arrangements that it does not provide to other investors. SATURN V may waive all or any portion of the performance allocations and fees with respect to any investor in its sole discretion.

SATURN V complies with Rule 205-3 under the Investment Advisers Act of 1940, if required. Performance allocations and fees may create an incentive for SATURN V to make more risky and speculative investments than it would otherwise make.

Expenses. Each Fund and Blackwell are responsible for its own costs and expenses, including but not limited to all general investment expenses (i.e., exchange commissions and expenses, brokerage commissions, research expenses, data processing costs and expenses, bank service fees, interest expenses, borrowing charges, custodial expenses, outsourced risk management advisory and software, investment-related consultants and travel costs that are research-related and other

investment expenses); all administrative, legal, accounting, auditing, record-keeping, tax form preparation, compliance, and consulting costs and expenses; all fees, costs and expenses related to middle office operations which may include daily reconciliation of cash, cost, positions, and valuations; fees, costs, and expenses of third-party service providers that provide such services (i.e., administrators, accounting firms, legal firms, insurance firms, prime brokers, software firms and other providers); costs and expenses associated with preparing investor communications, printing, and mailing costs; insurance costs and expenses (e.g., for the assets of the Funds and Blackwell, D&O, E&O) which a portion may be allocated to SATURN V; marketing and syndication expenses (including those incurred in marketing the Funds in the European Union); taxes and other governmental charges; governmental licensing, filing, and exemption fees (including Blue Sky filing fees); indemnification obligations; all expenses (including reasonable attorneys' fees) incurred in connection with any threatened, pending, or anticipated litigation, U.S. Internal Revenue Service ("IRS") examination or audit, or similar audit or examination by any state or local taxing authority, or other legal proceeding; costs of Foreign Account Tax Compliance Act ("FATCA") and other tax-related compliance including, without limitation, the OECD Standard for Automatic Exchange of Financial Account Information – Common Reporting Standard (the "CRS"), fees and expenses with respect to the AML officer roles, and any other services or service provider expenses deemed necessary by Saturn V GP on behalf of the Funds. SATURN V and Saturn V GP each bear their own operating, general, administrative and overhead costs and expenses, other than the expenses described above. Securities brokerage firms and futures commission merchants ("FCMs") that execute securities and commodities trades for the Master Fund and Blackwell, however, may pay part of these costs and expenses, as discussed in Brokerage Practices below.

SATURN V typically deducts management fees and performance allocations/fees directly from the Funds' and Blackwell's accounts and is also reimbursed directly from the Funds' and Blackwell's accounts to the extent that SATURN V incurs or pays for the Funds' and Blackwell's expenses that are detailed above.

If a Fund or Blackwell terminates or an investor withdraws or redeems, the investor bears expenses, the pro rata portion as follows:

Management Fees. If investors of the Funds are redeemed at any time other than at the end of a fiscal quarter, a pro rata portion of the management fee will be refunded to the investor for such partial quarter (based on the actual number of days remaining in such partial quarter) that was previously charged to the investor. Since Blackwell's management fees are charged in arrears, if Blackwell's investor redeems at any other time other than at the end of a fiscal quarter, management fees are increased for such partial quarter (based on the actual number of days the redeemed amount was in the account for such quarter).

Performance Allocations and Fees. If investors of the Funds and Blackwell are redeemed at any time other than at the end of a fiscal year, the investor is allocated or charged a performance fee based on the net profits of the redeemed amounts at the date of redemption.

Expenses. Expenses are allocated to investors of the Funds and Blackwell monthly. Redeemed amounts would be subject to monthly allocations of expense through redemption date.

SATURN V believes that its fees are competitive with fees charged by other investment advisers for comparable services. Comparable services may be available, however, from other sources for lower fees.

## **Performance Based Fees and Side-by-Side Management**

SATURN V currently manages only accounts that pay performance-based compensation as described above in Fees and Compensation. The potential differences in the amount of fees or allocations that the Funds and Blackwell pay may create an incentive for SATURN V to disproportionately allocate time, services or functions to clients paying at a higher rate, or disproportionately allocate investment opportunities to such clients. To address this conflict, SATURN V typically allocates all investment opportunities within each strategy on a pro rata basis, based on each account's assets available for the investment opportunity, as determined by SATURN V in its discretion. SATURN V does not manage accounts that do not pay performance-based compensation.

The exact method of calculation and other terms of any performance-based compensation are more fully detailed in the Funds' and Blackwell's governing documents.

## **Types of Clients**

SATURN V provides investment advice to investment funds. Investors in the Master Fund and the Offshore Feeder Fund are required to invest at least \$1,000,000. SATURN V may waive these minimums in its sole discretion.

## **Methods of Analysis, Investment Strategies and Risk of Loss**

### Investment Strategy

Blackwell's and the Funds' investment objective is to seek capital appreciation by investing primarily in biotechnology companies in the United States and globally. SATURN V uses statistical modeling as part of a proprietary data-driven method for predicting the outcomes of drug candidate clinical trials and invests the Fund's assets primarily in companies it predicts are likely to have positive or negative clinical trial results.

There can be no assurance that Blackwell and the Funds will achieve this objective or that substantial losses will not be incurred.

SATURN V has wide latitude to invest or trade Blackwell's and the Funds' assets, to pursue any particular strategy or tactic, or to change the emphasis without obtaining the approval from its investors. The investment strategy imposes no significant limits on the types of instruments in which SATURN V may take positions, the type of positions it may take, its ability to borrow money, or the concentration of investments by sector, industry, issuer, counterparty, servicer, country, asset class or otherwise. In addition, the description of virtually every trading strategy must be qualified by the fact that trading approaches are continually changing, as are the markets invested in by SATURN V.

SATURN V's investment strategies are driven by various methods of analysis, including but not limited to fundamental proprietary research, traditional security analysis, broker and research provider analysis as well as industry knowledge and expertise of SATURN V's personnel.

### Risk Factors

No guarantee or representation is made that Blackwell and the Funds will achieve their investment objectives. Investment in Blackwell and the Funds involves significant risks and conflicts of interest, including, but not limited to, the risks and conflicts of interest set forth below. The risks set out below do not purport to be exhaustive. Additional risks and uncertainties that are currently unknown or currently deemed immaterial may become material factors that affect Blackwell and the Funds. Prospective investors should carefully consider the risks involved in an investment in the Funds, including but not limited to those discussed below. Prospective investors should consult their own legal, tax and financial advisers as to all these risks and as to an investment in the Funds generally.

#### *General Risk Factors*

**Limited Operating History.** Blackwell and the Funds have limited operating history and therefore may not be able to operate its business, implement its investment strategy, or generate sufficient revenue to make or sustain distributions to investors. Failure to procure adequate funding and capital could adversely affect Blackwell's and the Funds' ability to grow and/or expand its business, which can negatively impact its performance. In addition, the past investment performance of Blackwell and the Funds or other entities or accounts managed by SATURN V or any of its principals, employees or affiliates is not indicative of the future performance of Blackwell and the Funds.

**Start-Up Periods.** Blackwell and the Funds may encounter start-up periods during which they will incur certain risks relating to the initial investment of newly contributed assets. Moreover, the start-up periods also represent a special risk in that the level of diversification of Blackwell's and the Funds' portfolio may be lower than in a fully invested portfolio.

**Reliance on the SATURN V and no Authority by investors.** The success of Blackwell and the Funds depends on the ability of SATURN V to develop and implement investment strategies to achieve Blackwell's and the Funds' investment objectives. Although SATURN V may impose limits on the types of positions Blackwell and the Funds may take, or the concentration of their investments, the governing documents imposes no such limits. Investors will have no right or power to take part in the management of Blackwell and the Funds. Blackwell's and the Funds' investment performance could be materially adversely affected if any members of the investment team were to die, become ill or disabled, or otherwise cease to be involved in the active management of the business of Blackwell's and the Funds' portfolio.

**Dependence on Key Personnel.** SATURN V is dependent on the services of its principals and key personnel, particularly Xiaoying Tian. The success of Blackwell and the Funds may depend to a great extent on the investment skills of SATURN V's principals and key personnel. There can be no assurance that Xiaoying Tian or any other principals or key personnel will continue to be

associated with SATURN V, and its affiliates. Blackwell and the Funds may be adversely affected if, because of illness, resignation, or other factors, the services of the relevant people were not available for any significant period of time.

