

The Quarry

The Quarry LP

**331 Park Avenue South
3rd Floor
New York, NY 10010**

www.quarrylp.com

March 2024

This “**Brochure**” provides information about the qualifications and business practices of The Quarry LP (hereinafter “**The Quarry**”, “**we**”, “**us**”, “**our**” or the “**Firm**”). If you have any questions about the contents of this Brochure, please contact our Chief Compliance Officer (“**CCO**”), Tanvir Kirpalani, by email at contact@quarrylp.com. Information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“**SEC**”) or by any state securities authority.

The Quarry is a registered investment adviser with the SEC. Registration as an investment adviser does not imply that The Quarry or any of its principals or employees possesses a particular level of skill or training in the investment advisory business or any other business.

Additional information about The Quarry LP is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Material Changes

This Brochure is The Quarry's annual update to its Form ADV Part 2A. There have been no material changes since The Quarry filed its initial Brochure in June 2023. Pursuant to SEC requirements and rules, you will receive a summary of any material changes to this Brochure within one hundred twenty days of the close of The Quarry's fiscal year. This Brochure may be requested at any time, without charge, by contacting The Quarry's Chief Compliance Officer at contact@quarrylp.com

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

We encourage current and future investors to read this Brochure as well as all of the governing and offering documents applicable to your current or prospective investment, in their entirety.

Item 3: Table of Contents

Item 2: Material Changes	2
Item 4: Advisory Business.....	4
Item 5: Fees and Compensation.....	6
Item 6: Performance-Based Fees and Side-By-Side Management.....	10
Item 7: Types of Clients	10
Item 8: Methods of Analysis, Investment Strategies, and Risk of Loss	10
Item 9: Disciplinary Information.....	29
Item 10: Other Financial Industry Activities and Affiliations.....	29
Item 11: Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading.....	30
Item 12: Brokerage Practices	32
Item 13: Review of Accounts	33
Item 14: Client Referrals and Other Compensation	34
Item 15: Custody.....	34
Item 16: Investment Discretion.....	34
Item 17: Voting Client Securities	34
Item 18: Financial Information	35

Item 4: Advisory Business

The Quarry LP, a Delaware limited partnership (hereinafter **“The Quarry”**, **“Firm”**, **“Investment Manager”**, **“we”**, **“us”**, or **“our”**) has its principal place of business in New York, New York.

We serve as the investment adviser, with discretionary trading authority, to private, pooled investment vehicles, the securities of which are offered through a private placement memorandum to US investors that are accredited investors, as defined under the Securities Act of 1933 (the **“Securities Act”**). We do not tailor our advisory services to the individual needs of any particular investor in such pooled investment vehicles.

The Quarry manages the following private, pooled investment vehicles:

- TQ Offshore Fund Ltd, a Cayman Islands exempted company (the **“Offshore Fund”**);
- TQ Fund LP, a Delaware limited partnership (the **“Onshore Fund”**);
- TQ Intermediate Fund LP, a Delaware limited partnership (the **“Intermediate Fund”**);
- TQ Master Fund LP, a Cayman Islands exempted limited partnership (the **“Master Fund”**);

The Offshore Fund invests all of its investable assets into the Intermediate Fund, which invests all of its investable assets in the Master Fund. The Onshore Fund also directly invests all of its investable assets into the Master Fund. The Master Fund, the Onshore Fund, the Offshore Fund, and the Intermediate Fund are herein collectively referred to as the **“Funds”** or **“Clients”**. The investors in the Funds are herein referred to as **“Investors”**.

This Brochure generally includes information about The Quarry and its relationships with its Clients and affiliates. While much of this Brochure applies to all such Clients and affiliates, certain information included herein applies to specific Clients or affiliates only.

This Brochure does not constitute an offer to sell, or solicitation of an offer to buy, any securities. The securities of the Funds are offered and sold on a private placement basis under exemptions promulgated under the Securities Act of 1933, as amended (the **“Securities Act”**), and other exemptions of similar import under U.S. state laws and the laws of other jurisdictions where any offering may be made. Interest in a Fund is offered on a private placement basis in accordance with Regulation S of the Securities Act, with respect to non-U.S. persons, and subject to certain other conditions, which are fully set forth in the relevant Fund’s offering documents (the **“Offering Documents”**). The interests in the Funds are offered on a private placement basis pursuant to Section 3(c)(7) of the Investment Company Act of 1940, as amended (the **“Company Act”**), to persons who are “accredited investors” as defined under the Securities Act, “qualified purchasers” as defined under the Company Act, or non-U.S. persons as defined in Regulation S and subject to certain other conditions, which are set forth in its Offering Documents. Persons reviewing

this Brochure should not construe this as an offer to sell or solicitation of an offer to buy the securities of any of the Funds described herein. Any such offer or solicitation will generally be made only by means of a confidential offering memorandum.

Note, all capitalized or defined terms below are described in further detail in the relevant Fund's Offering Documents.

The Firm has entered into and may enter into side letters or similar agreements with certain Investors that may waive or modify the application of, or grant special or more favorable rights with respect to the Offering Documents to the extent permitted by applicable law.

The Funds, and in certain cases The Quarry, will have the discretion to waive or modify the application of, or grant special or more favorable rights with respect to, any provision of the Offering Documents to the extent permitted by applicable law. To effect such waivers or modifications or the grant of any special or more favorable rights, the Funds may create additional classes or series of shares for certain Investors that provide for, among other things, (i) greater transparency into the Fund's portfolio, (ii) different or more favorable redemption rights, such as more frequent redemptions or shorter redemption notice periods, (iii) greater information than may be provided to other Investors, (iv) different fee or incentive compensation terms, (v) more favorable transfer rights and (vi) key-person notifications. Certain such waivers, modifications or grants of special or more favorable rights may also be effected by the Fund, and, in certain cases, the Investment Manager, through agreements ("Side Letter Agreements"). Although certain Investors may invest in the Funds with different material terms, the Funds and the Investment Manager generally will only offer such terms if they believe other Investors in the Fund will not be materially disadvantaged.

The Funds and the Investment Manager have entered into an agreement with certain strategic investors (the "Strategic Investors") in connection with the Strategic Investors making an initial strategic investment in the Fund (each, a "Strategic Relationship Agreement"). The Strategic Investors may invest additional amounts in the Fund, in addition to their initial strategic investment. The Strategic Investors will have different Management Fee and Incentive Allocation terms (as defined in the Offering Documents) than the classes described in the Offering Documents. Each Strategic Investor's initial strategic investment will be subject to a hard lock-up period under which each such Strategic Investor will not be permitted to redeem its initial strategic investment, except that redemptions of an initial strategic investment may occur on the same terms and conditions provided for ordinary course redemptions following the occurrence of certain events. Other than the Management Fee and Incentive Allocation terms described in the Offering Documents, the Strategic Investors will also have (i) certain most favored nation rights; (ii) certain capacity and co-investment rights; (iii) certain transfer rights; (iv) certain indemnification rights; (v) certain information and notice rights in addition to those described in the Offering Documents (e.g., relating to the Investment Manager and the Fund's portfolio) and (vi) certain consent rights with respect to actions that may be taken by the Fund or the Investment Manager. In addition, each Strategic Investor will have certain other special rights, including the right to be paid a guaranteed payment for the use of capital (which amount is included in and is part

of the Management Fee Payment), in accordance with the Strategic Relationship Agreements, and will be allocated as a percentage of the Incentive Allocation otherwise due to the General Partner of the Funds (the “General Partner”). The Strategic Investors are not affiliated with the Investment Manager and its affiliates and are not sponsors or promoters of the Fund or its affiliates and will not have any responsibilities with respect to the Investment Manager or its affiliates or with respect to the Fund, including not exercising any control over the day-to-day investment decisions of the Fund.

