

BROCHURE
(Form ADV Part 2A)

Long Focus Capital Management LLC

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This brochure (“**Brochure**”) provides information about the qualifications and business practices of Long Focus Capital Management LLC (“**LFCM**”). If you have any questions about the contents of this Brochure, please contact us at 787-333-0240 or via email at info@lfcap.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“**SEC**”) or by any state securities authority.

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

ITEM 2 – MATERIAL CHANGES

This Item 2 discusses material changes to this Brochure that occurred since this Brochure was last filed on March 30, 2023. All undefined terms in this Item 2 have the meanings ascribed to those terms in this Brochure.

The primary change is in Item 11.C and 11.D reflecting the closing of a Related LLC.

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ITEM 4 – ADVISORY BUSINESS

Item 4.A – Advisory Firm

LFCM was founded in 2013 and it is wholly-owned by Long Focus Capital Holdings Inc. which is wholly owned by John B. Helmers.

Item 4.B – Types of Advisory Services Offered

LFCM provides discretionary investment advice to its clients, including U.S. and non-U.S. private investment funds that operate in a master-feeder structure. These private investment funds are Long Focus Capital, LLC (the “**Onshore Feeder**”), Long Focus Capital Offshore, Ltd. (the “**Offshore Feeder**”) and collectively with the Onshore Fund, the “**Feeder Funds**”) and Long Focus Capital Master, Ltd. (the “**Master Fund**” and together with the Onshore Feeder and the Offshore Feeder, the “**Private Funds**,” or the “**Funds**” and each, a “**Private Fund**” or a “**Fund**”). The Feeder Funds will invest all their assets in, and conduct all their investment and trading activities through, the Master Fund. The Funds will not be required to be registered under the Investment Company Act of 1940, as amended (the “**1940 Act**”), because they will rely on the Section (3)(c)(7) exclusion from the definition of investment company under the 1940 Act. Investments in the Feeder Funds will be privately offered only to eligible investors. See Item 7 below for information about eligible investors. See Item 8 below for a discussion of investment strategies, methods of analysis employed by LFCM in managing the Funds and a summary of material risks related to those investment strategies and methods of analysis.

LFCM’s affiliate, Long Focus Capital Partners LLC (“**Long Focus Capital Partners**”) is the manager (the “**Manager**”) of the Onshore Feeder and, in that capacity, has delegated to LFCM discretionary authority to manage all investment and trading activities of the Offshore Fund, and for the Offshore Fund’s administration and day-to-day business operations.

Item 4.C – Services Tailored to Individual Needs of Clients

The relationship between LFCM and the Funds will be governed by the Funds’ operating agreements, and the Feeder Funds’ confidential offering memoranda (each a “**Memorandum**”), subscription agreements, and any exhibits, supplements or amendments thereto (all the foregoing, collectively, the “**Offering Documents**”) and the terms of the investment advisory agreement between LFCM and the Funds. The Funds’ investment objectives and restrictions will be set forth in the Offering Documents.

Item 4.D – Wrap Fee Programs

LFCM does not participate as manager or investment adviser in any wrap fee programs.

Item 4.E – Client Assets

As of December 31, 2023, LFCM manages \$666,407,711 of “Regulatory Assets Under Management” on a discretionary basis.

ITEM 5 – FEES AND COMPENSATION

Item 5.A – Fees and Performance Allocations

LFCM is paid a management fee monthly equal to one-twelfth of 1.5% (1.5% per annum) of the net asset value of the capital balances of the investors in the Feeder Funds. Long Focus Capital Partners receives a special allocation (the “**Performance Allocation**”) at the end of each calendar year (and intra-year in association with redemptions from the Feeder Funds, if any, as explained in the Offering Documents) equal to 20% of the excess, if any, of the net asset value of each relevant class or series of Master Fund shares over the previous highest net asset value at which a Performance Allocation was made, adjusted to take into account redemptions from the Feeder Funds by Feeder Fund investors. The calculation of the Performance Allocation will take into account both realized and unrealized gains and losses. Once made, a Performance Allocation will not be reversed, even if Feeder Fund investors experience losses in subsequent periods.

The calculations for fees and performance allocations can be complex. Prospective and current investors are advised to review the Offering Documents applicable to a Feeder Fund for further discussion of fees and performance allocations, including more detail on their calculation.

The Manager or LFCM may from time to time (whether granted through side letters or otherwise) permit certain Fund investors (including affiliated investors) to invest in a Feeder Fund on different terms than other investors in the Feeder Fund, including with respect to: (i) redemption rights; (ii) lower or no management fees and/or performance compensation; and (iii) such other provisions as LFCM or the Manager may specify. The establishment or existence of different terms for certain investors will not entitle any other investor or class of investors to the same or similar terms, and neither the Manager nor LFCM will be required to obtain the consent or approval of, or give notice to, any investor or class of investors in connection with those terms.

Item 5.B – How Fees and Performance Allocations Are Billed

The management fees payable to LFCM are accrued and paid monthly based on the net asset value of each investor’s capital on the last day of the month. The Funds’ administrator is engaged by the Funds to provide day-to-day administrative and bookkeeping services and in that capacity calculates the net asset value of the Funds and also the management fee. Upon LFCM’s verification of the net asset value and the management fee calculation, LFCM will request that the management fee payment is made from the assets of the Funds and the corresponding amounts booked against each investor’s capital or shareholder account.

The Funds’ administrator will calculate the amount of the Performance Allocation, if any, following the determination of the net asset value. Upon LFCM’s verification of the calculation, the administrator will book the Performance Allocation to Long Focus Capital Partners’ shares of the Master Fund and the corresponding amounts against each investor’s capital or shareholder accounts.

Item 5.C – Other Fees and Expenses

Each Fund will pay all its expenses incurred in connection with the organization of the Fund and the continuing offering of its interests, as applicable. These expenses include, without limitation,

legal fees, accounting fees, printing costs, government filing fees, and out-of-pocket expenses incurred by Long Focus Capital Partner and/or LFCM, as applicable, in connection with the offering.

In addition, each of the Funds will pay all of its ordinary and extraordinary expenses, including (i) brokerage fees and commissions and other transaction costs and investment-related expenses incurred in connection with the Fund's investment and trading activities, including research expenses and the costs of any independent accountants or other experts or consultants engaged by LFCM in connection with specific investments; (ii) custody charges; (iii) any interest, fees, and costs of Master Fund-related borrowings (including borrowings related to positions held on margin); (iv) routine operational costs such as legal, accounting, bookkeeping, licensing or subscription fees and related support expenses for order, execution and risk management systems, auditing, consulting and other professional expenses, administration (including the costs and expenses of the Fund's administrator, including additional fees for ancillary services), tax preparation expenses, all taxes (if any), costs and expenses related to regulatory compliance matters, and fees payable to governments or agencies; (v) its pro rata portion of any errors and omissions insurance (including E&O, D&O, cyber or any other form of insurance related to the Fund and its management and operations); (vi) exchange, board of trade or other trading or execution facility membership or participation expenses; (vii) market data, price quote data and other data, including, but not limited to, research data and alternate data, newswire and data processing expenses, cloud computing and cloud data storage fees and expenses, and connectivity charges; (viii) fees and costs payable in connection with preparing and mailing reports to the Fund's investors; (ix) compliance related expenses and fees and expenses associated with preparing and submitting regulatory filings (e.g., expenses relating to the preparation and filing of the Investment Adviser's SEC Form PF (if required), CFTC Form CPO-PQR and NFA Form PQR and the expenses relating to LFCM's registration as an alternative investment fund manager for purposes of and as defined in Directive 2011/61/EU of the European Parliament and of the Council of June 8, 2011 on Alternative Investment Fund Managers (AIFMD)); (x) all other ordinary and out-of-pocket expenses of the Fund and/or the Master Fund; (xiii) all taxes (if any) imposed on the Fund and/or the Master Fund (or that the Fund and/or the Master Fund is required to withhold or pay with respect to any of its investors), and fees payable to governments or agencies; and (xi) other than as prohibited by ERISA, extraordinary expenses, e.g., litigation costs (including expenses incurred in connection with any settlement related to a portfolio investment), indemnification obligations (including indemnification of any person indemnified under the Fund's operating Agreement or any other agreements that the Fund and/or the Master Fund is a party to), expenses of registering the Fund and/or the Master Fund with any governmental agency under the requirements of any applicable law, and costs incurred in connection with a reorganization or restructuring of the Fund, if any. As an investor in the Master Fund, each Feeder Fund, and therefore each Feeder Fund investor, will bear its pro rata portion of the Master Fund's operating expenses.