**Undisclosed Investing Strategy.** SATURN V's investment strategy and the techniques it will employ to attempt to reach Blackwell's and the Funds' goals are proprietary and are not required to be disclosed to potential investors. As a result, a potential investor's decision to invest in the Funds must be made without the benefit of being able to review and analyze SATURN V's strategy and techniques.

**Undisclosed Positions.** In an effort to protect the confidentiality of its positions and its strategies, SATURN V generally will not disclose Blackwell's and the Funds' positions to investors on an ongoing basis. SATURN V may from time to time permit such disclosure to certain investors.

**Changes in Investment Strategies.** SATURN V has broad discretion to expand, revise or contract Blackwell's and the Funds' business without the consent of the investors. Blackwell's and the Funds' investment strategies may be altered, without prior approval by, or notice to, the investors, if SATURN V determines that such change is in the best interest of Blackwell and the Funds.

**Operating Deficits.** The expenses of operating Blackwell and the Funds (including Management Fees payable to SATURN V) could exceed their income. This would require that the difference be paid out of the Blackwell and the Funds' capital, reducing the amount of capital available to the Blackwell and the Funds for investment and Blackwell's and the Funds' potential for profitability.

**Business and Regulatory Risks of Hedge Funds.** Legal, tax and regulatory changes could occur during the term of Blackwell and the Funds that may adversely affect them. The regulatory environment for hedge funds is evolving, and changes in the regulation of hedge funds may adversely affect the value of investments held by Blackwell and the Funds and the ability of Blackwell and the Funds to obtain the leverage it might otherwise obtain or to pursue its trading strategies. In addition, securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. The SEC, other regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The regulation of derivative transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial actions. The effect of any future regulatory change on Blackwell and the Funds could be substantial and adverse.

**Enhanced Scrutiny and Potential Regulation of Private Investment Funds.** There has been enhanced governmental scrutiny and/or increased regulation of the private investment fund and financial services industries in general. Future legislation may have an adverse effect on the private investment fund industry generally and/or on Blackwell and the Funds, specifically. In addition, regulatory agencies in the U.S., Europe, or elsewhere may adopt burdensome laws (including tax laws) or regulations, or changes in law or regulation, or in the interpretation or enforcement thereof, which are specifically targeted at the private investment fund industry, or other changes that could adversely affect private investment firms and the funds they sponsor, including Blackwell and the Funds. Additional governmental scrutiny may reduce the availability of Blackwell's and the Funds' investment opportunities and may increase Blackwell's and the Funds' and SATURN V's exposure

to potential liabilities and to legal, compliance and other related costs. Such increased regulation and scrutiny could have a material and adverse effect on Blackwell and the Funds.

**Assignment of Advisory Contracts.** Federal and state laws applicable to investment advisers (including, without limitation, the Investment Advisers Act and rules promulgated thereunder) may impose limitations on SATURN V's ability to assign certain of its rights and obligations under governing documents. Normally, such limitations would permit SATURN V, as applicable, to engage in transactions that do not involve a change of control of SATURN V without the consent of the investors. However, to the extent that an assignment does involve a change of control, SATURN V will be required to seek consent of investors before the transaction can be consummated. To the extent that the consent of investors is required for a particular assignment, such consent may be withheld to a transaction that would, in the view of SATURN V benefit Blackwell and the Funds and/or the investors. Generally, these laws do not require a minimum length of time for notices or deadlines to provide or withhold consent. SATURN V may establish reasonable notice periods and deadlines in their sole discretion. SATURN V may seek investor consent via electronic means and/or negative consent.

**Cybersecurity Risk.** As part of its business, SATURN V processes, stores, and transmits large amounts of electronic information, including information relating to the transactions of Blackwell and the Funds and personally identifiable information of the investors. Similarly, service providers of SATURN V, or Blackwell and the Funds, may process, store and transmit such information. SATURN V 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 SATURN V may be susceptible to compromise, leading to a breach of SATURN V's network. SATURN V's systems or facilities may be susceptible to employee error or malfeasance, government surveillance, or other security threats. Breach of SATURN V's information systems may cause information relating to the transactions of Blackwell and the Funds and personally identifiable information of the investors to be lost or improperly accessed, used, or disclosed.

The service providers of SATURN V and Blackwell and the Funds are subject to the same electronic information security threats as SATURN V. 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 Blackwell and 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 SATURN V's, or Blackwell's and the Funds' proprietary information may cause SATURN V or Blackwell 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 Blackwell and the Funds.



Force Majeure. Blackwell's and the Funds' investments may be affected by force majeure events (i.e., events beyond the control of the party claiming that the event has occurred, including, without limitation, acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, war, terrorism, labor strikes, major plant breakdowns, pipeline or electricity line ruptures, failure of technology, defective design and construction, accidents, demographic changes, government macroeconomic policies, social instability, etc.). Some force majeure events may adversely affect the ability of a party (including Blackwell and the Funds or a counterparty to Blackwell and the Funds) to perform its obligations until it is able to remedy the force majeure event and/or prompt precautionary government-imposed closures of certain travel and business. In addition, forced events, such as the cessation of the operation of machinery for repair or upgrade, could similarly lead to the unavailability of essential machinery and technologies. These risks could, among other effects, adversely impact Blackwell's and the Funds' returns, cause personal injury or loss of life, disrupt global markets, damage property, or instigate disruptions of service. In addition, the cost to Blackwell and the Funds of repairing or replacing damaged assets resulting from such force majeure event could be considerable. Force majeure events that are incapable of or are too costly to cure may have a permanent adverse effect on Blackwell's and the Funds' expected returns. Certain force majeure events (such as war, terrorism, or an outbreak of an infectious disease) could have a broader negative impact on the world economy and international business activity generally, or in any of the countries in which Blackwell and the Funds may invest and the markets Blackwell and the Funds may trade specifically. Military action or governmental sanctions prompted by certain force majeure events may further impact general economic conditions and market liquidity internationally or in the specific markets Blackwell and the Funds invests. Additionally, a major governmental intervention into industry, including the nationalization of an industry or the assertion of control over industry assets, could result in losses to Blackwell and the Funds, including if its investments are canceled, unwound or acquired (which could be without adequate compensation). Any of the foregoing may therefore adversely affect the performance of Blackwell and the Funds and its investments.

### *Investment and Trading Risks*

General Investment and Trading Risks. An investment in Blackwell and the Funds involves a high degree of risk, including the risk that the entire amount invested may be lost. Blackwell and the Funds invest in securities and other financial instruments using strategies and investment techniques with significant risk characteristics. No guarantee or representation is made that Blackwell's and the Funds' program will be successful. Blackwell's and the Funds' investment program may utilize investment techniques, the use of which can, in certain circumstances, maximize the adverse impact to which Blackwell and the Funds may be subject.

Equity Securities. The value of the equity securities held by Blackwell and the Funds are subject to market risk, including changes in economic conditions, growth rates, profits, interest rates and the market's perception of these securities. While offering greater potential for long-term growth, equity securities are more volatile and riskier than some other forms of investment.

Small- and Mid-Cap Risks. A portion of Blackwell's and the Funds' assets may be invested in securities of small-cap and mid-cap issuers. While in SATURN V's opinion the securities of small- and mid-cap issuers may offer the potential for greater capital appreciation than investments in

securities of large-cap issuers, securities of small- and mid-cap issuers may also present greater risks. For example, some small- and mid-cap issuers often have limited product lines, markets, or financial resources. They may be subject to high volatility in revenues, expenses, and earnings. Their securities may be thinly traded, may be followed by fewer investment research analysts, and may be subject to wider price swings, and thus may create a greater chance of loss than when investing in securities of larger-cap issuers. The market prices of securities of small- and mid-cap issuers generally are more sensitive to changes in earnings expectations, to corporate developments, and to market rumors than are the market prices of large-cap issuers. Transaction costs in securities of small- and mid-cap issuers may be higher than in those of large-cap issuers.