No investor in the Fund, Intermediate Fund or Domestic Fund has the right to review or receive a copy of the Strategic Relationship Agreement.

We do not currently participate in any Wrap Fee Programs.

The Firm has regulatory assets under management of \$462,423,509 as of December 31, 2023, all managed on a discretionary basis.

Item 5: Fees and Compensation

The fees applicable to a Fund are set forth in detail in its respective Offering Documents. A brief summary of such fees is provided below.

Management Fee

The Quarry is paid an investment management fee (“**Management Fee**”) calculated as a percentage of the net asset value of each series or capital account of a Fund.

The Management Fee is prorated and payable as of the Subscription Date (see Offering Documents) for any subscription by an Investor that is effective other than as of the first day of a fiscal quarter. In the event of a redemption by an Investor other than as of the last day of a fiscal quarter, the Investment Manager will return overpaid fees to the Master Fund, and the Master Fund will pay to the Fund for payment to, or credit to the interest of the relevant Fund, the redeeming Investor, an amount equal to the pro rata portion of the Management Fee, based on the actual number of days remaining in such fiscal quarter.

In the sole discretion of the Investment Manager, the Management Fee may be waived, reduced or calculated differently with respect to the interest of any Investor, including any Investment Manager-Related Investor.

Other Types of Fees or Expenses

The Funds will be responsible for its allocable portion of a significant portion of (i) the Investment Manager’s (and its affiliates’) expenses, including employee compensation and start-up expenses incurred by the Investment Manager and its affiliates prior to the launch of the Fund and (ii) the expenses of each Third-Party Sub-Advisor (as disclosed and defined in the relevant Offering Documents), subject to the terms of and limitations in any relevant agreement with a Third-Party Sub-Advisor.

Investors and prospective Investors should note that it would be impractical to list every type of expense that is incurred or will be incurred over time, so the following disclosure is intended to illustrate the nature of the expense pass-through structure.

The Fund will bear its own expenses and its pro rata share of the Intermediate Fund's expenses, the Master Fund's expenses and any trading vehicle's expenses, including the following: (i) the Management Fee; (ii) performance-based compensation paid or allocated or reimbursed to Portfolio Managers (as disclosed and defined in the relevant Offering Documents); fees and expenses related to obtaining research (including any information technology hardware, software or other technology incorporated into the cost of obtaining such research); brokerage and prime brokerage fees, commissions and expenses; expenses relating to short sales; clearing and settlement charges; custodial fees and expenses; bank service fees; interest expenses and fees related to financings or refinancings; fees and expenses of proxy research and voting services; and fees and expenses of third-party Portfolio Managers, third-party investment professionals, including investment consultants and investment bankers; (iii) organizational and reorganizational expenses; (iv) operational expenses, including the following: fees and expenses related to obtaining market data (including any information technology hardware, software or other technology incorporated into the cost of obtaining such market data); due diligence expenses including consulting and appraisal fees; travel expenses; fees and expenses of third-party attorneys and accountants; fees and expenses relating to information technology hardware, software or other technology (including costs of software licensing, implementation, data management and recovery services and custom development) used to research investments, evaluate and manage risk, facilitate valuations, facilitate accounting functions, facilitate compliance with the rules of any self-regulatory organization or applicable law (including reporting obligations), facilitate and manage the order execution of Securities or otherwise manage the Funds or any trading vehicle, such as Bloomberg terminals, portfolio management systems, risk management systems and order management systems, including expenses related to computers, equipment and technology; communications expenses, including telephone/internet equipment and lines, cable TV equipment and services, cellular equipment (i.e., smartphones), and any service plans, associated repairs, parts and maintenance; fees and expenses of third-party risk management products, models and services; (v) third-party administrative fees and expenses; fees charged by the Investment Manager or its affiliates to provide administration services to the Funds or any trading vehicle, and expenses incurred directly by the Funds or any trading vehicle or the Investment Manager or its affiliates in connection with the provision of administration services, including out-of-pocket expenses (including travel, travel-related lodging and meal expenses); (vi) overhead of the Investment Manager (including expenses such as rent (except for rent paid for the New York City based firm headquarters), utilities, supplies, secretarial expenses, stationery, charges for furniture, fixtures and equipment); expenses, salaries, payroll taxes, fringe benefits (including 401(k) plans or other similar retirement-related benefits), bonuses, expenses and fees paid or reimbursed to all employees, including, without limitation, members of management (excluding the salary and bonus of the Key Person), consultants, subcontractors and agents, and investment advisers engaged directly by the Fund and its affiliates, and expenses

relating to recruiting, retaining and supporting investment and non-investment personnel, including, without limitation, salaries, fringe benefits and bonuses; (vii) expenses related to the research, due diligence and monitoring of actual and prospective Fund investments (whether or not consummated) and the consummation of investments, including the following: third-party investment sourcing fees; (viii) fees and expenses of third-party professionals, including consultants, valuation service providers, attorneys and accountants; the costs of any litigation or investigation involving activities of the Funds or any trading vehicle; (ix) third-party audit and tax preparation expenses; (x) insurance expenses, including premiums for cybersecurity insurance and liability insurance covering the General Partner, the Investment Manager and the members, partners, officers, employees and agents of any of them, and each member of the Board of Directors and each member of the Advisory Committee; omissions insurance, casualty and property, cyber liability and other risk-specific insurance; (xi) fees and expenses (including director registration fees) of the Fund's and any trading vehicle's directors and officers (including any AML Officers); fees and expenses of the Advisory Committee; (xii) costs of customer relationship management software related to direct and indirect investors in the Funds; fees and expenses paid for the investment advisory services of affiliated entities that participate in the management of the Fund's assets (including, without limitation, the advancement of certain regulatory capital and expenses for non-U.S. management companies); (xiii) costs of preparing and distributing reports and notices; (xiv) taxes; (xv) expenses incurred in connection with negotiating and complying with provisions of any Side Letter Agreement; (xvi) fees and expenses related to registration with and compliance with the rules of any self-regulatory organization or applicable law in connection with the activities of the Funds or any trading vehicle, including any governmental, regulatory, licensing, filing or registration fees or taxes (including fees and expenses incurred in connection with the preparation and filing of Form PF, Annex IV, Form CPO-PQR, Section 13 filings, Section 16 filings and other similar regulatory filings) and any fees or expenses of compliance consultants to assist with the foregoing; (xvii) expenses incurred in connection with the offering and sale of interest in the relevant Fund, and other similar expenses related to the Fund (excluding fees payable to any placement agent) including travel expenses, meals, development, printing and distribution costs of marketing and investor relations materials and marketing event fees; business entertainment expenses (collectively, such items in (iii) through (xvii) above, "Ordinary Operating Expenses"); (xviii) extraordinary expenses, including the following: indemnification expenses; fees and expenses incurred in connection with any tax audit by any taxing authority, including any related administrative settlement and judicial review; costs and expenses (including the cost of legal and other consultants, and of any judgment, fee, penalty and settlement amounts) incurred in connection with threatened and actual litigation or arbitration or action by a private party, regulator or governmental agency, involving the Fund, its affiliates, personnel, and any other third-party that is entitled to an indemnity or reimbursement of such expenses, by the Fund (directly and indirectly); and fees and expenses incurred in connection with the reorganization, dissolution, winding up or termination of the Funds or any trading vehicle (collectively, such items in (xviii) above, "Extraordinary Expenses").