Where there is an expense that is shared by more than one Fund, LFCM allocates such shared expenses among the applicable Funds: (i) pro rata based on each Fund's capital; (ii) in proportion to the size of the investment made by each Fund through the Master Fund to which the expense relates; or (iii) in such other manner as LFCM considers fair and reasonable. Where there is an expense that is shared by the Funds and the Affiliated LLC (as defined in Item 10.C below), LFCM

allocates such shared expenses pro rata based on capital or in such other manner as LFCM considers fair and reasonable.

LFCM and Long Focus Capital Partners bear their own overhead expenses, such as rent, salaries of personnel, and utility costs.

Item 5.D – Fees Charged in Advance

Neither LFCM nor Long Focus Capital Partners charge fees in advance.

Item 5.E – Compensation for Sales of Securities

Neither LFCM nor Long Focus Capital Partners nor any of their officers and employees (collectively, “**Supervised Persons**”) accept compensation for the sale of securities or other investment products.

ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As described in Item 5, LFCM’s clients can be assessed a performance allocation creating an incentive for LFCM to recommend investments that are riskier than those that would be recommended under a different fee arrangement, as a percentage of an investment’s upside is captured but the potential downside of the investment is not proportionately suffered. To address this conflict of interest, LFCM has adopted policies and procedures that require LFCM to make investment decisions in the best interest of clients. Furthermore, the incentive to make risky investments may be tempered somewhat by the fact that losses will reduce the clients’ performance and, thus, LFCM’s performance-based compensation. In addition, certain of LFCM’s employees and officers and such persons’ immediate family members have significant investments in the Feeder Funds and, therefore, are subject to the downside on the Funds’ investments, further moderating LFCM’s incentive to make risky investments.

ITEM 7 – TYPES OF CLIENTS

LFCM’s clients are the Funds. Investor eligibility requirements for each Feeder Fund, will be detailed in the Offering Documents, which specify that each investor must be an “Accredited Investor” as defined in Rule 501 of Regulation D under the Securities Act of 1933 and a “Qualified Purchaser” or a “Knowledgeable Employee” as defined in Section 2(a)(51) of the 1940 Act and Rule 3c-5 thereunder, respectively. Investors in the Funds must have (i) prior investment experience; (ii) adequate means of providing for their current needs and personal contingencies; (iii) no need for liquidity in the investment; (iv) only committed investments in the Funds that are earmarked for long-term investment; (v) sufficient funds to afford a complete loss of principal; and (vi) carefully read and understood (either alone or in conjunction with a financial advisor) the Fund’s Memorandum.

The minimum initial amount required to be invested in any Feeder Fund by an investor is \$1,000,000, though this requirement may be waived at the discretion of Long Focus Capital Partners.

ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Item 8.A – Methods of Analysis and Investment Strategies

The investment objective of the Funds is to seek long-term capital appreciation. To achieve this objective, LFCM pursues opportunistic investments in liquid global markets across geographic regions, investment time horizons and asset classes, including equities, fixed income, commodities, and currencies. With a focus on asymmetric risk/reward opportunities and the use of a global macro investment toolset, LFCM strives to generate investment returns despite challenging macroeconomic conditions.

Investment Strategies

The investment strategy provides a broad mandate to invest across asset classes, geographic regions, and investment time horizons. The asset classes of primary focus are, but are not limited to, equities, fixed income, commodities, and currencies. The geographic regions of primary focus will be the G22 countries, although investments may be made in developing economies at LFCM's discretion. Investment time horizons may range from several days or less for certain macro trades to several years for positions in certain equities and fixed income securities or other asset classes.

LFCM, on behalf of its clients, may trade, buy, sell (including sell short), and otherwise acquire, hold, dispose of (using margin and other forms of leverage), and deal in financial instruments and other rights and interests in and relating to personal property including, without limitation, (i) U.S. and non-U.S. notes, bonds, debt instruments and other fixed income securities, (ii) U.S. and non-U.S. equity and equity-related securities, including, without limitation, new issues, convertible debt securities, equity indices, private placements of common and preferred stock, partnership interests, limited liability company interests and any other type of privately placed instrument, (iii) U.S. and non-U.S. currencies and related foreign exchange products, including without limitation, spot currency transactions and currency options and (iv) listed and over-the-counter commodities, financial futures (including, without limitation, single stock and index futures) and forward contracts (including, without limitation, contracts for future delivery with respect to securities, commodities, currencies and other financial instruments), securities futures contracts, swap contracts, currencies, and warrants, as well as listed and over-the-counter-options and other derivative instruments on all of the above securities and commodities, as well as such other instruments or interests as LFCM deems appropriate which are referred to as securities, futures, forwards or derivatives (collectively, "**Financial Instruments**"). The fixed income securities in which LFCM may invest include, but are not limited to, bonds, debentures, structured notes, convertible securities, warrants, commercial paper, loan participations, Yankee (dollar-denominated) debt securities, Brady Bonds, variable rate notes, Rule 144A securities, bank certificates of deposit, fixed time deposits and money market instruments. Such fixed income securities may be investment grade or rated below investment grade by a nationally recognized statistical rating organization (or deemed to be of comparable or higher quality by LFCM), senior or junior, secured or unsecured, zero coupon or inflation-linked.

LFCM may deploy its clients' assets in stages. As such, until investments of the type described above are made, which will be dependent upon LFCM's judgment as driven by current and

anticipated market conditions, LFCM may temporarily invest the clients' available capital in short-term securities or other Financial Instruments such as certificates of deposit, money market funds and/or other cash equivalents. Additionally, LFCM may tactically maintain a percentage of the clients' portfolios in cash equivalents or other short-term investments, including U.S. government securities, money market funds, commercial paper or certificates of deposit, based on the current opportunity set. Any income from such investments will be reinvested by LFCM in accordance with its investment strategy. LFCM may also reduce exposures under certain market environments or in anticipation of such.

In implementing the investment strategy, clients may borrow to leverage investments, fund withdrawals, and pay expenses. The clients may obtain leverage in any manner deemed appropriate by LFCM, including trading on margin, borrowing under credit facilities, and entering into derivative transactions that have the effect of providing the clients leveraged exposure to certain assets. The degree of leverage utilized is not limited to any predetermined level.

Except as described in the Offering Documents and Advisory Agreements, there are no material limitations or restrictions on the trading and investment strategies and techniques to be utilized by LFCM, some of which may differ from time to time from those described therein.