**Exchange-Traded Funds.** Blackwell and the Funds may invest in exchange-traded funds (“ETFs”), which are a type of index fund bought and sold on a securities exchange. The risks of owning ETF shares generally reflect the risks of owning the underlying securities they are designed to track, although lack of liquidity in an ETF could result in it being more volatile. Investors in ETFs bear a proportionate share of the expenses of those ETFs, including management fees, custodial and accounting costs, brokerage commissions, and other transaction costs. ETFs are also subject to other risks, including the risk that their prices may not correlate perfectly with changes in the underlying index and the risk of possible trading halts due to market conditions or other reasons that, in the view of the exchange upon which an ETF trades, would make trading in the ETF inadvisable. An exchange-traded sector fund may also be adversely affected by the performance of that specific sector or group of industries on which it is based.

**Options.** Blackwell and the Funds may buy or sell (write) both call options and put options on various underlying investments including options on specific securities, options on securities indices, and options on security futures contracts. When Blackwell and the Funds writes options, it may do so on a “covered” or an “uncovered” basis. A call option is “covered” when the writer owns investments of the same class and amount as those to which the call option applies. A put option is covered when the writer has an open short position in investments of the relevant class and amount. Blackwell’s and the Funds’ option transactions may be part of a hedging strategy (i.e., offsetting the risk involved in another investment position) or a form of leverage, in which Blackwell and the Funds have the right to benefit from price movements in a large number of investments with a small commitment of capital. These activities involve risks that can be substantial, depending on the circumstances.

In general, without taking into account other positions or transactions Blackwell and the Funds may enter into, the principal risks involved in options trading can be described as follows: When Blackwell and the Funds buy an option, a decrease (or inadequate increase) in the price of the underlying security in the case of a call, or an increase (or inadequate decrease) in the price of the underlying security in the case of a put, could result in a total loss of their investment in the option (including commissions). Blackwell and the Funds could mitigate those losses by selling short, or buying puts on, the investments for which it holds call options, or by taking a long position (e.g., by buying the investments or buying calls on them) in investments underlying put options.

When Blackwell and the Funds sell (write) an option, the risk can be substantially greater than when they buy an option. The seller of an uncovered call option bears the risk of an increase in the market price of the underlying security above the exercise price. The risk is theoretically unlimited unless

the option is “covered”. If it is covered, Blackwell and the Funds would forego the opportunity for profit on the underlying security should the market price of the security rise above the exercise price. If the price of the underlying security were to drop below the exercise price, the premium received on the option (after transaction costs) would provide profit that would reduce or offset any loss Blackwell and the Funds might suffer as a result of owning the security. Swaps and certain options and other custom instruments are subject to the risk of non-performance by the swap counterparty, including risks relating to the creditworthiness of the swap counterparty, market risk, liquidity risk and operations risk.

**Derivatives.** Derivatives are financial contracts whose value depends on, or is derived from, an underlying product, such as the value of a futures or commodities contract. SATURN V may make use of derivatives in its trading. Derivatives often carry a high degree of embedded leverage and consequently, are highly price sensitive to changes in interest rates, government policies, economic forecasts and other factors which generally have a much less direct impact on the price levels of the underlying instruments. Specifically, the risks generally associated with derivatives include the risks that: (1) the value of the derivative will change in a manner detrimental to Blackwell and the Funds; (2) before purchasing the derivative, Blackwell and the Funds will not have the opportunity to observe its performance under all market conditions; (3) another party to the derivative may fail to comply with the terms of the derivative contract; (4) the derivative may be difficult to purchase or sell; and (5) the derivative may involve indebtedness or economic leverage, such that adverse changes in the value of the underlying asset could result in a loss substantially greater than the amount invested in the derivative itself or in heightened price sensitivity to market fluctuations.

**Foreign Exchange (Forex) Trading.** The off-exchange spot foreign exchange (“Forex”) market is where currencies are traded. The Forex market is very loosely regulated and there is no central marketplace for currency exchange, rather, trade is conducted over-the-counter in the “Interbank Market”. Positions which are traded on the Forex market can have inherent leverage and accordingly, such positions can carry some degree of risk and can result in a loss of all or substantially all of the assets placed in the margin account.

**Forward Contracts.** Blackwell and the Funds may invest in forward contracts and options thereon which, unlike futures contracts, are not traded on exchanges and are not standardized; rather banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and “cash” trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. Disruptions can occur in any market traded by Blackwell and the Funds due to political intervention or other factors. The imposition of controls by government authorities might also limit such forward (and futures) trading to the possible detriment of Blackwell and the Funds. Market illiquidity or disruption could result in major losses to Blackwell and the Funds.

**Short Selling.** Short selling involves selling securities which are not owned and borrowing them for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from declines in market prices to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. The extent to which Blackwell and the Funds engage in short sales depends upon SATURN V’s investment strategy and opportunities. 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 Blackwell and the Funds of buying those securities to cover the short position. There can be no assurance that Blackwell and the Funds will be able to maintain the ability to borrow securities sold short. In such cases, Blackwell and the 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 are available for purchase at or near prices quoted in the market. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

**Highly Volatile Markets.** The prices of financial instruments in which Blackwell and the Funds may invest can be highly volatile. Price movements of forward and other derivative contracts in which Blackwell’s and the Funds’ assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. Blackwell and the Funds are subject to the risk of failure of any of the exchanges on which their positions trade or of their clearinghouses.

**Fixed-Income Securities.** Blackwell and the Funds may invest in bonds or other fixed-income securities issued or guaranteed by the U.S. Government or one of its agencies or instrumentalities. The value of fixed-income securities (including sovereign debt instruments) in which Blackwell and the Funds will invest will change in response to fluctuations in interest rates. In addition, the value of certain fixed-income securities can fluctuate in response to perceptions of credit worthiness, political stability, or soundness of economic policies. Valuations of other fixed-income instruments may fluctuate in response to changes in the economic environment that may affect future cash flows. Except to the extent that values are independently affected by currency exchange rate fluctuations, when interest rates decline, the value of fixed-income securities generally can be expected to rise. Conversely, when interest rates rise, the value of fixed-income securities generally can be expected to decline. The longer a debt security’s duration, the more sensitive such debt security is to this risk.

**Net Cash.** Blackwell and the Funds may hold a significant portion of its portfolio in cash and cash equivalents. This may result in Blackwell’s and the Funds’ investment results underperforming market indices, or a portfolio which is 100% invested without any net cash holdings.

**Concentration in Healthcare Industry.** The focus of Blackwell and the Funds on companies in the healthcare and biotechnology industry sector means that Blackwell’s and the Funds’ performance will be closely tied to and affected by events occurring in the healthcare and biotechnology sector. Companies in the same sector often face similar obstacles, issues, and regulatory burdens. As a result, Blackwell and the Funds will be affected to a greater extent by factors affecting such companies than would be the case if Blackwell and the Funds held a more diversified portfolio. Healthcare companies may be affected by a wide variety of factors, including demand for their products, patent considerations, government policies, regulatory requirements of various federal and state agencies, technological advances and general economic conditions.

**Regulatory Approvals.** Companies in the healthcare industry are typically subject to governmental regulation and approval of their products and services, which can have a significant effect on their

market price. Usually, the companies require the approval of agencies such as the U.S. Food and Drug Administrations (“FDA”) prior to marketing their products to the public. Of particular significance are the FDA requirements covering research and development, testing, manufacturing, quality control, labeling and promotion of drugs for human use. The approval process is very lengthy and very costly, and while SATURN V believes that its proprietary data-driven method for predicting the outcomes of drug candidate clinical trials gives Blackwell and the Funds an advantage over more conventional biotech investors, there can be no guarantee that its predictions will be accurate or that a portfolio company will obtain the necessary approvals for its products. If a company is unable to obtain these approvals in a timely fashion, the company may experience significant adverse effects, which in turn could negatively affect the performance of Blackwell and the Funds. Moreover, the current regulatory framework may change, or additional regulations may arise at any stage during the product development phase of a company, which may affect the company’s ability to obtain approval of its products, or may affect the accuracy of SATURN V’s predictions. Moreover, stock prices of biotechnology companies are very volatile, particularly when their products are up for regulatory approval and/or under regulatory scrutiny. Consequently, Blackwell’s and the Funds’ performance may sometimes be significantly better or worse than that of other types of funds.

**Intellectual Property Considerations.** Blackwell and the Funds may invest in securities of companies that will need to obtain patents for their products, both in the U.S. and in other countries. The patent protection of the intellectual property of healthcare technology companies in many countries is highly uncertain and involves complex legal, scientific and factual issues that vary from jurisdiction to jurisdiction. If a company in which Blackwell and the Funds is invested fails to secure or maintain patent protection in any jurisdiction, it could materially adversely affect Blackwell’s and the Funds’ performance.