Certain expenses, including expenses for services, personnel, equipment and

software, among other things, incurred by the Investment Manager in connection with the provision of investment management, administrative or other services to the Fund and other funds, accounts or third parties or otherwise in connection with the activities of the Investment Manager will be allocated among the Fund and the other recipients of the services that generate such items of expense. The Investment Manager will seek to allocate such expenses fairly and equitably among the Fund and such other recipients based upon certain estimates and assumptions that the Investment Manager believes are reasonable and appropriate, but which may be imprecise and may result in the Fund's bearing a larger portion of such expenses than if they were calculated in a different manner. In determining what expenses are allocable to the Fund and other funds, accounts or third parties or otherwise in connection with the activities of the Investment Manager, the need to allocate common expenses may present a conflict. The Investment Manager will attempt to mitigate any such conflicts by making allocations and other judgments on a basis that it believes to be fair and reasonable under the circumstances, although it may not be possible to fully or partially mitigate each such conflict. Assets of the Investment Manager, including, without limitation, intellectual property developed in connection with services provided to the Funds, may be utilized in the conduct of other business activities in the sole discretion of the Investment Manager without compensation or reimbursement to the Funds, including, without limitation, reimbursement of the costs incurred in the development of such assets, but subject to the appropriate allocation of ongoing expenses related to such utilization in accordance with the Investment Manager's expense allocation policies as in effect from time to time. Certain types of expenses referenced above, such as travel and business entertainment expenses, are subject to limitations contained in the Investment Manager's policies and procedures.

The Investment Manager may, in its sole discretion, choose to pay for, or not seek reimbursement for, any of the expenses referenced above instead of having the Fund pay for such expenses, if it believes doing so is appropriate in light of current circumstances. The foregoing expenses may be revised by the Investment Manager from time to time in its sole discretion.

Portfolio Managers (and related personnel) are given the opportunity to invest in entities through which they are able to achieve the rate of return of the strategies they manage on behalf of the Fund. Such investments only share in the expenses generally allocated to such portfolio for purposes of determining compensation of Portfolio Managers and not the expenses of the Fund generally. Such arrangements could lead to potential conflicts of interests.

The General Partner has agreed to cap the aggregate amount of Ordinary Operating Expenses at 3.00% per annum of the Master Fund's average monthly net asset value for such Fiscal Year (the "Expense Cap") through September 30, 2025. The Investment Manager or an affiliate will reimburse the Fund for any Ordinary Operating Expenses borne by the Fund in excess of the Expense Cap (the "Excess Fund Operating Expenses") or bear such Excess Fund Operating Expenses directly. The Expense Cap will be prorated for partial periods. For the avoidance of doubt, the Management Fee, investment-related expenses other than Ordinary Operating

Expenses, taxes, the Incentive Allocation and Extraordinary Expenses are not subject to the Expense Cap.

The Fund does not have a pre-determined limit on its ordinary or extraordinary operating expenses, other than the Expense Cap. The Fund's actual annual operating expenses are disclosed in the Fund's year-end audited financial statements, which are provided to each Investor.

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

The General Partner is entitled to a performance-based Incentive Allocation, calculated as a percentage of realized and unrealized gains of each capital account in the Master Fund, subject to a high watermark, as described in the applicable Offering Documents.

The performance based-allocation is normally allocated at the end of a fiscal year, although it is also allocated in connection with a withdrawal during a fiscal year.

Generally, the performance-based compensation is not negotiable. However, The Quarry and/or the General Partner may, in its sole discretion, waive, reduce or modify the performance-based compensation at any time.

Performance-based compensation arrangement may create an incentive for us to recommend investments which may be riskier or more speculative than those which we would recommend under a different arrangement in an effort to receive a greater performance-based compensation.

Item 7: Types of Clients

Our Clients are the Funds. An investment in a Fund is generally open to, among others, institutions, pension plans, endowments, high net-worth individuals, financially sophisticated individuals, fund of funds, and other sophisticated investors.

Generally, the minimum initial investment in the Fund is \$2 million. However, the General Partner and/or the Firm, as applicable, may, in its sole discretion, accept a lower initial investment from time to time.

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

The descriptions set forth in this Brochure of specific advisory services that we offer to investors, and investment strategies pursued and investments made by us on behalf of our Clients, should not be understood to limit in any way our investment activities. We may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that we consider appropriate, subject to each Client's investment objectives and guidelines. The investment strategies we pursue are speculative and entail substantial risks. Investors should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any Client will be achieved.

Investment Objective

The Fund seeks to achieve consistent risk-adjusted returns for its partners through an opportunistic, multi-strategy investment approach. The Fund aims to minimize its exposure to market directional moves, and to be diversified across various individual assets classes, factors, and issuers. To achieve this overall portfolio balance, and in attempt to perform throughout market cycles, the Fund incorporates a range of investment opportunities and strategies, primarily through the allocation of capital to Portfolio Managers. Portfolio Managers may be internal employees of the Investment Manager or an affiliate, or alternatively, may be external, unaffiliated sub-advisors to the Fund.

The various strategies ("Sub-Strategies") within the Fund utilize a wide variety of financial instruments or asset classes, including digital assets, and generally will be focused on alternative investment strategies with long and short exposures that include, but are not limited to: relative value trading, arbitrage, special situations, convertible securities, capital structure arbitrage, fundamental long/short investments in equities or credit, quantitative or systematic trading, global macro trading, credit, commodities strategies, volatility, and event-driven investing. The Fund may also pursue trades or Sub-Strategies for hedging and risk management purposes, either as an overlay to other portions of the portfolio, or by allocating capital to strategies that are intended to enhance the overall fund's risk-adjusted returns.

The Investment Manager selects Portfolio Managers through an evaluation of each Portfolio Manager's individual investment strategy, including their track-record when available, research process, strategy differentiation and outlook, and other quantitative or qualitative factors. Upon selecting a Portfolio Manager, the Investment Manager generally determines the investment capital allocation amount for each Portfolio Manager, as well as the risk limits that shall be applied to each Portfolio Manager's portfolio, and then monitors and enforces the on-going compliance with the risk limits daily. The Investment Manager may increase or decrease its capital allocation to various Sub-Strategies on an opportunistic basis to achieve its goal of maximizing the risk-adjusted returns of the Fund.

The Investment Manager will negotiate fees or compensation with each Portfolio Manager on a case-by case basis. Generally, Portfolio Managers are compensated solely by being allocated a performance or incentive fee based on the performance of the applicable Sub-Strategy. The Investment Manager may also pay a management fee, advance upfront expenses, or draw to a portfolio manager. The Investment Manager will also allocate capital to Portfolio Managers using a first loss or subordinated capital ("Sub-Capital") structure, in which case the Sub-Capital interest in the relevant Fund bears any losses from the specific Portfolio Manager's strategy before losses from the given strategy would be experienced by the Fund. In Sub-Capital structure, the relevant Fund or the Investment Manager will pay the Portfolio Manager and/or Sub-Capital Investors a higher share of the Sub-Strategy's profits, due to the protection from initial losses provided to the relevant Fund.

The assets of the relevant Fund may be invested, directly or indirectly, on margin or

otherwise, in interests commonly referred to as securities, other financial instruments issued by, entered into by or referenced to entities and other assets, including digital assets and other financial instruments related to digital assets (all such items being called herein "Securities").