Methods of Analysis

The investment process is driven primarily by valuation and is supported by fundamental research. These efforts are supplemented by technical analysis with an emphasis on trends in individual securities and macro markets. The process includes the analysis of the variables that can affect an investment's relative attractiveness. For investments in stocks, options, and corporate bonds, the focus is on the overall quality of the company relative to its perceived intrinsic value and the overall quality of the people managing the company. For macro trades in commodities, currencies, and other macro markets, the strategy includes an evaluation of the macroeconomic and microeconomic imbalances and the variables that affect a market's price.

LFCM will consider a range of news, reports, market data, and firsthand accounts including, but not limited to, (i) company-specific, industry-specific, and market-specific information and other information from public and private sources, (ii) exchange data and analysis supplied by data services, (iii) publicly-available information furnished by specific companies and information and projections provided by market research specialists and other consultants, and (iv) interaction with company management teams, employees and other individuals familiar with specific companies or industries or markets.

Material Risks of Investment Strategies

LFCM has identified the following risks that clients may incur as a consequence of the investment strategies utilized by LFCM. Investing in securities involves a risk of loss that the clients should be prepared to bear. An investor should carefully consider these risks when investing in a Fund. ***Additional important information about some of the risk factors noted below for the Funds are set forth in the Offering Documents for each Fund. In addition, there are additional risk factors set forth in the Offering Documents for each Fund that are not related to a particular investment strategy.***

Material risks of investing with LFCM will include, but are not limited to, the following:

General Strategy Risks

Equity Securities. LFCM will trade in equity securities, including listed and unlisted common stock, preferred stock and convertible securities. The value of equity securities may fluctuate in response to specific situations. Clients may suffer losses on investments in equity securities of issuers whose performance diverges from LFCM's expectations or if equity markets generally move in a single direction and the clients' equity portfolios fail in its goal to be hedged against such a move. LFCM may make investments in equity securities regardless of market capitalization. The securities of smaller companies may involve more risk and their prices may be subject to more volatility.

Convergence Risk. LFCM may pursue relative value strategies by taking long positions in securities believed to be undervalued and short positions in securities believed to be overvalued. In the event that the perceived mispricings underlying LFCM's trading positions were to fail to converge toward, or were to diverge further from, relationships expected by LFCM, the Fund may incur a loss.

Fixed Income Investments. The value of fixed income Financial Instruments will change based on a number of factors including as the general levels of volatility and interest rates fluctuate. Investments in lower rated or unrated fixed income Financial Instruments, while generally providing greater opportunity for gain and income than investments in higher rated Financial Instruments, usually entail greater risk (including the possibility of default or bankruptcy of the issuers of these Financial Instruments).

Concentration of Investments. Clients may hold relatively large positions as compared to their total capital. Consequently, a loss in or impairment of the liquidity of any such position could result in a proportionately higher reduction in the Net Asset Value or more restricted liquidity than if the clients' capital had been spread among a wider number of instruments. Unlike many other investment funds which, as a matter of investment policy, diversify portfolio holdings so that no more than a fixed percentage of their assets are invested in any one issuer or industry or group of industries, the Master Fund does not have fixed guidelines for diversification. The Master Fund is not required to apply any diversification rules. Since a relatively high percentage of the Master Fund's assets may be invested in a limited number of instruments, the Master Fund's portfolio may be more susceptible to any single economic, political or regulatory occurrence, and may be more volatile, than the portfolio of a more diversified investment company.

Interest Rate Risk. Clients are subject to interest rate risk. Generally, the value of fixed income securities will change inversely with changes in interest rates. As interest rates rise, the market value of fixed income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed income securities tends to increase. This risk will be greater for long-term securities than for short-term securities in which LFCM invests.

Leverage; Short Sales; Options. LFCM may employ leverage, engage in short selling, and write or purchase options. While the use of borrowed funds and short sales can substantially improve the return on invested capital, their use may also increase any adverse impact to which the clients' investments may be subject. A short sale involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short, which could result in an inability to cover the short position and a theoretically unlimited loss. There can be no assurance that Financial Instruments necessary to cover a short position will be available for purchase. The writing or purchasing of an option also runs the risk of losing the entire investment or of causing significant losses to the Fund in a relatively short period of time.

Options Trading. Options are speculative in that the whole cost of the option is lost unless the price of the underlying items concerned has moved in the anticipated direction and the option is exercised. However,

liability is limited to the premium paid for the option. An option writer becomes obligated to purchase or sell shares at a specified price during a specified period. Ordinarily, option writing may subject the writer to unlimited personal liability, which is a risk factor for individuals trading directly.

When-Issued, Delayed Delivery and Forward Commitment Transactions. The clients may purchase or sell securities on a when-issued, delayed delivery, or forward commitment basis. When purchasing a security on a when-issued, delayed delivery, or forward commitment basis, the clients assume the rights and risks of ownership of the security, including the risk of price and yield fluctuations. Because the payment is not required for the security until the delivery date, these risks are in addition to the risks associated with the clients' other investments. If the other party to a transaction fails to deliver the securities, the clients could miss a favorable price or yield opportunity. If the clients remain substantially fully invested at a time when when-issued, delayed delivery, or forward commitment purchases are outstanding, the purchases may result in a form of leverage. When the client has sold a security on a when-issued, delayed delivery, or forward commitment basis, it does not participate in future gains or losses with respect to the security. If the other party to a transaction fails to pay for the securities, the client could suffer a loss. Additionally, when selling a security on a when-issued, delayed delivery, or forward commitment basis without owning the security, the client will incur a loss if the security's price appreciates in value such that the security's price is above the agreed upon price on the settlement date.

Non-U.S. Financial Instruments. LFCM may invest in Financial Instruments of companies domiciled or operating in one or more countries other than the U.S. Investing in these Financial Instruments involves considerations and risks not typically involved in investing in securities of companies domiciled and operating in the U.S. Investments in foreign countries could be affected by other factors not present in the U.S., including lack of uniform accounting, auditing and financial reporting standards, the application of foreign tax laws and potential difficulties in enforcing contractual obligations.

Currency Risks. Investments that are denominated in a currency other than the U.S. Dollar are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. LFCM may try to hedge these risks by investing in foreign currencies, foreign currency futures contracts and options thereon, forward foreign currency exchange contracts, or any combination thereof, but there can be no assurance that such strategies will be implemented, or if implemented, will be effective.

U.S. Government Securities. U.S. government securities are debt securities (including bills, notes, and bonds) issued by the U.S. Treasury or issued by an agency or instrumentality of the U.S. government. The obligations of agencies, authorities and instrumentalities may be backed directly or indirectly by the U.S. government. This support can range from the backing of the full faith and credit of the United States to U.S. Treasury guarantees, or to the backing solely of the issuing instrumentality itself. In the case of securities not backed by the full faith and credit of the United States, the investor may not be able to assert a claim against the United States itself in the event the agency or instrumentality does not meet its commitments. Investments in U.S. government securities are subject to interest rate and market risks.

High Yield Securities. LFCM may invest in "high yield" bonds and preferred securities that are rated in the lower rating categories by the various credit rating agencies (or in comparable non-rated securities). Financial instruments in the lower rating categories are subject to greater risk of loss of principal and interest than higher-rated securities and are generally considered to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings in the case of deterioration of general economic conditions. The market for lower-rated Financial Instruments is thinner and less active than that for higher-rated

Financial Instruments, which can adversely affect the prices at which these Financial Instruments can be sold.