**Product Liability.** Liability of healthcare companies for products that are later alleged to be harmful or unsafe may be substantial and may have a significant impact on a life science company’s market value and/or share price.

**Unidentified Investments; Competitive Market for Investments.** SATURN V may be very selective when seeking investments. The business of identifying and structuring certain transactions is competitive (and may become more competitive in the future) and involves a high degree of uncertainty. There can be no assurance that SATURN V will be able to locate and complete attractive investments or that it will be able to adhere to the investment strategy outlined herein. Furthermore, there can be no assurance that SATURN V will be able to invest the entire amount of Blackwell’s and the Funds’ assets, or that suitable investment opportunities will otherwise be identified. If SATURN V is unable to identify adequate investments at any given time, a significant portion of Blackwell’s and the Funds’ assets may be held in cash or equivalents, which produce low rates of return.

**Use of Leverage.** Blackwell and the Funds may leverage its capital because SATURN V believes that the use of leverage may enable Blackwell and the Funds to achieve a higher rate of return. Accordingly, Blackwell and the Funds may pledge its investments in order to borrow additional funds for investment purposes. Blackwell and the Funds may also leverage its investment return with options, short sales, swaps, forwards, and other derivative instruments. The amount of

borrowings which Blackwell and the Funds may have outstanding at any time may be substantial in relation to their capital. There is no limit on Blackwell's and the Funds' ability to borrow or use leverage. While leverage presents opportunities for increasing Blackwell's and the Funds' total return, it has the effect of potentially increasing losses as well. Accordingly, any event which adversely affects the value of an investment by Blackwell and the Funds would be magnified to the extent Blackwell and the Funds are leveraged. The cumulative effect of the use of leverage by Blackwell and the Funds in a market that moves adversely to Blackwell's and the Funds' investments could result in a substantial loss to Blackwell and the Funds which would be greater than if Blackwell and the Funds were not leveraged. The use of short-term margin borrowings results in certain additional risks to Blackwell and the Funds. For example, should the securities pledged to brokers to secure Blackwell's and the Funds' margin accounts decline in value, Blackwell and the Funds could be subject to a "margin call", pursuant to which Blackwell and the Funds 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. In the event of a sudden drop in the value of Blackwell's and the Funds' assets, Blackwell and the Funds might not be able to liquidate assets quickly enough to satisfy its margin requirements.

**Use of Financing.** Blackwell and the Funds may borrow by entering into reverse repurchase agreements. Under a reverse repurchase agreement, Blackwell and the Funds sell securities and agree to repurchase them at a mutually agreed date and price. Reverse repurchase agreements may involve the risk that the market value of the securities retained in lieu of sale by Blackwell and the Funds may decline below the price of the securities Blackwell and the Funds has sold but is obligated to repurchase. In the event the buyer of securities under a reverse repurchase agreement files for bankruptcy or becomes insolvent, such buyer or its trustee or receiver may receive an extension of time to determine whether to enforce Blackwell's and the Funds' obligation to repurchase the securities and Blackwell's and the Funds' use of the proceeds of the reverse repurchase agreement may effectively be restricted pending such decision. To the extent that, in the meantime, the value of the securities that Blackwell and the Funds have purchased have decreased, Blackwell and the Funds could experience a loss. The financing used by Blackwell and the Funds to leverage their portfolio is extended by securities brokers and dealers in the marketplace in which Blackwell and the Funds invest. While Blackwell and the Funds attempt to negotiate the terms of these financing arrangements with such brokers and dealers, their ability to do so is limited. Blackwell and the Funds are therefore subject to changes in the value that the broker-dealer ascribes to a given security or position, the amount of margin required to support such security or position, the borrowing rate to finance such security or position and/or such broker-dealer's willingness to continue to provide any such credit to Blackwell and the Funds. Because Blackwell and the Funds currently have no alternative credit facility which could be used to finance its portfolio in the absence of financing from broker-dealers, it could be forced to liquidate its portfolio on short notice to meet its financing obligations. The forced liquidation of all or a portion of Blackwell's and the Funds' portfolio at distressed prices could result in significant losses to Blackwell and the Funds.

**Hedging Transactions.** SATURN V on behalf of Blackwell and the Funds will not, in general, attempt to hedge all or any market or other risks inherent in Blackwell's and the Funds' portfolio positions, and may hedge certain risks, if at all, only partially. Blackwell and the Funds may choose not, or may determine that it is economically unattractive, to hedge all or certain risks – either in respect of particular positions or in respect of its overall portfolio. Blackwell's and the Funds'

portfolio composition will commonly result in various directional market risks remaining unhedged. Even if SATURN V is successful in reducing or controlling risk through hedging, the cost of hedging may have the effect of reducing returns. Furthermore, it is possible that SATURN V's hedging strategies will not be effective in controlling risk, due to unexpected non-correlation (or even positive correlation) between the hedging instrument and the position being hedged, increasing rather than reducing both risk and losses.

**Limited Diversification.** The governing documents do not limit the amount of Blackwell's and the Funds' capital that may be committed to any single investment, industry, or sector, and Blackwell and the Funds will invest the bulk of its assets in the healthcare and biotechnology industry. At any given time, it is therefore possible that SATURN V may select investments that are concentrated in a limited number or types of investments. This limited diversity could expose Blackwell and the Funds to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in those investments.

**Non-U.S. Securities.** Investments outside the U.S. or denominated in non-U.S. currencies pose currency exchange risks (including blockage, devaluation, and non-exchangeability) as well as a range of other potential risks that could include, depending on the country involved, expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, political or social instability, illiquidity, price volatility, and market manipulation. In addition, less information may be available regarding securities of non-U.S. issuers, and non-U.S. issuers may not be subject to accounting, auditing and financial reporting standards and requirements comparable to or as uniform as those of U.S. issuers. Transaction costs of investing in non-U.S. securities markets are generally higher than in the U.S. because of the cost of converting a non-U.S. currency to U.S. Dollars, the payment of fixed brokerage commissions on some non-U.S. exchanges, and the imposition of transfer taxes or transaction charges by non-U.S. exchanges. There is generally less government supervision and regulation of exchanges, brokers and issuers than there is in the United States. An issuer of securities may be domiciled in a country other than the country in whose currency the instrument is denominated. Blackwell and the Funds might have greater difficulty taking appropriate legal action in non-U.S. courts. Non-U.S. markets also have different clearance and settlement procedures which in some markets have at times failed to keep pace with the volume of transactions, thereby creating substantial delays and settlement failures that could adversely affect Blackwell's and the Funds' performance.

**Security Breaches.** Any security breach caused by hacking, which involves efforts to gain unauthorized access to information or systems, or to cause intentional malfunctions or loss or corruption of data, software, hardware or other computer equipment, and the inadvertent transmission of computer viruses, could result in the halting of Blackwell's and the Funds' operations, the suspension of redemptions or a loss of Blackwell's and Funds' assets. While SATURN V generally intend to use and rely on third party security systems maintained by the exchanges on which Blackwell's and the Funds' trades are effected, such security systems are not impenetrable and may not be free from defect, and any loss due to a security breach or software defect will not be borne by Blackwell and the Funds.

**Systems and Operational Risk.** Blackwell's and the Funds' investment strategy relies extensively on computer programs and systems to trade, clear and settle securities transactions, to evaluate

certain securities based on real-time trading information, to predict the outcomes of drug candidate clinical trials, monitor its portfolio and net capital, and to generate risk management and other reports that are critical to oversight of account activities. In addition, certain of SATURN V's operations interface with or depend on systems operated by third parties, including its prime brokers and market counterparties and their sub-custodians and other service providers, and SATURN V may not be in a position to verify the risks or reliability of such third-party systems. These programs or systems may be subject to certain defects, failures or interruptions, including, but not limited to, those caused by worms, viruses and power failures. Any such defect or failure could have a material adverse effect on Blackwell's and the Funds' portfolio.

**Possibility of Losses Associated with Proprietary Investment Activities.** SATURN V utilizes a proprietary investment screening process, and Blackwell and the Funds may from time to time make or maintain large proprietary investment positions in securities. Market fluctuations and other factors may result in substantial losses which may not have been possible had such a proprietary screening process not been used. Although SATURN V believes such investment screening process is proprietary, it cannot guarantee that the confidentiality of such process will be maintained, that it gives SATURN V a competitive advantage or that other investment managers do not employ the same or similar practices in their investment programs.