Risk Management

The Fund seeks to limit market and operational risks through its overall investment process and risk management procedures. The Portfolio Manager selection process aims to identify Sub-Strategies that will generate returns in a diversified manner. Risk limits are then put in place for each Portfolio Manager. The Manager employs an ongoing risk monitoring process in attempt to preserve capital and to help ensure Portfolio Manager adherence to risk limits set for each Sub-strategy. The Manager is responsible for the risk management of the Fund's Investments, and will regularly monitor, review, and manage investments with a focus on, among other things: Value-at-Risk (VAR), gross and net market value, sector, and overall portfolio exposures; the volatility of positions; position liquidity; attribution of profits and losses by Portfolio Manager and positions or market factors; counterparty exposures; and the reduction of overall risk exposures through the use of overlay hedges and investments for overall Fund risk management.

Risk Factors

The following risk factors may not be applicable to all Clients. Investments in a Fund are speculative and involve a substantial degree of risk, including the risk that an investor could lose some or all of its investment in such Fund. Prospective investors should carefully consider the risks of investing, which include, without limitation, those set forth below which are more fully described in the applicable Fund's Offering Document.

Investment risks specific to the investment strategy of each Client are described in the Client's Offering Documents. These risk factors listed below include only those risks The Quarry believes to be material, significant, or unusual and relate to particular significant investment strategies or methods of analysis employed by The Quarry and do not purport to be a complete list or explanation of the risks involved in an investment in the Clients advised by The Quarry.

Risks Related to Investment Strategy

Risk of Loss. No guarantee or representation is made that the Fund's investment program, including the Fund's investment objective, diversification strategies or risk monitoring goals, will be successful. Investment results may vary substantially over time. No assurance can be made that profits will be achieved or that substantial or complete losses will not be incurred.

No Fixed Strategy, Instruments, Markets, Sectors or Issuer Weightings. The Investment Manager will opportunistically implement whatever strategies or discretionary approaches the Investment Manager believes from time to time may be suited to prevailing market conditions. The risks associated with such strategies

may be different from those described herein. There can be no assurance that the Investment Manager will be successful in selecting any such strategy or discretionary approach or that losses will be avoided.

Although the diversification of the Fund's investments among a variety of strategies is intended to reduce the Fund's exposure to adverse events associated with specific companies, industries, asset types, strategies or markets, the amount of that diversification may be limited. As a result, the Fund's assets may become highly concentrated within a particular company, industry, asset type, strategy or market at any given time, and the Fund will, therefore, be more susceptible to fluctuations in value resulting from adverse economic conditions affecting the performance of a particular company, industry, asset type, strategy or market than would be the case for a less concentrated portfolio.

Discretion of Investment Manager; New Strategies and Techniques. The Investment Manager has complete discretion in the types of financial instruments that the Fund may trade and has the right to modify, and will modify, the trading strategies or hedging techniques of the Fund without notifying the Investors or seeking their consent. Any of these new trading techniques may not be thoroughly tested in the market before being employed and may have operational or theoretical shortcomings that could result in unsuccessful trades and, ultimately, losses to the Fund. In addition, any new investment strategy or hedging technique utilized by the Fund may be more speculative than earlier techniques and may increase the risk of an investment in the Fund.

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

Event-Driven. The success of the Fund's event-driven investment strategy depends upon the Investment Manager's ability to make predictions about (i) the likelihood that an event will occur and (ii) the impact such event will have on the value of a company's securities. If the event fails to occur or it does not have the effect foreseen, losses can result. For example, the adoption of new business strategies or completion of asset dispositions or debt reduction programs by a company may not be valued as highly by the market as the Investment Manager had anticipated, resulting in losses. In addition, a company may announce a plan of restructuring which promises to enhance value, but fail to implement it, which can result in losses to investors. In liquidations and other forms of corporate reorganization, the risk exists that the reorganization either will be unsuccessful, will be delayed or will

result in a distribution of cash or a new security, the value of which will be less than the purchase price to the Fund of the security in respect of which such distribution was made. The consummation of mergers and tender and exchange offers can be prevented or delayed by a variety of factors, including: (i) opposition of the management or stockholders of the target company, which will often result in litigation to enjoin the proposed transaction; (ii) intervention of a U.S. federal or state regulatory agency; (iii) efforts by the target company to pursue a “defensive” strategy, including a merger with, or a friendly tender offer by, a company other than the offeror; (iv) in the case of a merger, failure to obtain the necessary stockholder approvals; (v) market conditions resulting in material changes in securities prices; (vi) compliance with any applicable U.S. federal or state securities laws; and (vii) inability to obtain adequate financing. Because of the inherently speculative nature of event-driven investing, the results of the Fund’s operations may be expected to fluctuate from period to period. Accordingly, Investors should understand that the results of a particular period will not necessarily be indicative of results that may be expected in future periods.

Long/Short. The success of the Fund’s long/short investment strategy depends upon the Investment Manager’s ability to identify and purchase Securities that are undervalued and identify and sell short Securities that are overvalued. The identification of investment opportunities in the implementation of the Fund’s long/short investment strategies is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. In the event that the perceived opportunities underlying the Fund’s positions were to fail to converge toward, or were to diverge further from values expected by the Investment Manager, the Fund may incur a loss. In the event of market disruptions, significant losses can be incurred which may force the Fund to close out one or more positions. Furthermore, the valuation models used to determine whether a position presents an attractive opportunity consistent with the Investment Manager’s long/short strategies may become outdated and inaccurate as market conditions change.

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

Short Selling. The success of the Fund's short selling investment strategy depends upon the Investment Manager's ability to identify and sell short Securities that are overvalued. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying Security could theoretically increase without limit, thus increasing the cost to the Fund of buying those Securities to cover the short position. There can be no assurance that the Fund will be able to maintain the ability to borrow Securities sold short. In such cases, the Fund can be "bought in" (i.e., forced to repurchase Securities in the open market to return to the lender). There also can be no assurance that the Securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing Securities to close out a short position can itself cause the price of the Securities to rise further, thereby exacerbating the loss. Short strategies can also be implemented synthetically through various instruments and be used with respect to indices or in the over-the-counter market and with respect to futures and other instruments. In some cases of synthetic short sales, there is no floating supply of an underlying instrument with which to cover or close out a short position and the Fund may be entirely dependent on the willingness of over-the-counter market makers to quote prices at which the synthetic short position may be unwound. There can be no assurance that such market makers will be willing to make such quotes. Short strategies can also be implemented on a leveraged basis. Lastly, even though the Fund secures a "good borrow" of the Security sold short at the time of execution, the lending institution may recall the lent Security at any time, thereby forcing the Fund to purchase the Security at the then-prevailing market price, which may be higher than the price at which such Security was originally sold short by the Fund.

Long-Term. The success of the Fund's long-term investment strategy depends upon the Investment Manager's ability to identify and purchase Securities that are undervalued and hold such investments so as to maximize value on a long-term basis. In pursuing any long-term strategy, the Fund may forego value in the short-term or temporary investments in order to be able to avail the Fund of additional and/or longer-term opportunities in the future. Consequently, the Fund may not capture maximum available value in the short-term, which may be disadvantageous, for example, for Investors who redeem all or a portion of their interest in the relevant Fund before such long-term value may be realized by the Fund.

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

Short-Term Market Considerations. The Investment Manager's trading decisions may be made on the basis of short-term market considerations, and the portfolio turnover rate could result in significant trading related expenses.