Forward Contracts. LFCM may invest in forward contracts and options thereon. Each contract is specifically negotiated rather than uniform and, therefore, there can be no assurance that LFCM will have flexibility to roll-over a forward contract upon its expiration if it desires to do so. Forward contracts generally cannot be modified or terminated prior to maturity unless special agreement is reached with the counterparty. Forward contracting may involve less protection against defaults than trading on futures exchanges with organized clearinghouses, and may entail risks relating to delivery failures.

Futures Transactions. A futures contract is an agreement to buy or sell a security or currency (or to deliver a final cash settlement price in the case of a contract relating to an index or otherwise not calling for physical delivery at the end of trading in the contract), for a set price at a future date. Futures contracts do not exist for all types of securities and markets for futures contracts that do exist may, for a variety of reasons, be illiquid at particular times when LFCM might wish to buy or sell a futures contract.

Risks Associated with Commodities and Futures Trading.

- *Volatility:* Futures and forward contracts have a high degree of price variability and volatility, and substantial losses can result from their trading.
- *Futures and Forwards Markets are Leveraged and Speculative:* The markets in which LFCM trades are speculative, highly leveraged and involve a high degree of risk. Volatility increases risk, particularly when trading with leverage. Market volatility and leverage mean that the Master Fund could incur substantial losses.
- *No Intrinsic Value of Positions:* Trading in futures and forward contracts does not involve acquiring any asset with intrinsic value. Overall stock and bond prices could rise or fall significantly and the economy as a whole could prosper or falter without regard to whether LFCM trades profitably or unprofitably.
- *Position Limits:* No position limits presently exist in the forward contract market or on non-U.S. exchanges. Insofar as such limits do exist, all commodity accounts owned, held, controlled or managed by LFCM and its principals and affiliates will be combined (that is, aggregated) for position limit purposes, and thus impair trading. Position limits are not, however, expected to have a material effect on the clients.
- *Price Limits:* U.S. commodity exchanges may limit fluctuations in futures prices during a single day; such occurrences could prevent LFCM from promptly liquidating unfavorable positions and subject the clients to substantial losses, which could exceed the margin initially committed to such trades.
- *Margin:* The low margin deposits normally required in options and futures trading permit an extremely high degree of leverage, and a relatively small price movement may result in an immediate and substantial gain or loss. Investments leveraged to this extent may result in gains or losses in excess of the amount invested.
- *Account Size:* Depending upon the size of the clients' accounts, it may be difficult or impossible for LFCM to take or liquidate a position in a particular commodity, method or strategy due to the size of the accounts which may be managed by LFCM.

- *Illiquidity of Markets:* Futures and forward positions cannot always be liquidated at the desired price. It is difficult to execute a trade at a specific price when there is a relatively small volume of buy and sell orders in a market. A market disruption can also affect the liquidity of the futures markets thereby making it difficult to liquidate a position. LFCM may decide not to hedge the positions at times. Even when risk reduction strategies are employed by LFCM, a substantial risk will remain that such hedging strategies may not be effective in limiting losses. Risk reduction techniques may also increase the volatility and/or result in a loss if the counterparty to a transaction does not perform as promised.
- *Trading in Currencies:* The clients are exposed in the interbank market to risks associated with any government or market action that might suspend or restrict trading or otherwise render illiquid, in whole or in part, the clients' positions.

Derivative Instruments. Derivative transactions are subject to wide and sudden fluctuations in market-value, with a resulting fluctuation in the amount of profits and losses. Use of derivative instruments presents various risks, including inability to achieve intended hedging goals, inability to close out a position without incurring a loss and magnified gains and losses where margin is used.

Use of Swap Agreements. LFCM may use swap agreements. The use of swaps is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary investment transactions. The investment performance may be adversely affected by the use of swaps if LFCM's forecasts of market values, interest rates or currency exchange rates are inaccurate.

Repurchase Agreements and Reverse Repurchase Agreements. LFCM may enter into repurchase and reverse repurchase agreements. Repurchase agreements entail the purchase of a security from a bank or broker-dealer that agrees to repurchase the security at cost plus interest within a specified time. If the party agreeing to repurchase should default, LFCM may seek to sell the securities, which action could involve costs or delays in addition to a loss on the securities if their value should fall below their repurchase price. If the seller becomes insolvent and subject to liquidation or reorganization under applicable bankruptcy or other laws, LFCM's ability to dispose of the underlying securities may be restricted. Similarly, the entering into of reverse repurchase agreements involves certain risks. A reverse repurchase agreement involves the sale of a security by LFCM and its agreement to repurchase the security at a specified time and price. Under a reverse repurchase agreement, the client continues to receive any principal and interest payments on the underlying Financial Instrument during the term of the agreement.

New Issues Transactions. LFCM is permitted to purchase so-called "new issue" securities. The risk of loss associated with securities purchased in initial public offerings is greater than those in connection with general securities trading. While LFCM may believe that "new issues" may offer significant potential for gain, the prices of newly issued securities may not increase as expected, and in fact may decline to a significant extent. If LFCM is unable to liquidate such positions in a timely manner, the clients will be exposed to further losses which could be considerable.

Reliance on Quantitative Analysis. LFCM's investment strategies may rely upon quantitative models and systems. Such models and systems may entail the use of sophisticated statistical calculations and complex computer systems, and there is no assurance that LFCM will be successful in carrying out such calculations correctly or that the use of these quantitative models and systems will not expose the clients to the risk of significant losses. The efficacy of the trading signals produced by LFCM's models and systems is dependent on a number of factors, and LFCM cannot provide any assurance that the clients will not be exposed to the risk of significant trading losses if the underlying patterns that form the basis for the quantitative models and systems employed by LFCM change in ways not anticipated by LFCM.

Increased Use in the Markets of Quantitative Trading Methods. While the effect of any increase in the proportion of funds traded pursuant to quantitative trading approaches in recent years cannot be determined, any such increase could alter trading patterns or affect execution of trades to the detriment of LFCM.

Reliance on Technology. In connection with its trading strategies, LFCM may rely heavily on technology. This may include, without limitation, a reliance on computer programs, computer hardware and software, collectively referred to herein as “Technology”. Any malfunctions may impair performances. LFCM may rely on Technology to facilitate research, forecast security prices, construct portfolios, generate orders, allocate trades, and perform risk management operations, back office, financials, accounting, and other data processing. All of the aforementioned make use of computerized automation, which is facilitated by proprietary and third-party software. LFCM makes efforts to secure and back up these processes and their underlying data but can make no absolute guarantees as to their safety. LFCM implements policies that utilize internal testing, real-time monitoring, and internal safeguards, but despite these efforts, such software can be affected by errors, omissions, imperfections, and malfunctions. Such issues present an inherent risk associated with investing in a quantitative investment strategy, and can lead to execution of unanticipated trades, failure to properly gather and organize all available data, failure to take hedging or risk reducing actions, and other effects which can have a material negative impact on performance. These issues may be difficult to detect due to, among other factors, the complexity of LFCM’s trading programs and the interactions between various trading systems and may be exacerbated due to the significant volume of trades that are expected to be placed.

Furthermore, LFCM may depend on the proper and timely function of complex computer and communications systems maintained and operated by or for the exchanges on which LFCM executes transactions, LFCM’s clearing brokers and other data providers. Failures or inadequate or slow performance of any of these systems could adversely affect LFCM’s ability to timely complete transactions, including LFCM’s ability to close out positions, and result in lost profit opportunities and significant losses on transactions. This could have a material adverse effect on the clients’ income and could materially reduce, or even eliminate, the clients’ capital. Unavailability of records from one of LFCM’s clearing or brokerage firms can make it difficult or impossible for LFCM to accurately determine which transactions have been executed, or the details, including price and time, of any transaction executed. This unavailability of information also may make it difficult or impossible for LFCM to reconcile its records of transactions with those of another party or to accomplish settlement of executed transactions.