**Currency.** Blackwell and the Funds may invest a portion of its assets in instruments denominated in currencies other than the U.S. dollar, the price of which is determined with reference to currencies other than the U.S. dollar. Capital Accounts will, however, be valued in U.S. dollars. To the extent unhedged, the value of the assets will fluctuate with U.S. dollar exchange rates as well as the price changes of investments in the various local markets and currencies. Thus, an increase in the value of the U.S. dollar compared to the other currencies will reduce, all other economic factors being constant, the effect of increases and magnify the effect of decreases in the prices of the account's securities in their local markets. Conversely, a decrease in the value of the U.S. dollar will have the opposite effect on non-U.S. dollar securities. Blackwell and the Funds may, but are not required to, utilize various instruments to hedge against currency fluctuations, but there can be no assurance that such hedging transactions will be effective.

**Illiquid Investments.** Blackwell and the Funds may invest in securities and other assets, which are subject to legal or other restrictions on transfer or for which no liquid market exists. The market prices, if any, for such investments tend to be volatile and may not be readily ascertainable, and Blackwell and the 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 over-the-counter markets. Blackwell and the Funds may not be able to readily dispose of such illiquid investments, and in some cases, may be contractually prohibited from disposing of such investments for a specified period of time. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale. An investment in Blackwell and the Funds is suitable only for certain sophisticated investors who do not require immediate liquidity for their investments.



Counterparty Risk. Some of the markets in which Blackwell and the Funds may affect their transactions are “over-the-counter” or “interdealer” markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of “exchange-based” markets. This exposes Blackwell and the Funds to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing Blackwell and the Funds to suffer a loss. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where Blackwell and the Funds have concentrated their transactions with a single or small group of counterparties. Blackwell and the Funds are not restricted from dealing with any particular counterparty or from concentrating any or all of their transactions with one counterparty. Moreover, Blackwell and the Funds have no internal credit function that evaluates the creditworthiness of their counterparties. The ability of Blackwell and the Funds to transact business with any one or number of counterparties, the lack of any meaningful and independent evaluation of such counterparty’s financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by Blackwell and the Funds.

No Control Over Portfolio Companies. Blackwell and the Funds may acquire substantial positions in the securities of particular companies. Nevertheless, Blackwell and the Funds are unlikely to be represented on the board of directors or share any control over the management of any such company. The success of each investment depends on the ability and success of the management of that company, in addition to economic and market factors.

Reliance on Data-Driven Models. SATURN V employs a set of data-driven models in its investment strategy. Although these data-driven models have been tested, no assurance can be made that such models will perform the same in the future. Model-driven strategies employed by others have resulted in substantial losses in a short period of time.

Trade Errors. SATURN V is generally not responsible for any trade error made in any of Blackwell’s and the Funds’ accounts with any brokers or FCMs, even when the error hurts Blackwell and the Funds, unless such error results from SATURN V’s or its affiliate’s gross negligence, willful misconduct or fraud. SATURN V has established policies and procedures to identify and address trade errors.

### *Fund Risks*

Illiquidity of Interests; In-Kind Distributions. An investment in Blackwell and the Funds is relatively illiquid and is not suitable for an investor who needs liquidity. There is no public market for Interests (nor is any public market expected to develop for such Interests) and the governing documents impose significant limitations on investors’ abilities to transfer interests. Interests may not be transferred or pledged except in compliance with significant restrictions on transfer as required by Federal and state securities and commodities laws and as provided in the governing documents. The governing documents do not permit an investor to transfer or pledge all or any part of its interest to any person without the prior written consent of SATURN V, the granting of which is in SATURN V’s sole discretion. In addition, rights to withdraw funds from Blackwell and the Funds are subject to several limitations. SATURN V may consent (or, in its sole discretion, decline

to consent) to deviations from one or more of the procedures or limitations regarding withdrawals. SATURN V has the discretion to cause Blackwell and the Funds to deliver amounts withdrawn in-kind rather than cash. The assets so delivered may be relatively illiquid and the investor would bear the risk of a decline in their value after the effective time of its withdrawal. Further, such investments so distributed may not be readily marketable or saleable and may have to be held by such investor for an indefinite period of time. Any such in-kind distributions will not materially prejudice the interests of the remaining Investors. These facts, taken together, will significantly affect the liquidity of an investor's investment in Blackwell and the Funds.

**Effect of Substantial Withdrawals.** Substantial withdrawals by investors within a short period of time could require or result in the liquidation of investment positions more rapidly than would otherwise be desirable, possibly reducing the value of Blackwell's and the Funds' assets and/or disrupting SATURN V's investment strategy. Reduction in the size of Blackwell and the Funds could make it more difficult to generate a positive return or to recoup losses due to, among other things, reductions in Blackwell's and the Funds' ability to take advantage of particular investment opportunities or decreases in the ratio of its income to its expenses. SATURN V may permit some investors to have access to more information about Blackwell and the Funds' investments, or to obtain information more rapidly than investors generally. In addition, withdrawals or redemptions by investors in other investment vehicles or accounts managed by SATURN V, some of which may have more advantageous information and/or liquidity rights than those provided to investors, could adversely affect the value of portfolio positions held by Blackwell and the Funds. Further, a significant withdrawal of capital accounts from Blackwell and the Funds may cause a temporary imbalance in Blackwell's and the Funds' portfolio, which may adversely affect the remaining non-withdrawing investors. Blackwell and the Funds may distribute cash and/or assets to withdrawing investors who have no need for liquidity in the investment, other than to pay annual tax liabilities associated with Blackwell and the Funds.

**Potential Mandatory Withdrawal.** SATURN V may, in its sole discretion at any time, require an investor to withdraw all or a portion of its capital account. Such a mandatory withdrawal could result in adverse tax and/or economic consequences to such investor.

**Risk of Asset Growth.** If the assets managed by SATURN V and its affiliates grow significantly, it may adversely affect Blackwell's and the Funds' investment performance. It becomes more difficult to find attractive investment opportunities as the amount of assets that SATURN V must invest increases. In this event, SATURN V may find it necessary to invest in a greater number of positions than it currently intends, which could dilute its focus on individual positions, impair its ability to monitor existing and potential investments, and result in investments in positions that it otherwise would not select. In addition, with greater assets to invest, it will be increasingly difficult for Blackwell and the Funds to make investments large enough to be meaningful to their overall portfolios.

**Contingency Reserves.** The General Partner, following consultation with SATURN V, may on behalf of Blackwell and the Funds establish reserves for contingencies (including general reserves for unspecified contingencies). The establishment of such reserves will not insulate any portion of Blackwell and the Funds' assets from being at risk, and such assets may still be traded by

Blackwell's and the Funds. A pro rata portion of any reserve may be withheld from distribution to a withdrawing Investor.

**Tax Liability Without Distributions.** Partners must recognize for income tax purposes their pro rata shares of the taxable net income of Blackwell and the Funds, regardless of whether the investors requested a partial withdrawal from Blackwell and the Funds to cover their income tax liabilities. Taxable income can be expected to differ from Net Income, primarily because generally only realized gains and losses are considered for income tax purposes but Net Income and Net Loss will include unrealized gains and losses. Blackwell and the Funds may generate taxable income for a Partner even though the value of the Partner's interest in Blackwell and the Funds has declined. It will generally be necessary for Partners to pay such tax liabilities out of separate funds or withdrawals from Blackwell and the Funds. There are significant limitations on an investor's right to withdraw funds from Blackwell and the Funds. Sufficient information may not be available in time for the investor to determine accurately an amount to withdraw to pay taxes for a given fiscal year.

**Information Rights.** Subject to the sole discretion of SATURN V, certain investors may invest on terms that provide access to information that is not generally available to other investors, and as a result, may be able to act on such additional information (i.e., withdraw their capital accounts) that other investors do not receive.

**Performance Allocation/Fee to SATURN V and its affiliates.** SATURN V and its affiliates are entitled to receive a performance allocation/fee, based upon the net capital appreciation, if any, allocated to the investor's capital account. The performance allocation/fee may create an incentive for SATURN V to make investments that are riskier or more speculative than would be the case if such an arrangement were not in effect. In addition, because the performance allocation/fee is calculated on a basis which includes unrealized appreciation of Blackwell and the Funds' assets, it may be greater than if such compensation were based solely on realized gains.