Activist Investing. The success of the Fund's activist investment strategy depends upon, among other things: (i) the Investment Manager's ability to properly identify portfolio companies whose securities prices can be improved through corporate and/or strategic action; (ii) the Fund's ability to acquire sufficient securities of such portfolio companies at a sufficiently attractive price; (iii) the Fund's ability to avoid triggering anti-takeover and regulatory obstacles while aggregating its position; (iv) the willingness of the management of such portfolio companies and other security holders to respond positively to the Investment Manager's proposals; and (v) favorable movements in the market price of any such portfolio company's securities in response to any actions taken by such portfolio company. There can be no assurance that any of the foregoing will occur.

Corporate governance strategies may prove ineffective for a variety of reasons, including: (i) opposition of the management or investors of the subject company, which may result in litigation and may erode, rather than increase, the value of the subject company; (ii) intervention of a governmental agency; (iii) efforts by the subject company to pursue a "defensive" strategy, including a merger with, or a friendly tender offer by, a company other than the offeror; (iv) market conditions resulting in material changes in the prices of securities; (v) the presence of corporate governance mechanisms such as staggered boards, poison pills and classes of stock with increased voting rights; and (vi) the necessity for compliance with applicable securities laws. In addition, opponents of a proposed corporate governance change may seek to involve regulatory agencies in investigating the transaction or the Fund and such regulatory agencies may independently investigate the participants in a transaction, including the Fund, as to compliance with securities or other law. Furthermore, successful execution of a corporate governance strategy may depend on the active cooperation of investors and others with an interest in the subject company. Some investors may have interests which diverge significantly from those of the Fund, and some of those parties may be indifferent to the proposed changes. Moreover, securities that the Investment Manager believes are fundamentally undervalued or incorrectly valued may not ultimately be valued in the capital markets at prices and/or within the timeframe the Investment Manager anticipates, even if a corporate governance strategy is successfully implemented. Even if the prices for a portfolio company's securities have increased, no guarantee can be made that there will be sufficient liquidity in the markets to allow the Fund to dispose of all or any of their securities therein or to realize any increase in the price of such securities.

Leverage and Borrowing

Leverage for Investment Purposes. The use of leverage will allow the Fund to make additional investments, thereby increasing its exposure to assets, such that its total assets may be greater than its capital. However, leverage will also magnify the volatility of changes in the value of the Fund's portfolio. The effect of the use of

leverage by the Fund in a market that moves adversely to its investments could result in substantial losses to the Fund, which would be greater than if the Fund were not leveraged.

Borrowing for Cash Management Purposes. The Fund has the authority to borrow for cash management purposes, such as to satisfy redemption requests. The rates at and terms on which the Fund can borrow will affect the operating results of the Fund.

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

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

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

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

Lack of Control. The Fund may invest in debt instruments and equity securities of companies that it does not control, which the Fund may acquire through market

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

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

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

Risks Related to Specific Investments

ABS and MBS Generally

ABS and MBS Subordinated Securities. Investments in subordinated MBS and ABS involve greater credit risk of default than the senior classes of the issue or series. Default risks may be further pronounced in the case of MBS and ABS secured by, or

evidencing an interest in, a relatively small or less diverse pool of underlying loans. Certain subordinated securities absorb all losses from default before any other class of securities is at risk, particularly if such securities have been issued with little or no credit enhancement or equity. Such securities, therefore, possess some of the attributes typically associated with equity investments.

ABS. ABS are not secured by an interest in the related collateral. Credit card receivables, for example, are generally unsecured and the debtors are entitled to the protection of a number of U.S. federal and state consumer loan laws, many of which give such debtors the right to set off certain amounts owed on the credit cards, thereby reducing the balance due. Most issuers of ABS backed by automobile receivables permit the servicers to retain possession of the underlying obligations. If the servicer were to sell these obligations to another party, there is a risk that the purchaser would acquire an interest superior to that of the holders of the related ABS. In addition, because of the large number of vehicles involved in a typical issuance and technical requirements under state laws, the trustee for the holders of the ABS may not have a proper security interest in all of the obligations backing such ABS. Therefore, there is a possibility that recoveries on repossessed collateral may not, in some cases, be available to support payments on these securities. The risk of investing in ABS is ultimately dependent upon payment of consumer loans by the debtor.

The collateral supporting ABS is of shorter maturity than certain other types of loans and is less likely to experience substantial prepayments. ABS are often backed by pools of any variety of assets, including, for example, leases, mobile home loans and aircraft leases, which represent the obligations of a number of different parties and use credit enhancement techniques such as letters of credit, guarantees or preference rights. The value of an ABS is affected by changes in the market's perception of the asset backing the security and the creditworthiness of the servicing agent for the loan pool, the originator of the loans or the financial institution providing any credit enhancement, as well as by the expiration or removal of any credit enhancement.

American Depositary Receipts and Global Depositary Receipts. American Depositary Receipts ("ADRs") are receipts issued by a U.S. bank or trust company evidencing ownership of underlying securities issued by non-U.S. issuers. ADRs may be listed on a national securities exchange or may be traded in the over-the-counter market. Global Depositary Receipts ("GDRs") are receipts issued by either a U.S. or non-U.S. banking institution representing ownership in a non-U.S. company's publicly traded securities that are traded on non-U.S. stock exchanges or non-U.S. over-the-counter markets. Holders of unsponsored ADRs or GDRs generally bear all the costs of such facilities. The depository of an unsponsored facility frequently is under no obligation to distribute investor communications received from the issuer of the deposited security or to pass through voting rights to the holders of depositary receipts in respect of the deposited securities. Investments in ADRs and GDRs pose, to the extent not hedged, currency exchange risks (including blockage, devaluation and non-exchangeability), as well as a range of other potential risks relating to the underlying shares, which could include expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains, other

income or gross sale of disposition proceeds, political or social instability or diplomatic developments that could affect investments in those countries, illiquidity, price volatility and market manipulation. In addition, less information may be available regarding the underlying shares of ADRs and GDRs, and non-U.S. companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to, or as uniform as, those of U.S. companies. Such risks may have a material adverse effect on the performance of such investments and could result in substantial losses.

Commodities

Factors affecting Commodities Prices. The values of commodities which underlie the commodity futures contracts and other types of financial instruments are generally affected by, among other factors, the cost of producing commodities, changes in consumer demand for commodities, the hedging and trading strategies of producers and consumers of commodities, speculative trading in commodities by commodity pools and other market participants, disruptions in commodity supply, weather and climate conditions, changes in interest rates, rates of inflation, currency devaluations and revaluations, embargoes, tariffs, regulatory developments, governmental, agricultural, trade, fiscal, monetary and exchange control programs and policies, political and other global events and global economic factors. In addition, governments from time to time intervene, directly and by regulation, in certain markets, often with the intent to influence prices directly. The effects of governmental intervention may be particularly significant at certain times in certain markets and this intervention may cause these markets to move rapidly. The Fund and the Investment Manager have no control over the factors that affect the price of commodities. Accordingly, the value of the Fund's investments could change substantially and in a rapid and unpredictable manner.

Agricultural Commodities. Agricultural commodities are particularly sensitive to changes in, among other things, climate, crop and livestock health, world political events, government action (including export and import restrictions and embargoes), international and regional trade contracts, labor contracts, transportation systems and crop predictions. Significant production declines and volume decreases of agricultural commodities can occur as a result of, among other things, hurricanes, tornadoes, floods, fires and other natural disasters. In addition, agricultural commodities are subject to price volatility as a result of disruptions relating to the facilities necessary to produce, transport, store and deliver the agricultural commodity. As a result, the net assets of the Fund may be affected by such factors.