Obsolescence. LFCM creates models that rely on assumptions and observations made in the financial markets. The assumptions underlying these models need to be realistic and remain relevant in order for the signals to generate profitable investment decisions. The financial markets can change very suddenly, due to a variety of factors. When this happens, it can take time for enough data to be available in order for LFCM to assess that there is a new market paradigm. During this time, signals that are based on the old paradigm could lead to losses.

Execution of Orders. LFCM’s trading strategies depend on the ability to establish and maintain an overall market position in a combination of Financial Instruments selected by LFCM. LFCM’s trading orders may not be executed in a timely and efficient manner due to various circumstances, including, without limitation, systems failures or human error attributable to employees, Brokers, agents or other service providers. In such events, LFCM might only be able to acquire some, but not all, of the components of such position, or if the overall position were to need adjustment, LFCM might not be able to make such adjustment. As a result, LFCM would not be able to achieve the targeted market position and might incur a loss in liquidating the position.

Order Level Stop Loss May Not Be Effective. The placement of contingent orders by LFCM, such as a “stop loss” or “stop limit” orders, if/when placed, will not necessarily limit the losses to the intended amounts, since market conditions may make it impossible to execute such orders.

Operational Risks. The volume and complexity of the clients’ transactions may place substantial burdens on LFCM’s operational systems and resources, including those related to trade entry and execution, position reconciliation, corporate actions, collateral and margin maintenance, marking procedures, finance, accounting, profit and loss reporting, internal management and risk reporting and funds transfers. Human error, system failure or other problems with any of these processes could result in material losses or costs, which will generally be borne by the clients.

Human Error. LFCM’s personnel make subjective decisions in designing, implementing, monitoring and executing trading strategies, including determinations in connection with developing and making changes to analytical models (e.g., the timing of implementation, the level of testing required and the setting of various parameters or other settings), implementing risk limits, monitoring the trading and infrastructure, and placing orders. Such decisions by individuals could prove to be inaccurate or suboptimal, which could result in losses. For example, a decision to increase a risk limit or not to turn off trading in response to an automated alert could cause a strategy to trade more than intended.

Risk of Process Changes. LFCM is an evolving company and as such can make no guarantee that processes will not change over time. This applies to data gathering, research, forecasting, portfolio construction, order execution, trade allocation, risk management, compliance, operations and accounting. Except as restricted by law, LFCM reserves the right to make process changes at its absolute discretion. The effects of such changes are unpredictable and may lead to adverse outcomes.

Relative Value Trading Strategies. The success of relative value strategies is dependent on LFCM’s ability to exploit relative mispricing among interrelated instruments. Mispricing, even if correctly identified, may not converge within the time frame within which LFCM maintains its positions. LFCM’s relative value strategies are subject to the risks of disruptions in historical price relationships, the restricted availability of credit and the obsolescence or inaccuracy of its or third-party valuation models. Market disruptions and/or counterparty defaults may also force the Master Fund to prematurely close out one or more positions. A major component of relative value trading involves spreads between two or more positions. Such positions entail a substantial risk that the price differential could change unfavorably and, due to the leveraged nature of the trading, result in increased losses.

Credit Ratings. Credit ratings of debt securities are not a guarantee of quality. A credit rating represents only the applicable rating agency’s opinion regarding credit quality based on the rating agency’s evaluation of the safety of the principal and interest payments. A credit rating may not fully reflect the risks inherent in the relevant security. Rating agencies may fail to make timely changes to credit ratings in response to subsequent events.

Credit and Liquidity Enhancements. Issuers may employ various forms of credit and liquidity enhancements, including letters of credit, guarantees, puts, and demand features, and insurance provided by domestic or foreign entities such as banks and other financial institutions. LFCM may rely on its evaluation of the credit of the liquidity or credit enhancement provider in determining whether to purchase a security supported by such enhancement. Changes in the credit quality of the entity providing the enhancement could affect the value of the security.

Short Sales. LFCM may from time to time sell securities short in anticipation of the realization of a gain if the securities sold short should decline in market value. A short sale of a security involves the risk of a

theoretically unlimited increase in the market price of the security, which could result in an inability to cover the short position and a theoretically unlimited loss.

Leverage. LFCM from time to time employs leverage, which magnifies the gains and losses, should be expected to increase transaction costs and other expenses, and can result in the selling of portfolio securities pledged as collateral at substantial losses.

Hedging. LFCM will not, in general, attempt to hedge all market or other risks inherent in the clients' positions, and hedges certain risks, if at all, only partially. Furthermore, the ability of LFCM to hedge successfully to limit losses will depend on its ability to predict pertinent market movements, which cannot be assured. Furthermore, by hedging a particular position, any potential gain from an increase in the value of such position may be limited. Moreover, it should be noted that the portfolios will always be exposed to certain risks that cannot be hedged, such as counterparty credit risk. LFCM is not required to hedge and there can be no assurance that hedging transactions will be available or, even if undertaken, will be effective.

Foreign Currency Management. The clients may enter into foreign currency transactions including foreign currency forward contracts, currency exchange transactions on a spot (i.e., cash) basis, put and call options on foreign currencies, and foreign exchange futures contracts. However, there is no certainty that instruments suitable for hedging currency shifts will be available at the time LFCM wishes to use them, and LFCM is not required to enter into foreign currency transactions and will not do so unless deemed appropriate by LFCM. Furthermore, there is no assurance that LFCM's use of currency management strategies will be advantageous or that it will hedge at appropriate times. Successful use of currency management strategies will depend on LFCM's skill in analyzing currency values. The forecasting of currency market movement is extremely difficult, and currency management strategies may substantially change the clients' investment exposure based on changes in currency exchange rates and could result in losses if currencies do not perform as LFCM anticipates. Further, it is impossible to forecast with precision the market value of portfolio securities at the expiration of a foreign currency forward contract. Accordingly, LFCM may be required to buy or sell additional currency on the spot market (and bear the expense of such transaction) if its predictions regarding the movement of foreign currency or securities markets prove inaccurate. If LFCM hedges currency exposure through proxy hedges, currency losses could be realized from both the hedge and the security position if the two currencies do not move in tandem. Similarly, if LFCM increases exposure to a foreign currency and that currency's value declines, a loss will be realized. Moreover, it is not possible to hedge fully or perfectly against currency fluctuations affecting the value of securities denominated in non-U.S. currencies because the value of those securities is likely to fluctuate as a result of independent factors not related to currency fluctuations.

Money Market Instruments. LFCM may invest in short-term Financial Instruments, which include money market instruments. Money market instruments generally are considered to be low risk, and, because by definition they are short-term securities, highly liquid. Nonetheless, these Financial Instruments are subject to risk, including default risk, depreciation risk and liquidity risk. Money market funds are not insured or guaranteed by the Federal Deposit Insurance Corporation and may not be guaranteed by the Exchange Stabilization Fund. As a result, they are subject to a risk of loss.

Cash Investments. The clients may hold cash or invest in cash equivalents for short-term investments. While the clients hold cash or has investments in cash equivalents, the overall appreciation of assets may be less than if all the assets were invested fully in accordance with its investment strategy.