**Side Letter Agreements.** In accordance with common industry practice, SATURN V may enter into one or more Side Letters or similar agreements with certain investors pursuant to which they may agree to vary certain of the terms applicable to any such investor or grant to any such investor specific rights, benefits, or privileges that are not made available to investors generally. SATURN V may also agree to provide a greater level of disclosure regarding the investments and activities of Blackwell and the Funds to certain investors than other investors. Such agreements will be disclosed only to those actual or potential investors that have separately negotiated with SATURN V for the right to review such agreements.

**Asset Valuation.** SATURN V has substantial discretion in determining the value of Blackwell's and the Funds' assets and liabilities, whether or not a public market exists for assets of the same class or type. While some marketable assets are valued based on prices reported in the public markets, other investments may be more thinly-traded or subject to irregular trading activity. Determinations on the value of certain investments, and how to value assets and liabilities as to which limited prices or quotations are available, are based on the General Partner's recommendations or instructions to an administrator. SATURN V may face a conflict of interest in making any of these valuation decisions or recommendations but will seek to make any such

determinations in the best interests of Blackwell and the Funds. If SATURN V's valuation of any such asset is inaccurate, SATURN V might receive a performance allocation/fee and management fee that is greater than the fee to which they would otherwise be entitled. SATURN V may not be able to effectively manage Blackwell's and the Funds' investment portfolio, diversification, and other internal guidelines and risks if Blackwell and the Funds' portfolio is inaccurately valued. Any such inaccuracy could adversely affect the investors. Additionally, any reduction in the value of any assets or increase in the value of any liabilities held by Blackwell and the Funds would reduce the amount of fees to which the SATURN V may be entitled.

**Mini Master-Feeder Structure.** The Master Fund is also the investment vehicle for the Offshore Feeder Fund. The Offshore Feeder Fund invests substantially all of its assets in the Master Fund. The "mini-master" fund structure presents certain unique risks to investors. For example, a smaller feeder fund investing in a mini-master fund may be materially affected by the actions of a larger feeder fund investing in such mini-master fund. If a larger feeder fund redeems its shares of a mini-master fund, a remaining feeder fund may experience higher pro rata operating expenses, thereby producing lower returns. A mini-master fund may become less diverse due to a redemption by a larger feeder fund, resulting in increased portfolio risk. A master fund is a single entity and creditors of such master fund may enforce claims against all assets of such master fund.

Blackwell and the Funds may enter into an arrangement with other investment funds managed by SATURN V with the same or substantially similar investment objectives as Blackwell's and the Funds' to either allow other funds to contribute their assets to Blackwell and the Funds to invest, or to pursue its investment activities by investing all or a portion of its assets in a "Master Fund" that will conduct the investment activities described in this Memorandum.

**Legal Counsel.** Documents relating to Blackwell and the Funds, including the subscription documents to be completed by each investor, as well as other governing documents, are detailed and often technical in nature. Moreover, under the governing documents, each investor will be required to waive any actual or potential conflicts of interest between such investor and legal counsel to the Funds. Accordingly, each prospective investor is urged to consult with its own legal counsel before investing in the Funds.

### *Other Risks*

**Tax Considerations.** Blackwell and the Funds will be permitted to utilize leverage and borrow. Thus, tax-exempt investors may incur an income tax liability with respect to their share of any unrelated business taxable income ("UBTI") Blackwell and the Funds may generate, if applicable. Each investor should consult with and rely on its own independent tax counsel as to the U.S. Federal income tax consequences of an investment in Blackwell and the Funds based on its particular circumstances, as well as to applicable state, local or non-United States tax laws.

**Delayed Schedules K-1.** The Master Fund will provide a Schedule K-1 to each investor as soon as reasonably practicable after the end of each taxable year. It is possible, however, that the Schedules K-1 for a taxable year will not be delivered to the investors until after April 15 of the following year. It is therefore possible that, in any taxable year, the investors will need to apply for extensions of time to file their tax returns.

Investment Company Regulation. Blackwell and the Funds rely on Section 3(c)(7) of the Investment Company Act to avoid requirements that Blackwell and the Funds register as an “investment company” under, and comply with the substantive provisions of, the Investment Company Act. If Blackwell and the Funds were required to be registered as an investment company, the Investment Company Act would require, among other things, that Blackwell and the Funds have a board of directors, some of whom were unrelated to SATURN V, compel certain custodial arrangements and regulate the relationship and transactions between Blackwell and the Funds and SATURN V. Compliance with some of those provisions could possibly reduce certain risks of loss, although such compliance could significantly increase Blackwell’s and the Funds’ operating expenses and limit Blackwell’s and the Funds’ investment and trading activities. Interpretations of Section 3(c)(7) are complex and uncertain in several respects, and as a result, there can be no assurance that Blackwell and the Funds will remain entitled to rely on that Section. If Blackwell and the Funds were found not to have been entitled to such reliance, Blackwell and the Funds and SATURN V could be subject to legal actions by the SEC and others and Blackwell and the Funds could be forced to terminate its business under adverse circumstances.

Registration Exemption. The Funds offers Interests on a continuing basis without registration under the Securities Act in reliance on an exemption for “transactions by an issuer not involving any public offering”, and without registration or qualification of the Interests under state laws in reliance on related exemptions. While SATURN V believes reliance on such exemptions is justified, there can be no assurance that factors such as the manner in which offers and sales are made, concurrent offerings by other funds, the scope of disclosure provided, failures to file notices or renewals of claims for exemption, or changes in applicable laws, regulations, or interpretations will not cause the Funds to fail to qualify for such exemptions under Federal or one or more states’ laws. Failure to so qualify could result in the rescission of sales of interests at prices higher than the current value of those interests, potentially materially and adversely affecting the Funds’ performance and business. Further, even non-meritorious claims that offers and sales of interests were not made in compliance with applicable securities laws could materially and adversely affect SATURN V’s ability to conduct and the Funds’ business.

Pandemic and Global Economic Impacts. The impact of disease and global epidemics may have a negative impact on SATURN V, the Funds, Blackwell and their investors. New outbreaks of disease or pandemics could result in health or governmental authorities requiring the closure of offices or other businesses and could also result in a general economic decline. Such events may adversely impact economic activity through disruption in supply and delivery chains. Moreover, SATURN V’s operations could be negatively affected if personnel are quarantined or become seriously ill and are unable to perform their duties for SATURN V on a temporary or permanent basis. The effects of an outbreak of disease or global pandemic may pose unanticipated risks for SATURN V’s ability to achieve its investment objectives, which could result in losses to the Funds, Blackwell and their investors.

Financial Institution Risk. Financial institutions including banks, brokers, hedging counterparties, lenders or other custodians of the Fund’s and Blackwell’s assets may fail to perform their obligations or experience insolvency, closure, receivership or other financial distress or difficulty, similar to that experienced by several financial institutions in March of 2023. These events can be

caused by factors including eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance or accounting irregularities. In the event any of SATURN V's financial institutions experiences any of the foregoing events, SATURN V, or the Funds, or Blackwell may not be able to access deposits, borrowing facilities or other services for an extended period of time or ever. Although assets held by regulated financial institutions in the United States frequently are insured up to stated balance amounts by organizations such as the Federal Deposit Insurance Corporation, in the case of banks, or the Securities Investor Protection Corporation, in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk of loss, and any non-U.S. financial institutions that are not subject to similar regimes pose increased risk of loss. There can be no assurance that governmental intervention will be successful or avoid the risk of loss, substantial delays or negative impact on banking or brokerage conditions or markets.

**Impact of Government Regulation, Regulatory Approvals and Reform.** The SEC has proposed and enacted significant rules that will impact the business of SATURN V and the Funds. In particular, the SEC has adopted a number of new rules that impose significant changes on private fund advisers and their management of private funds, and the SEC is expected to propose and/or adopt additional rules in the future. Such current and future rulemaking is expected to materially impact SATURN V and its affiliates, the Fund and/or its investments. In addition, the Funds are expected to bear increased and significant costs as a result of such enacted and proposed rules, including costs related to reporting and disclosures to investors. Significant time and resources are expected to be required to comply with the new regulations, which potentially will detract from the time and resources dedicated to the Fund. In addition, following the applicable compliance date, such regulations will require SATURN V or Saturn V GP to disclose to prospective investors certain preferential investment terms that Saturn V GP provides to any investors in connection with its investment in the Fund, which could cause Saturn V GP to deny certain preferential terms to investors.