Precious Metals. Prices of precious metals (e.g., gold, silver, platinum and palladium) are affected by factors such as cyclical economic conditions, political events, and monetary policies of various governments and countries. In addition, certain precious metals are geographically concentrated, and events in those parts of the world in which such concentration exists may affect their values. Gold and other precious metals are also subject to governmental action for political reasons. The markets for precious metals are volatile and there may be sharp fluctuations in prices even during period of rising prices.

Energy. Markets for energy-related commodities, including electricity, carbon credits, coal, natural gas, crude oil and other petroleum products, can be susceptible to substantial price fluctuations over short periods of time and are particularly affected by political events, natural disasters, exploration and development success or failure, and technological changes. In addition, significant short-term price volatility can be caused by the inability to store electricity, tariff regulation and consumer advocacy.

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

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

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

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

These rules are operationally and technologically burdensome for the Investment Manager and the Fund. These compliance obligations require employee training and

use of technology, and there are operational risks borne by the Fund in implementing procedures to comply with many of these additional obligations.

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

Many of these requirements were implemented under legislation intended to reform the U.S. financial regulatory system, the EU Regulation on OTC Derivatives, Central Counterparties and Trade Repositories (known as the European Market Infrastructure Regulation, or “EMIR”), and similar regulations globally. In the United States, regulatory responsibility for derivatives is divided between the SEC and the CFTC, a distinction that does not exist in any other jurisdiction. The SEC has regulatory authority over “security-based swaps” and the CFTC has regulatory authority over “swaps”. EMIR is being implemented in phases through the adoption of delegated acts by the European Commission. As a result of the SEC and CFTC bifurcation and the different pace at which the SEC, the CFTC, the European Commission and other international regulators have promulgated necessary regulations, different transactions are subject to different levels of regulation. Though many rules and regulations have been finalized, there are others, particularly SEC regulations with respect to security-based swaps, that are still in the proposal stage or are expected to be introduced in the future.

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

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

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

While such clearing requirements may be beneficial for the Fund in many respects (for instance, they may reduce the counterparty risk to the dealers to which the Fund would be exposed under non-cleared derivatives), the Fund could be exposed to new risks, such as the risk that an increasing percentage of derivatives will be required to be standardized and/or cleared through central clearinghouses, and, as a result, the Fund may not be able to hedge its risks or express an investment view

as well as it would have been able to had it used customizable derivatives available in the over-the-counter markets. The Fund may have to split its derivatives portfolio between centrally cleared and over-the-counter derivatives, which may result in operational inefficiencies and an inability to offset risk between centrally cleared and over-the counter positions, and which could lead to increased costs.

Another risk is that the Fund may be subject to more onerous and more frequent (daily or even intraday) margin calls from both the Fund's FCM and the clearinghouse. Virtually all margin models utilized by the clearinghouses are dynamic, meaning that unlike traditional bilateral swap contracts where the amount of initial margin posted on the contract is typically static throughout the life of the contract, the amount of the initial margin that is required to be posted in respect of a cleared contract will fluctuate, sometimes significantly, throughout the life of the contract. The dynamic nature of the margin models utilized by the clearinghouses and the fact that the margin models might be changed at any time may subject the Fund to an unexpected increase in collateral obligations by clearinghouses during a volatile market environment, which could have a detrimental effect on the Fund. Clearinghouses also limit collateral that they will accept to cash, U.S. treasuries and, in some cases, other highly rated sovereign and private debt instruments, which may require the Fund to borrow eligible securities from a dealer to meet margin calls and raise the costs of cleared trades to the Fund. In addition, clearinghouses may not allow the Fund to portfolio-margin its positions, which may increase the Fund's costs.

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

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

The EU regulatory framework governing derivatives is set not only by EMIR but also a legislative packaged known as MiFID II. Among other things, MiFID II requires transactions in derivatives to be executed on regulated trading venues.

It is not clear whether these trading venues will benefit or impede liquidity, or how they will fare in times of market stress. Trading on these trading venues may increase the pricing discrepancy between assets and their hedges as products may not be

able to be executed simultaneously, therefore increasing basis risk. It may also become relatively expensive for the Fund to obtain tailored swap products to hedge particular risks in its portfolio due to higher collateral requirements on bilateral transactions as a result of these regulations.

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

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

Failure to Enter into Offsetting Trade. To the extent the Fund invests in a futures contract or long option, unless an offsetting trade is made, the Fund may be required to take physical delivery of the commodity underlying the future or option. To the extent the Investment Manager fails to enter into such offsetting trade prior to the expiration of the contract, the Fund may suffer a loss since neither the Fund nor the Investment Manager has the operational capacity to accept physical delivery of commodities.

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

Exchange-Traded Funds. Exchange-traded funds (“ETFs”) are publicly traded unit investment trusts, open-end funds or depository receipts that seek to track the performance and dividend yield of specific indexes or companies in related industries. These indexes may be either broad-based, sector, or international. However, ETF shareholders are generally subject to the same risk as holders of the

underlying Securities they are designed to track. ETFs are also subject to certain additional risks, including the risk that their prices may not correlate perfectly with changes in the prices of the underlying Securities they are designed to track, and the risk of trading in an ETF halting due to market conditions or other reasons, based on the policies of the exchange upon which the ETF trades. Generally, each shareholder of an ETF bears a pro rata portion of the ETF's expenses, including management fees. Accordingly, in addition to bearing their proportionate share of the Fund's expenses (e.g., Management Fee and operating expenses), Investors may also indirectly bear similar expenses of an ETF.

Initial Public Offerings. Investments in initial public offerings (or shortly thereafter) may involve higher risks than investments issued in secondary public offerings or purchases on a secondary market due to a variety of factors, including the limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the issuer and limited operating history of the issuer. In addition, some companies in initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or the near-term prospects of achieving them. These factors may contribute to substantial price volatility for such securities and, thus, for the value of the Fund's interest.

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

Real Estate-Related Securities. Securities issued by entities which invest in real

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

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

circumstances, there may be limited basis for the Fund to evaluate the possible merits or risks of such SPAC's investment in any particular target business. To the extent that a SPAC completes a business combination, it may be affected by numerous risks inherent in the business operations of the acquired company or companies. For these and additional reasons, investments in SPACs are speculative and involve a high degree of risk.

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

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

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

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

regulations are unavailable for transactions on non-U.S. exchanges and with non-U.S. counterparties.

Risks Related to Virtual Currency, Virtual Currency Derivatives Trading, and Virtual Currency Derivatives Exchanges

Virtual Currency. The Fund may invest in a variety of virtual currencies (also known as “cryptocurrencies” or “digital currencies”), or similar assets that utilize blockchain technology, and virtual currency derivatives, and such investments may comprise a significant percentage of the Fund’s investment portfolio. Virtual currencies are relatively new, evolving products based upon new and evolving technologies. An investment in any virtual currency is subject to a variety of risks, including technological, security and regulatory risks as well as associated uncertainties over the future existence, support and development of such virtual currency. Virtual currencies may also experience unusual volatility. Any such investment is highly speculative and subject to the risk that the entirety or a material portion of such investment or its value may be lost, or in the case of any short position potentially greater than 100% of such investment’s value. Virtual currency derivatives, such as futures, swaps, or options on futures on a virtual currency, are also a relatively new asset class, and trading in these instruments, like trading in the virtual currencies themselves, carries a high level of risk. Investments in virtual currency derivatives, like direct investments in virtual currencies, should be considered substantially more speculative and significantly more likely to result in a total loss of capital than many other investments.