General Business and Trading Risks

Trading and Investment Risks. The financial markets are speculative; prices are volatile; and market movements are difficult to predict. Supply and demand for securities and other Financial Instruments

change rapidly and are affected by a variety of factors, including interest rates and general trends in the overall economy or particular industrial or other economic sectors. Government actions, especially those of the Federal Reserve Board, have a profound effect on interest rates, which, in turn, affect the price of Financial Instruments. In addition, a variety of other factors which are inherently difficult to predict, such as domestic and international political developments, governmental trade and fiscal policies, patterns of trade and war or other military conflict can also have significant effects on such markets. Even in the absence of such events, investing in and trading Financial Instruments can quickly lead to large losses.

General Economic and Market Conditions. The success of the LFCM's investment activities may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, and changes in laws.

Limited Diversification. The clients' portfolios may not be as diversified as other investment vehicles. As a result, the clients' performance may become more susceptible than a diversified portfolio to fluctuations in value or loss resulting from adverse economic or business conditions that affect those industries, issuers, or strategies.

Competition. The investment industry is extremely competitive. In pursuing its investment and trading methods and strategies, LFCM will compete with many of the larger investment advisory and private investment firms, as well as institutional investors and, in certain circumstances, market-makers and brokers. In relative terms, LFCM may have difficulty in competing in markets in which its competitors have substantially greater financial resources and more sophisticated technologies, larger research staffs and more investment professionals.

Limited Investment Opportunities. LFCM at times may be unable to identify suitable investments for the clients or may be unable to purchase suitable investments in periods of market volatility or disruption or for any number of other reasons. As a result, the clients may not always be fully invested.

Turnover. The clients' capital may be invested on the basis of short-term market considerations. The portfolio turnover rate of those investments may be significant, potentially involving substantial brokerage commissions, mark-ups, and fees. These commissions and fees will reduce the clients' profits.

Market Dislocation, Illiquidity and Volatility. The impact of market, legal, regulatory, reputational, and other unforeseen risks due to adverse marketplace events affecting market participants cannot be predicted and could impede the clients' ability to achieve their investment objectives. The clients may be adversely affected by a decrease in market liquidity and/or market volatility for certain of the Financial Instruments that it trades (which could impair LFCM from having the ability to adjust positions and risk in response to trading losses or other adverse developments). In addition, LFCM seeks to capitalize on the movement of prices, regardless of direction. Many of the instruments that may be traded by LFCM have been subject to periods of high and/or low price volatility in the past, and such periods can be expected to recur for those and other instruments, affecting the returns of such instruments. While volatility can create profit opportunities, it can also cause what should otherwise be comparatively low-risk positions to incur losses. On the other hand, the lack of volatility can also result in losses for certain positions that profit from price movements.

Epidemics and Pandemics. While the economic impact of the ongoing global outbreak of COVID-19 is presently uncertain, such outbreak and any future outbreak of an infectious disease or any other serious public health concern in a country, region or globally could materially harm the clients investments. In addition, COVID-19 has led to significant volatility in the securities, commodities and other markets and the coronavirus and any future outbreak of an infectious disease or any other serious public health concern may lead to additional volatility and illiquidity of the clients investments.

Brokerage Firms and Custodians May Fail. The institutions engaged by LFCM may encounter financial difficulties that could impair the operational capabilities or the capital position of the clients. In the event that the clients' broker becomes bankrupt, the clients may be subject to a risk of loss. There can be no guarantee in the event of a broker's insolvency that the pool of customer property held by the broker pursuant to applicable law will be sufficient to satisfy all customer claims, including those of the clients.

Fund Risks

Possible Adverse Effects of Increasing the Assets Managed by LFCM. It may be difficult or impossible for LFCM to take or liquidate a position in accordance with its trading systems, methods or strategies due to the size of the accounts which are or may be managed by LFCM. There can be no assurance that LFCM's strategies will not be adversely affected by the additional equity represented by additions to the clients' account.

Changes in Trading Approach. LFCM may not follow one specific investment strategy, but rather, may employ different trading strategies which LFCM feels are consistent with the clients' investment objectives. Because LFCM may change the allocation of assets among a variety of diverse investments and strategies at any time, an investment involves a high degree of uncertainty, and investors will be exposed to a significant degree of risk.

Compliance with ERISA Restrictions. Investment in the Fund generally will be open to employee benefit plans and other entities subject to Title I of ERISA and/or Section 4975 of the Code. Although LFCM presently intends to use commercially reasonable efforts to limit participation in the Fund by benefit plan investors so that the assets of the Fund will not be considered "plan assets," there can be no assurance that LFCM's efforts will be successful or that LFCM's intention will not change in the future. If the assets of the Fund were considered "plan assets" for purposes of ERISA and Section 4975 of the Code, certain investments made or to be made by the Fund in the normal course of its operations might result in non-exempt prohibited transactions and might have to be rescinded. Further, LFCM would be prohibited from allowing the Fund to engage in any transaction (including the buying or selling of investment assets or the property or any extension of credit) which it knows or should know would be a prohibited transaction, regardless of the reasonableness or fairness of the transaction. As a result, LFCM could be required to forego certain investment opportunities to avoid engaging in a nonexempt prohibited transaction. If at any time LFCM determines that assets of the Fund may be deemed to be "plan assets" subject to ERISA and/or Section 4975 of the Code, LFCM may take certain actions it may determine to be necessary or appropriate, including requiring one or more investors to withdraw or otherwise dispose of all or part of their Interest(s) or terminating and liquidating the Fund.

As noted above, additional important information about the material risks associated with investing in the Funds may be obtained by reviewing the Funds' Offering Documents or by contacting LFCM.

ITEM 9 – DISCIPLINARY INFORMATION

There are no disciplinary or legal events to report.

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Item 10.A – Broker-Dealers

LFCM is not registered, and does not have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Item 10.B – Futures and Commodity Trading

LFCM is also registered as a CPO with the Commodity Futures Trading Commission (the “**CFTC**”) under the Commodity Exchange Act (“**CEA**”) and is a member of the National Futures Association (“**NFA**”). LFCM will operate the Funds as exempt pools under CFTC Rule 4.7 and, therefore, is not required to adhere to certain disclosure, reporting, and recordkeeping requirements under the CEA.

Item 10.C – Material Relationships

As noted in Item 4 above, Long Focus Capital Partners, an affiliate of LFCM, is the Manager for the Onshore Feeder and in that capacity is responsible for administering all of the Onshore Feeder’s business and affairs other than its investment activities. Long Focus Capital Partners performs similar functions for the Offshore Feeder and the Master Fund. LFCM has another affiliate (the “**Family Office**”) that relies on the family office exclusion (the “**Family Office Exclusion**”) from the definition of “investment adviser” under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). The Family Office provides investment management services to an investment vehicle (the “**Affiliated LLC**”) that qualifies as a “family client” under the Family Office Exclusion. Several employees of LFCM also perform various functions for the Family Office.

Item 10.D – Other Investment Advisors

LFCM does not recommend or select other investment advisers to the Funds.

ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Item 11.A – Code of Ethics

LFCM has adopted a Code of Ethics (the “**Code**”) which sets forth the ethical and fiduciary principles and related compliance requirements under which LFCM operates and the procedures for implementing those principles. The Code includes provisions that govern fiduciary duties, client opportunities, insider trading, personal trading, gifts and entertainment, outside business activities and confidentiality.