**Other Laws and Regulations.** Blackwell and the Funds and SATURN V are subject to various other securities and similar laws and regulations that could limit some aspects of Blackwell's and the Funds' operations or subject Blackwell and the Funds or SATURN V to the risk of sanctions for noncompliance.

## **Disciplinary Information**

SATURN V and its employees have not been involved in any legal or disciplinary events in the past that would be material to a client's evaluation of the company or its personnel.

## **Other Financial Industry Activities and Affiliations**

As stated under Fees and Compensation, SATURN V's affiliate Saturn V GP, serves as general partner of the Master Fund.

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

### **Code of Ethics**

SATURN V has adopted a Code of Ethics in compliance with Rule 204A-1 under the Investment Advisers Act of 1940, that establishes standards of conduct for SATURN V's supervised persons.

The Code of Ethics includes general requirements that SATURN V's supervised persons comply with their fiduciary obligations to the Funds and applicable securities laws, and specific requirements relating to, among other things, personal trading, insider trading, conflicts of interest and confidentiality of client information. It requires supervised persons to comply with the personal trading restrictions described below and periodically to report their personal securities transactions and holdings to SATURN V's Compliance Officer and requires the Compliance Officer to review those reports. It also requires supervised persons to report any violations of the Code of Ethics promptly to the Compliance Officer. Each supervised person of SATURN V receives a copy of the Code of Ethics and any amendments to it and must acknowledge in writing having received those materials. Annually, each supervised person must certify that he or she complied with the Code of Ethics during the preceding year. Clients and prospective clients may receive a copy of SATURN V's Code of Ethics by contacting Doug Edwards at [dedwards@saturnvcapital.com](mailto:dedwards@saturnvcapital.com).

Under SATURN V's Code of Ethics, SATURN V's employees generally may not purchase individual company securities (not including ETFs or mutual funds) that are classified in the Healthcare sector or invest in securities that SATURN V purchases for Blackwell and the Funds. To further address any potential conflicts, SATURN V's employees typically must obtain pre-approval before engaging in most securities transactions, other than purchases and sales of index-related exchange-traded funds, mutual funds and third-party managed accounts. SATURN V and its employees may buy or sell specific securities for their own accounts based on personal investment considerations aside from company or industry fundamentals, which SATURN V does not believe appropriate to buy or sell for clients.

### **Side by Side Management**

SATURN V may solicit investors who may not invest in the Funds but invest separately as a client with an individually managed account. SATURN V has an incentive to cause an investor to invest in a Fund instead of an individually managed account because of the reduced expenses and administrative burdens of managing a Fund compared to an individually managed account, SATURN V's performance compensation from a Fund that is a limited partnership receives more favorable tax treatment than that from an individually managed account and investors in the Funds have less transparency and liquidity than individual account clients. In addition, if a Fund investor also has an individually managed account with SATURN V that uses an investment strategy that is similar to that of the Fund, the investor may use knowledge of the other account's portfolio to decide if and when to make an additional investment or withdraw or redeem assets from the Fund at times when other Fund investors would have made similar decisions had they had similar transparency. SATURN V discloses these conflicts of interest to clients and investors.

Currently SATURN V only manages the Funds and Blackwell, which have similar or same investment strategies. Because SATURN V may, in the future, manage additional accounts other than the Funds and Blackwell, there may be conflicts of interest over the time it devotes to managing any one account and allocating investment opportunities among all accounts that it manages. Different clients may have differing investment strategies and expected levels of trading. SATURN V may buy or sell a security for one type of client but not for another or may buy (or sell) a security for one type of client while simultaneously selling (or buying) the same security for another type of client. SATURN V may give advice to, and act on behalf of, any of its clients that differs from the advice that it gives or the timing or nature of action that it takes on behalf of any other client.

SATURN V is not obligated to acquire for any account any security or commodity that SATURN V or its employees may acquire for its or their own accounts or for any other client, if in SATURN V's absolute discretion, it is not practical or desirable to acquire a position in such security for that account.

Under SATURN V's Code of Ethics, SATURN V's employees generally may not purchase or invest in securities that SATURN V purchases for Blackwell and the Funds. Saturn V's employees are allowed to invest in the Funds and any related management fees and performance allocations/fees are typically waived.

## **Brokerage Practices**

SATURN V has complete discretion in selecting the broker or FCM that it uses for the Funds' and Blackwell's transactions and the commission rates that they pay such brokers and FCMs.

SATURN V generally selects brokers and FCMs based on best execution and other factors or services paid for or provided by those brokers and FCMs that benefit SATURN V or its affiliates, the Funds and Blackwell, including, among other things:

- Research reports, services and conferences (including third party research fees);
- Economic and market information;
- Portfolio strategy advice;
- Industry and company comments;
- Technical data;
- Performance measuring data;
- On-line pricing;
- Special execution capabilities;
- Outsourced trading services;
- Block trading and block positioning capabilities;
- Willingness to execute related or unrelated difficult transactions in the future;
- Willingness to commit capital;
- Knowledge of market participants;
- Order of call;
- Offering to SATURN V on-line access to data regarding client accounts;
- Clearance and settlement;
- Reputation, financial strength and stability;
- Confidentiality;
- Efficiency of execution and error resolution;
- Quotation services;
- Availability of stocks to borrow for short trades;
- Custody, recordkeeping and similar services;
- General business or operational consulting; and
- Other matters involved in the receipt of brokerage services generally.

SATURN V may receive soft dollar benefits based on agency securities and commodities transactions with brokers and FCMs or direct a broker or FCM that executes transactions to share some of its commissions with a broker or FCM that provides soft dollar benefits to SATURN V.



SATURN V has retained Morgan Stanley & Co. Incorporated (and its affiliates) to serve as the Funds' prime broker and custodian. Morgan Stanley & Co. Incorporated and UBS Securities LLC (and their affiliates) serve as Blackwell's prime brokers and custodians. In addition, Bank of America, N.A., and First Republic Bank, may also provide custody services. SATURN V may replace any such firm or appoint an additional prime broker and custodian at any time. The services that these firms currently provide as prime broker and custodians may include custody, margin financing, clearing, settlement and stock borrowing in accordance with the terms of the prime brokerage and custody agreements entered into between the Master Fund and each of these firms. These services may include technology services (such as internet access, IT support, Bloomberg connections, wireless networking, email archiving and disaster recovery systems), portfolio reporting and access to electronic communications networks. The prime brokers and custodians also may, at their discretion, provide capital introduction services. SATURN V expects to use a substantial portion of these services for research and trading on behalf of Blackwell and the Funds. SATURN V intends to comply with section 28(e) in all material respects. Although many prime brokers and custodians provide similar services to investment advisers in exchange for brokerage, custody and clearance fees and other charges, if SATURN V did not receive these services from these firms, SATURN V would be required to pay for all or some portion of them. SATURN V is not required to direct a particular number of trades to any of these firms or to continue to use them as the Funds' custodians, but it has an incentive to do so based on their prior and continued services.

Blackwell's and the Funds' obligations to those custodians and their affiliates will be secured by a first priority perfected security interest over all of Blackwell's and Funds' assets held in custody by them and their affiliates. In the normal course of its business, a custodian may transfer to itself all rights, title and interest in and to those assets as collateral and may deal with, lend, dispose of, pledge or otherwise use all such collateral for its own purposes such as the rehypothecation of securities. If any such transfer occurs, Blackwell and the Funds will rank as such custodian's (or affiliate's) unsecured creditors. If such custodian or affiliate becomes insolvent, Blackwell and the Funds may not be able to recover such equivalent securities in full. In addition, Blackwell's the Funds' cash held by a custodian may not be segregated from such custodian's own cash and, if not so segregated, may be used by such custodian or affiliate in the course of its business and Blackwell and the Funds will therefore rank as unsecured creditors in relation thereto.

If any of Blackwell's and the Funds' investments are registered in the name of a custodian or its affiliate due to the nature of the law or market practice of a particular jurisdiction, such investments will not be segregated from the custodian's or affiliate's own investments and if such custodian or affiliate becomes insolvent, Blackwell and the Funds may not be able to recover such equivalent investments in full.