Operational Risk. The Fund’s investment strategy relies extensively on DEXes and DEXes’ computer programs and systems to borrow or make loans, settle transactions and monitor its portfolio. The Investment Manager may not be in a position to verify the risks or reliability of such systems. If there is a failure in the price mechanism, or the occurrence of data manipulation or other failure to retrieve correct market data owing to price source issues, the value of collateral provided by a buyer for any loans invested in by the Fund may be determined incorrectly, which could adversely impact the Fund.

Custody of the Fund’s Assets. The Fund intends to use third-party digital asset custodians selected by the Fund. The Fund may also maintain custody of some or all of the Fund’s digital assets, by generating the private keys that control movement of the various digital assets. In addition to maintaining custody of the Fund’s digital assets in a “cold wallet,” either through paper or hardware cold storage, the Fund may store the Fund’s digital assets in “hot wallets”, including hot wallets on various digital asset exchanges. Digital asset exchanges may also require the Fund (or its agents) to provide control of the private keys when the exchange is utilized by the Fund. The foregoing, however, shall not limit the Fund in any way from utilizing digital asset custody standards and practices that may exist in the future. The Fund is responsible for taking such steps as it determines, in its sole judgment, to be required to maintain access to these keys, and prevent their exposure from hacking, malware and general security threats. The Investment Manager is not liable to the Fund or to Shareholders for the failure or penetration of the security system absent bad faith, gross negligence (as interpreted in accordance with the laws of the state of Delaware, U.S.A.) or willful misconduct on the part of the Investment Manager. Maintaining digital assets on deposit or with any third party in a custodial relationship has attendant risks. These risks include security

breaches, risk of contractual breach, and risk of loss. Shareholders should be aware that the Fund may allow third parties to hold its property and this may result in the occurrence of any of the risks abovementioned.

Additional Regulatory Considerations. The regulatory schemes affecting virtual currencies may not be fully developed. Government action or regulation may directly or indirectly affect a virtual currency market or network, influencing virtual currency use or prices. It is possible that any jurisdiction may, in the near or distant future, adopt laws, regulations, policies or rules directly or indirectly affecting a virtual currency network, generally, or restricting the right to acquire, own, hold, sell, convert, borrow, lend, stake, trade, use or exchange virtual currencies. Like virtual currencies themselves, virtual currency derivatives exist within an evolving regulatory landscape and could also become subject to new regulations with valuation consequences for these instruments. Such changes could be difficult or impossible to predict.

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in a Fund or any other pooled vehicle or managed account that the Firm may form in the future. Prospective investors should read a Fund's Offering Document in its entirety, as well as the organizational documents of such Fund and consult with their own advisers before deciding whether to make an investment with the Firm in its Funds.

Item 9: Disciplinary Information

There are no legal or disciplinary events that are material to an Investor's or prospective investor's evaluation of our advisory business or the integrity of our management.

Item 10: Other Financial Industry Activities and Affiliations

The Firm and its employees do not have any relationships or arrangements with any affiliated entities or other financial services companies that pose material conflicts of interest with Clients.

Neither we nor our management persons are registered as broker-dealers, and neither of us has any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer, respectively.

The Quarry meets the definition of a commodity pool operator ("**CPO**") and, depending on the amount of commodity interests that we trade, we may be required to register with the CFTC and become a member of the National Futures Association ("**NFA**"). However, we expect to be exempt from registration with respect to each Client pursuant to CFTC Rule 4.13(a)(3) based on our trading in respect of each such Client at a de minimis level of commodity interests.

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

Code of Ethics

The Quarry has adopted a “**Code of Ethics**” that establishes the high standard of conduct that we expect of our employees and procedures regarding our employees’ personal trading of securities. Our employees are required to certify their adherence to the terms set forth in the Code of Ethics upon commencement of employment and annually thereafter. Employees also are required to provide quarterly certifications of compliance with certain Code of Ethics provisions.

The foundation of our Code of Ethics is based upon the following underlying fiduciary principles:

- Employees must at all times place the interests of the Clients first;
- Employees must ensure that all investment transactions (including personal investment transactions) are conducted consistent with the Code of Ethics’ Employee Investment Policy (described below) and in such a manner as to avoid any actual or potential conflict of interest, or any abuse of an Employee’s position of trust and responsibility
- Employee should not take inappropriate advantage of their positions with The Quarry; and
- Confidential information concerning The Quarry and the Clients must be kept confidential.

Personal Securities Trading

The Code of Ethics places restrictions on personal trades by employees, including that they disclose their personal securities holdings and transactions on a periodic basis. Employees are permitted to make investments in Non-Reportable Securities which includes (i) transactions and holdings in direct obligations of the U.S. government (ii) money market instruments defined as bankers’ acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments (iii) shares issued by money market funds (iv) shares issued by open-end funds (mutual funds); provided that such funds are not advised by the Adviser or an affiliate and such fund’s advisor or principle underwriter is not controlled or under common with the Adviser; and (v) units of a unit investment trust; if the unit investment trust is invested exclusively in one or more open-end funds, provided that such funds are not advised by the Adviser or an affiliate and such fund’s advisor or principle underwriter is not controlled or under common control with the Firm. Employees are also permitted to trade “Broad-based” ETFs and ETNs. All other ETF and ETN transactions are subject to the CCO’s pre-approval. Approved ETF and ETN transactions are subject to a minimum holding period of at least 90 days. Trades in Bitcoin and Ethereum are allowed subject to pre-approval from the CCO. Trading in other crypto (and their derivatives) is not allowed.

Other than the above permitted investments that are not otherwise restricted,

generally employees are not permitted to purchase, on their own behalf, individual securities. Certain employees of the Firm may currently hold individual securities. Employees may retain equity positions, acquired prior to their employment, but must obtain the CCO's consent in order to sell any such positions. Employees are permitted to make personal investments in limited offerings subject to CCO pre-approval.

We will provide a copy of our Code of Ethics to our Investors, or any prospective Investor, upon request.

Investments by Senior Management and Key Employees

Subject to applicable regulatory restrictions, senior management and key employees of The Quarry may choose to personally invest, directly and/or indirectly, in a Client. Such investors may be in possession of information, relating to the Client and the portfolio that is not available to other Investors and prospective Investors. Investments by senior management and key employees of the Firm in a Client could incentivize senior management and key employees of the Firm to increase or decrease the risk profile of such Client.

Participation or Interest in Client Transactions Cross Trades and Principal Transactions

The Quarry does not generally execute Principal Transactions or Cross Trades.

The Firm may determine that it would be in the best interests of the Clients to transfer a security from one client account (each, an "Account") to another (each such transfer, a "Cross Trade") for a variety of reasons, including, without limitation, tax purposes, liquidity purposes, to rebalance the portfolios of the Accounts, or to reduce transaction costs that may arise in an open market transaction. If the Firm decides to engage in a Cross Trade, the Firm will determine that the trade is in the best interests of both of the client Accounts involved in it and take steps to ensure that the transaction is consistent with the Firm's duty to seek best execution for each of those Accounts.

The Firm generally intends to execute Cross Trades, if at all, with the assistance of a broker-dealer that executes and books the transaction at the close of the market on the day of the transaction. Alternatively, a cross transaction between two fund clients may occur as an "internal cross," where the Firm instructs the custodian for the Accounts to book the transaction at the price determined in accordance with the Valuation Policy (as defined below). If the Firm effects an internal cross, the Firm will not receive any fee in connection with the completion of the transaction. The Firm must seek consent from certain Clients before executing a Cross Trade.

Principal Transactions

To the extent that Cross Trades may be viewed as principal transactions (as such term is used under the Investment Advisers Act of 1940, as amended (the "**Advisers Act**")) due to the ownership interest in a Client by the Firm or its personnel, the Firm will comply with the requirements of Section 206(3) of the Advisers Act.