The Code contains policies and procedures that, among other things:

- Prohibit Supervised Persons from benefitting at the expense of any client;
- Require Supervised Persons to comply with federal securities laws;
- Place limitations on personal securities trading by Supervised Persons (as further described below) including preclearing certain personal securities transactions;

- Require Access Persons to submit initial and annual reports of personal securities holdings and quarterly personal securities transaction reports to LFCM's Chief Compliance Officer (the "CCO").
- Require the CCO or his/her designee to review Supervised Persons personal transaction and holdings reports; and
- Require reporting of violations of the Code.

The Code is available to investors in the Funds or prospective client upon request by contacting the CCO at (787) 333-0240.

Item 11.B – Participation or Interest in Client Transactions

LFCM does not engage in principal trading with the Funds or in cross-trading of the Fund's assets with other accounts controlled by LFCM.

Item 11.C and 11.D – Affiliate Trading

Accounts belonging to LFCM's employees, officers, and owners and such persons' immediate family members living in the same household and investment vehicles controlled by such persons, if any, (collectively, all of the foregoing, "**Affiliated Persons**") can invest in the same securities as the Master Fund at or about the same time as the Master Fund. This creates a conflict of interest because the Affiliated Persons could focus on the performance of their accounts rather than of the Master Fund. Nonetheless, LFCM believes this conflict of interest is mitigated by the fact that generally the securities LFCM invests in for the Master Fund are liquid and readily available investments. In addition, this conflict of interest is mitigated by the facts that certain Affiliated Persons own a significant portion of the Funds and that certain Affiliated Persons' investments in the Funds comprise a significant portion of their overall investments.

To further address the above conflicts of interest, with respect to trading in the personal accounts of Affiliated Persons ("Affiliated Accounts"), LFCM requires preclearance of any trades in securities other than mutual funds in an amount greater than a limited threshold of the average daily trading volume for such security. In addition, LFCM monitors trading in Affiliated Accounts by reviewing transaction reports and holdings reports required to be submitted under the Code. With respect to Affiliated LLC account trading, LFCM mitigates the above conflicts of interest by applying the Allocation Policies discussed below.

Allocation Policies

From time to time, LFCM will invest for the Master Fund and for the Affiliated LLC accounts in the same securities at the same time. Generally, LFCM will determine prior to a trade the amounts of securities it wishes to sell or purchase for the Master Fund and the Affiliated LLC. For all accounts managed according to the same investment strategy, LFCM will generally (subject to the exceptions described below) invest or divest uniform percentages of each account's total assets in or from identical securities ("**target percentages**"). Target percentages are generally decided prior to placing an order. LFCM considers some or all of the following factors in making decisions as to the target percentage to purchase or sell for accounts in specific securities: the accounts' investment objective, policies, restrictions, risk tolerance, time horizon, portfolio construction, tax

sensitivity, desired market capitalization range, nature and size of accounts held in the strategy, suitability, tolerance for portfolio turnover, availability of cash or buying power, and whether the accounts are eligible to participate in a trade pursuant to compliance regulations. Based on these factors, at times, the target percentage for a particular security may be a higher or lower amounts for the Affiliated LLC than the Master Fund.

When LFCM seeks to buy or sell a particular security for the Master Fund and the Affiliated LLC at the same time, LFCM will, generally, aggregate the purchase or sale of such security for all participating accounts. All eligible accounts generally participate pro rata in the block purchases or sales according to the target percentage established for each participating account and bear pro rata the commission cost. If partial sales or purchases are made of equity securities, the allocation of the equity securities to the accounts shall be in the same ratio as the amounts intended to be bought or sold based on the target percentages. Exceptions to this policy may occur. For example, if one or more accounts would be unable to meet an investment objective, or if a pro rata allocation results in a de minimis allocation to certain accounts, LFCM may deviate from the allocation formula.

When equity securities transactions are only partially filled, a conflict of interest may arise to the extent LFCM aggregates orders of the participating accounts together. Under such circumstances, if the Affiliated LLC did not to participate in such limited opportunities, the Master Fund would be able to purchase or sell a greater percentage of the security. As noted above, LFCM expects this conflict of interest to arise infrequently, because generally the securities LFCM invests in for the Master Fund are liquid and readily available investments, and, when the Master Fund does invest in the limited opportunities, they comprise a relatively small portion of the Master Fund's assets.

Related LLC

Mr. Helmers owns (directly or indirectly) a minority interest in a Delaware limited liability company that engages in proprietary trading activities (the "**Related LLC**"). He has a position on the board and, therefore, participates in decisions of fundamental matters such as the annual budget and the hiring and firing of management personnel. Mr. Helmers is not involved in the day-to-day management nor in the trading activities.

While the Related LLC has a different investment strategy from LFCM, from time to time it may coincidentally trade in the same financial instruments as LFCM clients and take positions in such financial instruments that are opposite to the positions taken by clients. In addition, a limited number of the Related LLC's personnel from time to time discuss market information and potential investment opportunities with LFCM personnel. LFCM does not share LFCM's trade information with Related LLC personnel. Nonetheless, Related LLC personnel may trade in those same investments ahead of LFCM thereby adversely impacting the price or availability of the opportunity for LFCM's Clients. LFCM believes these conflicts of interest are mitigated by the fact that generally the securities LFCM invests in for its clients are liquid and readily available investments and, therefore, it is not anticipated that LFCM and the Related LLC and/or its personnel will regularly be in competition with one another for limited investment opportunities. In addition, LFCM believes that these conflicts are mitigated in part because LFCM personnel are not authorized to trade or direct trading on behalf of the Related LLC and the Related LLC is not

authorized to trade or direct trading on behalf of LFCM clients. Furthermore, LFCM and the Related LLC employs separate trading systems, including independent servers and order entry ports to the exchanges, such that LFCM and the Related LLC and their personnel will not have access to each other's transaction information and their trade execution activities will never intentionally interact with each other.

ITEM 12 – BROKERAGE PRACTICES

Item 12.A – Selection of Broker-Dealers

LFCM is responsible for choosing the brokers through which it will execute trades on behalf of its clients. Currently, LFCM expects to trade for the Master Fund primarily through the Master Fund's prime brokers. LFCM also may utilize one or more other prime brokers, U.S. and non-U.S. securities and futures brokers or clearing firms, introducing brokers, executing brokers, dealers, custodians and counterparties (collectively together with the Master Fund's existing prime brokers, "**Brokers**") to trade on behalf of clients. In selecting Brokers to execute transactions, LFCM need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. Securities transactions for clients are placed with Brokers on the basis of obtaining the best overall terms available, which LFCM evaluates based on a variety of factors, including the Broker's reliability, reputation, financial responsibility, stability, ability to execute trades, nature and frequency of sales coverage, commission rate, if any, and responsiveness.

Item 12.A.1 – Research and Other Soft Dollar Benefits

In addition to considering a Broker's overall terms and execution capability, LFCM considers the research and brokerage services the Broker makes available. The payment for such benefits by LFCM may be made with "soft" or commission dollars of the Master Fund. Any soft dollar benefits received by LFCM will be in compliance with the safe harbor provided by Section 28(e) of the Securities and Exchange Act of 1934, as amended. Research services paid for in this way will assist LFCM in carrying out its investment decision making responsibilities. Such research services include general economic research, market and statistical information, industry and technical research, strategy and company research and research related to performance measurement and may be written or oral.

Brokers that provide both research and execution services are generally paid higher commissions than those paid to Brokers that do not provide such research and execution services. The proposed relationships with Brokers that provide soft dollar services to LFCM may influence LFCM's judgment in allocating brokerage business and create a conflict of interest in using the services of those Brokers to execute brokerage transactions. For example, by using Fund commissions to obtain products and services, LFCM does not have to produce or pay for such products and services. Consequently, LFCM has an incentive to select or recommend Brokers based on its interest in receiving products and services, rather than the Funds' interests in receiving most favorable execution.