SATURN V may select a broker to act as an "outsourced trading broker" for the Funds and Blackwell. In such cases, SATURN V or the outsourced trading broker may select the executing broker, and the outsourced trading broker would then place or manage the order. The outsourced trading broker is compensated (through commissions or otherwise) for this trading service in addition to the commissions paid to the executing brokers. As with all soft dollar arrangements, using an outsourced trading broker in this manner causes the Funds and Blackwell to pay brokerage commissions, mark-ups and other transactions fees that are higher than might otherwise be paid if brokers were selected solely based on lowest execution cost. In addition, using an outsourced

trading broker (rather than an employee of SATURN V) to provide those services may allow SATURN V to reduce its own personnel expenses.

Section 28(e) of the Securities Exchange Act of 1934 provides a “safe harbor” to investment advisers who use commission dollars of their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to the adviser in performing investment decision-making responsibilities. Conduct outside of the safe harbor of section 28(e) is subject to the traditional standards of fiduciary duty under state and federal law. If SATURN V uses commission dollars to pay for products or services that provide administrative or other non-research assistance to itself or its affiliates, such payments may not fall within the section 28(e) safe harbor, although SATURN V intends to comply with section 28(e) in all material respects.

SATURN V may pay to a broker or FCM commissions and mark-ups that exceed those that another broker or FCM might charge for effecting the same transaction because of the value of the brokerage, research, other services, and soft dollar relationships that such broker or FCM provides. SATURN V determines in good faith that such compensation is reasonable in relation to the value of such brokerage, research, other services, and soft dollar relationships, in terms of either the specific transaction or SATURN V’s overall fiduciary duty to the Funds and Blackwell. Blackwell and the Funds may, however, pay higher commissions and mark-ups than are otherwise available or may pay more commissions or mark-ups based on account trading activity. The research and other benefits resulting from SATURN V’s brokerage relationships benefit SATURN V’s operations as a whole and Blackwell and the Funds, including, if any, those that do not generate the soft dollars that pay for such research. SATURN V does not allocate soft dollar benefits to Blackwell and the Funds proportionately to the soft dollar benefits that Blackwell and the Funds generate.

SATURN V’s relationships with brokers and FCMs that provide soft dollar services influence SATURN V’s judgment and create conflicts of interest in allocating brokerage business between firms that provide soft dollar services and firms that do not. SATURN V has an incentive to select or recommend a broker or FCM based on SATURN V’s interest in receiving soft dollar services rather than the Funds’ and Blackwell’s interest in receiving the most favorable execution. These conflicts of interest are particularly influential to the extent that SATURN V uses soft dollars to pay expenses it would otherwise be required to pay itself.

SATURN V addresses these conflicts of interest by periodically evaluating the trade execution services that SATURN V receives from the brokers and FCMs that it uses to execute trades for the Funds and Blackwell. Such an evaluation includes comparing those services to the services available from other brokers and FCMs. SATURN V considers, among other things, alternative market makers and market centers, the quality of execution services, the value of continuing with various soft dollar services and adding or removing brokers or FCMs, increasing or decreasing targets for each broker or FCM and the appropriate level of commission rates.

SATURN V is generally not responsible for any trade error made in any of Blackwell’s and the Funds’ accounts with any brokers or FCMs, even when the error hurts Blackwell and the Funds, unless such error results from SATURN V’s or its affiliate’s gross negligence, willful misconduct or fraud. SATURN V has established policies and procedures to identify and address trade errors.

SATURN V may aggregate securities sale and purchase orders for the Funds and Blackwell with similar orders being made contemporaneously for other accounts that SATURN V manages. In such an event, SATURN V may charge or credit the Funds and Blackwell, the average transaction price of all securities purchased or sold in such transactions. As a result, however, the price may be less favorable to the Funds and Blackwell than it would be if SATURN V were not executing similar transactions concurrently for other accounts. SATURN V may also cause a client to buy or sell securities directly from or to another client if such a cross-transaction is in the interests of both clients.

SATURN V may direct a certain amount of brokerage to a broker or FCM in return for the broker's or FCM's referral of prospective clients or investors. Directing brokerage to a broker in exchange for client or investor referrals creates a conflict of interest in that SATURN V has an incentive to refer its clients' brokerage business to brokers to which it might not otherwise direct transactions. SATURN V has policies and procedures to review its brokerage practices regularly, including its use of brokers from which SATURN V receives client or investor introductions.

## **Review of Accounts**

SATURN V's portfolio manager, Xiaoying Tian, reviews all accounts on a regular basis. Those reviews may consider such matters as asset allocation, cash management, the prospects of individual securities, changes in issuer earnings, industry outlook, market outlook and price levels. Each account receives a monthly letter stating performance for the month and a quarterly letter discussing quarterly performance and investment outlook. Blackwell and the Funds may change the content and frequency of such reports or send certain investors more frequent reports (e.g., monthly or weekly). SATURN V also furnishes Fund investors with appropriate tax information each year.

## **Client Referrals and Other Compensation**

SATURN V may engage solicitors to whom it pays cash or a portion of the advisory fees paid by clients referred to it by those solicitors. In such cases, this practice is disclosed in writing to the client and SATURN V complies with the other requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940, to the extent required by applicable law. SATURN V has entered into capital introduction agreements with brokers and FCMs, who may, at their discretion, provide capital introduction services. SATURN V may direct a certain amount of brokerage to a broker or FCM in return for the broker's or FCM's capital introduction services.

## **Custody**

In its role as general partner and/or investment manager, SATURN V or its affiliate is deemed to have custody of certain Fund assets. SATURN V complies with Advisers Act Rule 206(4)-2, the "Custody Rule" by obtaining an audit by an independent public accountant and delivering the financial statements within 120 days after the fiscal year end.

## **Investment Discretion**

SATURN V has discretionary authority to manage investment accounts on behalf of Blackwell and the Funds pursuant to a grant of authority in the Master Fund's limited partnership agreement or a limited power of attorney in its investment adviser agreement. Blackwell and Fund investors

generally may not place any limits on SATURN V's authority beyond those set forth in Blackwell's and the Funds' offering and governing documents.

## **Voting Client Securities**

If SATURN V is presented with an opportunity to vote a proxy, SATURN V's general policy is to ensure the proxy is voted in accordance with the best interests of the Funds and Blackwell. SATURN V will vote for or against a proposal based on a number of factors, including:

- the proposal's economic effect on shareholder value;
- the threat that the proposal poses to existing rights of shareholders;
- the dilution of existing shares that would result from the proposal;
- the effect of the proposal on management or director accountability to shareholders; and
- if the proposal is a shareholder initiative, whether it wastes time and resources of the company or reflects the grievance of one individual.

SATURN V may not vote proxies when SATURN V believes that the Funds' and Blackwell's economic interest in the matter being voted upon is limited relative to their overall portfolio or the impact of the Funds' and Blackwell's vote will not have an effect on its outcome or on their economic interests.

If a material conflict of interest over proxy voting arises between SATURN V, the Funds, and/or Blackwell, SATURN V will vote all proxies in accordance with the policy described above. If SATURN V determines that this policy does not adequately address the conflict of interest, SATURN V will notify the Funds and/or Blackwell of the conflict and request that they consent to SATURN V's intended response to the proxy solicitation. If the Funds and Blackwell consent to SATURN V's intended response or fail to respond to the notice within a reasonable time specified in the notice, SATURN V will vote the proxy as described in the notice. If the Funds and Blackwell object in writing to SATURN V's intended response, SATURN V will vote the proxy as they direct.

An investor can obtain a copy of SATURN V's proxy voting policy and a record of votes cast by SATURN V on behalf of that client by contacting Doug Edwards at [dedwards@saturnvcapital.com](mailto:dedwards@saturnvcapital.com).

If "class action" documents are received by SATURN V on behalf of a client, the CCO will determine whether the client should participate in, or opt out of, any class action settlements. The CCO makes this decision based on the CCO's determination of whether it is in the best interest of such client to attempt to recover funds from a class action. In the event a client is eligible, but the CCO decides that such client should opt-out of participating in a class action, the CCO will maintain documentation supporting SATURN V's basis for not participating, including any cost/benefit analysis to support the decision, if applicable. Recoveries obtained from any class actions related to a client's holdings will be directed to the client.

## **Financial Information**

SATURN V has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.