Item 12: Brokerage Practices

The Quarry is authorized to determine the broker-dealer to be used for executing securities transactions for the Clients. In selecting broker-dealers to execute transactions, we do not need to solicit competitive bids and do not have an obligation to seek the most favorable pricing. The Funds' securities and other assets are held in securities accounts at our prime brokers that are "Qualified Custodians" (as defined in the Advisers Act) or, for certain privately offered securities or assets, in accordance with the Custody Rule under the Advisers Act.

Best Execution

In selecting an appropriate broker-dealer (including prime brokers) to execute transactions, provide financing and securities on loan, hold cash and short balances and provide other services, we seek to obtain "**Best Execution**," meaning we will execute transactions in a manner most favorable and beneficial to our Clients under the circumstances. The Quarry considers many factors in determining whether it obtains Best Execution, only one of which is actual commission rate or price paid or received. Best execution is qualitative, and not quantitative, and The Quarry will weigh a combination of criteria to determine whether the transaction in question represents the best "qualitative" execution for the Client. Those factors include but are not limited best price (best price is considered to be the highest price that a client can sell a security and the lowest price that a client can purchase a security), timeliness of execution, the value of research provided, the responsiveness of the broker-dealer, and the broker-dealer's financial resources.. Accordingly, the commission rates (or markups or markdowns) paid by the Funds in the foregoing circumstances may be higher than those charged by other brokers or dealers that may not offer such services. Generally, neither The Quarry nor any Client separately compensates any broker or dealer for any of these other services. The Quarry's "**Best Execution Policy**" requires that all trades are executed through approved broker-dealers and that the Firm reviews the performance of its broker-dealers to evaluate whether the Firm is obtaining Best Execution for its Clients' trades.

The Quarry maintains policies and procedures to review the quality of executions, including periodic reviews by its trading and investment professionals.

Soft Dollars

The Quarry does not have soft dollar agreements in place with any broker-dealer firms.

From time to time, the Firm may pay a broker-dealer commissions (or markups or markdowns) for effecting Fund transactions in excess of that which another broker-dealer might have charged for effecting the transaction in recognition of the value of the brokerage and research services provided by the broker-dealer. The Firm will effect such transactions, and receive such brokerage and research services, only to the extent that they fall within the safe harbor provided by Section 28(e) of the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and subject to prevailing guidance provided by the SEC regarding Section 28(e). The Firm believes it is important to its investment decision-making processes to have access to independent research.

Also, consistent with Section 28(e), research products or services obtained with “soft dollars” generated by the Fund may be used by the Firm to service one or more Accounts, including Accounts that may not have paid for the soft dollar benefits. The Firm will generally seek to allocate soft dollar benefits to Accounts in proportion to the soft dollar credits the Accounts generate. Where a product or service obtained with soft dollars provides both research and non-research assistance to the Firm (i.e., a “mixed use” item), the Firm will make a good faith allocation of the cost which may be paid for with soft dollars. In making good faith allocations of costs between administrative benefits and research and brokerage services, a conflict of interest may exist by reason of the Firm’s allocation of the costs of such benefits and services between those that primarily benefit the Firm and those that primarily benefit the Accounts.

When the Firm uses brokerage commissions (or markups or markdowns) generated by any Accounts to obtain research or other products or services, the Firm receives a benefit because it does not have to produce or pay for such products or services. While the Firm is obligated to seek best execution for each Account, the fact that the Firm can obtain or receive such products or services may create an incentive for it to select or recommend a particular broker-dealer based on the Firm’s interests, to the exclusion of another broker-dealer that offers business terms that are also favorable to one or more Accounts.

At least annually, the Firm considers the amount and nature of research and research services provided by broker-dealers, as well as the extent to which such services are relied upon, and attempts to allocate a portion of the brokerage business of its Accounts on the basis of that consideration. Broker-dealers sometimes suggest a level of business they would like to receive in return for the various products and services they provide. Actual brokerage business received by any broker-dealer may be less than the suggested allocation, but can (and often does) exceed the suggested level, because total brokerage is allocated on the basis of all of the considerations described above. In no case will the Firm make binding commitments as to the level of brokerage commissions it will allocate to a broker-dealer, nor will it commit to pay cash if any informal targets are not met. A broker-dealer is not excluded from receiving business because it has not been identified as providing research products or services.

Research products and services provided by brokers through which client transactions are executed, settled and cleared may include research reports on particular industries and companies, economic surveys and analyses, recommendations as to specific securities, access to management and other products and services providing lawful and appropriate assistance to the Firm in the performance of its investment decision-making responsibilities.

Item 13: Review of Accounts

Our Chief Investment Officer continuously monitors and analyzes the transactions, positions, and investment levels of the Clients to ensure that they conform with the investment objectives and guidelines that are stated in the Clients’ respective offering documents. In these reviews, we pay particular attention to any changes in the investment’s fundamentals, overall risk management and changes in the markets that may affect price levels.

We will distribute annual audited financial statements with respect to the previous

fiscal year to all Investors within 120 days of the relevant Fund's fiscal year end. We may also distribute other interim reports to Investors, including but not limited to, monthly statements, fact sheets, and periodic investor letters.

Item 14: Client Referrals and Other Compensation

We do not receive economic benefits from non-clients for providing investment advice and other advisory services. Neither we nor any of our related persons, directly or indirectly, compensate any person who is not a supervised person for client referrals.

Item 15: Custody

We will be deemed to have custody of certain Clients' funds and securities because we have the authority to obtain funds or securities on behalf of our Clients, for example, by deducting advisory fees from a Client's account or otherwise withdrawing funds from a Client's account. Account statements related to the Clients are sent by qualified custodians to The Quarry.

We comply with Advisers Act's Custody Rule by meeting the conditions of the pooled vehicle annual audit exemption. Upon completion of the relevant Fund's annual audit by an independent auditor that is registered with, and subject to inspection by, the Public Company Accounting Oversight Board (PCAOB), we distribute the Fund's audited financials to Investors within 120 days of the Fund's fiscal year end.

Item 16: Investment Discretion

We have full discretionary authority over the accounts of our Clients including authority to make decisions with respect to which securities to be bought and sold, as well as the amount and price of those securities.

Item 17: Voting Client Securities

In compliance with the Advisers Act's Proxy Voting Rule, we have adopted proxy voting policies and procedures. The Firm will comply with the Proxy Voting Rule and will act solely in the best interests its Clients when exercising its proxy voting authority. The Firm determines whether and how to vote proxies on a case-by-case basis, and will:

- Attempt to consider all aspects of the vote that could affect the value of the issuer or that of the Client.
- Vote in a manner that it believes is consistent with the Client's stated objectives.
- Generally, vote in accordance with the recommendation of the issuing company's management on routine and administrative matters, unless the Firm has a particular reason to vote to the contrary.

In limited circumstances, we will refrain from voting Proxies where we believe that doing so would be in the best interests of our clients, taking into consideration the

cost of voting the Proxies and the anticipated benefit to our clients.

Generally, Clients and Investors may not direct our vote in a particular solicitation. Clients or Investors may obtain a copy of our Proxy voting policies and procedures by contacting the CCO at contact@quarrylp.com. Investors may obtain any of our Proxy voting records upon request.

Item 18: Financial Information

We are not required to include a balance sheet for our most recent fiscal year, are not aware of any financial condition reasonably likely to impair our ability to meet contractual commitments to Clients and have not been the subject of a bankruptcy petition at any time during the past ten years.