Generally, brokerage and/or research services will be used to service both the Master Fund and the Affiliated LLC. However, at times, certain research received from executing brokers may only benefit the Affiliated LLC. This conflict is mitigated by the fact that the reverse is also true that,

at times, certain research received from executing brokers for Affiliated LLC trading will be used exclusively for the Master Fund.

Item 12.A.2 – Brokerage for Client Referrals

From time to time, Brokers may assist the Feeder Funds in raising additional capital from investors. LFCM may consider referrals of investors to the Feeder Funds in determining its selection of Brokers. This creates a potential conflict of interest between the judgment of LFCM in allocating brokerage business to brokers to execute the Fund's transactions and the possible receipt of future referrals. This conflict is partially mitigated by the fact that LFCM is required to seek best execution when selecting Brokers. In addition, LFCM will not commit to an investor or Broker to allocate a particular amount of brokerage in any such situation.

Item 12.A.3 – Directed Brokerage

LFCM does not recommend, request or require that a client direct LFCM to execute transactions through a specified broker-dealer.

Item 12.B – Aggregation of Orders of Securities for Client Accounts

LFCM aggregates orders of securities being purchased and sold at the same time as described in Item 11 above regarding LFCM's allocation policies.

Trade Errors

Trading errors are an intrinsic factor in any complex investment process and will occur notwithstanding the exercise of due care and the existence of procedures reasonably designed to prevent such errors. Such errors might include, for example, incorrect entry of a trade into an electronic trading system, errors when reconciling trade activity, or drafting errors related to trade contracts or confirmations. Except to the extent required by non-waivable provisions of federal or state securities laws, the clients (and not LFCM) will bear any losses resulting from portfolio management, trading, or administrative errors in connection with the clients' investment activities in the absence of fraud, willful misconduct, or gross negligence by LFCM or its affiliates or personnel. Any gains or benefits that result from trade errors will also accrue to the clients. Such errors might include, for example, incorrect entry of a trade into an electronic trading system (e.g., 1,000 shares instead of 10,000 shares are traded), errors when reconciling trade activity, or drafting errors related to derivatives contracts or confirmations. Given the volume of transactions executed by LFCM on behalf of the Master Fund, investors in the Funds should assume that any such errors might occur, although LFCM does not expect them to occur frequently. When resolving issues concerning trade errors, investors should be aware that LFCM will have conflicts of interest such as determining whether the trade error was caused by its gross negligence and the amount of loss due to the trade error. This conflict of interest is mitigated by the fact that certain Affiliated Persons own a significant portion of the Funds which mitigates the incentive to disfavor the Funds in determining the cause of the trade error.

ITEM 13 – REVIEW OF ACCOUNTS

Item 13.A – Review of Client Accounts

There is direct management of all client accounts on a daily basis by or under the supervision of Mr. Helmers in his capacity as LFCM's portfolio manager. Daily reports of the clients' portfolio positions and performance are provided to the portfolio manager.

Item 13.B – Reports to Clients

Investors in the Feeder Funds will receive the following: (i) annual financial statements, audited by an independent certified public accounting firm; (ii) a monthly statement detailing their account information, including the beginning and ending equity of the account; (iii) copies of such investor's Schedule K-1 to the Master Funds' tax returns, as applicable; and (iv) other reports or documents as determined by LFCM in its sole discretion.

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

Item 14.A – Economic Benefits Provided to LFCM from Non-Clients

LFCM does not receive any economic benefits from non-clients for providing investment advice to its clients.

Item 14.B – Compensation for Client Referrals

Neither LFCM nor any of its Related Parties directly compensate any person for client or investor referrals. However, as noted in Item 12.A.2 above, LFCM may consider referrals of investors to the Feeder Funds in determining its selection of Brokers. See Item 12.A.2 above for additional information about such arrangements.

ITEM 15 – CUSTODY

LFCM does not have physical custody of any client assets. However, under Rule 206(4)-2 under the Advisers Act LFCM is deemed to have custody of the assets of the Funds. To comply with the requirements of Rule 206(4)-2, each Fund annually distributes to its investors such Fund's audited financial statements prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), no later than 180 days after each fiscal year-end. In addition, upon the final liquidation of any Fund, LFCM will obtain a final audit of the Fund's financial statements prepared in accordance with GAAP and distribute the audited financial statements to all of the Fund's investors promptly after completion of the audit.

ITEM 16 – INVESTMENT DISCRETION

LFCM generally has discretionary authority to buy and sell Financial Instruments for the Funds including, without limitation, to determine the amount of such investments to be bought and sold, subject to restrictions that may be imposed in the applicable Offering Documents and the terms of any investment advisory agreement between LFCM and the Funds. These restrictions and terms

may limit LFCM's advice concerning investments in certain securities or sectors, concentration limits or leverage, among other things.

ITEM 17 – VOTING CLIENT SECURITIES

Item 17.A – Authority to Vote Client Securities

Although LFCM is authorized to vote proxies on behalf of its clients, generally, LFCM does not do so. However, LFCM may vote proxies for certain securities where the act of voting will entitle the Funds to directly receive proceeds from a merger or other corporate action. With respect to other types of proxies, LFCM has determined that the costs inherent in monitoring and voting proxies outweigh the potential benefits in light of the small position size typically held by the Funds in any given security. While LFCM does not anticipate that any Fund would benefit by voting proxies, LFCM's general determination not to vote proxies on behalf of the Funds results in decisions being made with respect to underlying portfolio securities without input from LFCM.

Where the act of voting will entitle a Fund to directly receive proceeds from a merger or other corporation action and LFCM does choose to vote such proxy, the Chief Compliance Officer will consider whether LFCM is subject to any material conflict of interest in connection with such proxy vote. Employees must notify the Chief Compliance Officer if they are aware of any potential conflict of interest associated with a proxy vote. If the Chief Compliance Officer detects a material conflict of interest in connection with LFCM's proxy voting activities, the Chief Compliance Officer will meet with Mr. Helmers, and/or outside counsel, as necessary, and determine the best course of action that the Chief Compliance Officer believes is in the Fund's best interests. LFCM does not accept requests from the Funds or its investors to vote proxies in a particular manner.

LFCM's proxy voting policy and procedures are available upon request. A Fund may obtain LFCM's proxy voting policy or a record of LFCM's proxy voting for such Fund by contacting LFCM's Chief Compliance Officer, at (787) 333-0240.

LFCM will not be the lead plaintiff in class action lawsuits or actively participate in the litigation of any such lawsuit. Furthermore, LFCM expects that with respect to most class action settlements it will not file proofs of claim on behalf of the Funds because of the immaterial amounts that will be recovered by filing such proofs of claim.

Item 17.B – Lack of Authority to Vote Fund Securities

Not applicable.

ITEM 18 – FINANCIAL INFORMATION

Item 18.A – Balance Sheet

Not applicable.

Item 18.B – Financial Conditions Likely to Impair Contractual Commitments

LFCM has no financial condition that impairs its ability to meet contractual commitments to clients.

Item 18.C – Bankruptcy Petitions

LFCM has never been the subject of a bankruptcy proceeding.

ITEM 19 – REQUIREMENTS FOR STATE-REGISTERED ADVISERS

LFCM is not currently registered as an investment adviser with any state securities authorities.