

StemPoint Capital LP

PART 2A OF FORM ADV: FIRM BROCHURE

520 Madison Ave, 19th Floor
New York, NY 10022

March 2024

This brochure provides information about the qualifications and business practices of StemPoint Capital LP (“StemPoint Capital” or the “Firm”). If you have any questions about the contents of this brochure, please contact StemPoint Capital’s Chief Compliance Officer at (212) 540-4099 or sean@stempointcapital.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

For “Registered Investment Advisers”: Any reference to StemPoint Capital LP as a registered investment adviser does not imply a certain level of skill or training.

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

Item 2: Material Changes

The Firm is amending this brochure as part of its Form ADV Annual Amendment for the fiscal year ending December 31, 2023. Since the Firm's last Other-Than-Annual Amendment, filed on September 13, 2023, there have been no material changes.

In addition, the Firm made other routine updates to the Brochure, including the amount of the Firm's regulatory assets under management.

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Item 4: Advisory Business

StemPoint Capital LP (“StemPoint Capital” or the “Firm”), a Delaware limited partnership, was formed by Managing Partners Michelle Ross (the “Key Person”) and Sean Tan. StemPoint Capital is located in New York, New York. The Firm commenced operations as an investment adviser on January 1, 2023.

StemPoint Capital LP is an investment management firm that operates as a private investment manager that provides advisory services to high-net-worth individuals and institutional investors through privately-offered, pooled investment vehicles or through separately managed account agreements discussed below. StemPoint Capital Fund LP, a Delaware limited partnership (the “Domestic Feeder”) and StemPoint Capital Offshore Fund Ltd, a Cayman Island limited company (the “Offshore Feeder”) and together with the Domestic Feeder, the “Feeder Funds”) are organized as part of a “master-feeder” structure and invest substantially all of their investable assets in StemPoint Capital Master Fund LP, a Cayman Islands exempted limited partnership (the “Master Fund”). The general partner of the Domestic Feeder and the Master Fund is StemPoint Capital GP LLC, a Delaware limited liability company (the “General Partner”). The General Partner has delegated to StemPoint Capital responsibility for managing the assets of the Domestic Feeder Fund and the Master Fund. Michelle Ross founded and controls both StemPoint Capital and the General Partner and serves as the Chief Investment Officer of StemPoint Capital.

The General Partner is subject to the Advisers Act pursuant to StemPoint Capital’s investment adviser registration in accordance with SEC guidance. This brochure also describes the business practices of the General Partner, which operates as a single advisory business together with StemPoint Capital.

The Master Fund’s investment objective is to earn an attractive return on capital by pursuing a long/short equity investment strategy. The Master Fund will focus on the healthcare sector, which includes pharmaceuticals, biotechnology and life sciences, and other related sub-sectors. Typically, the Master Fund’s overall portfolio will be long-biased.

The Master Fund invests in equity securities (including equity-linked or index-linked derivatives) but may also invest in a broad range of financial instruments, including exchange traded and over-the-counter equity securities, bonds, convertible bonds, preferred stocks, warrants, bank debt and credit default swaps. Further, the Master Fund may invest in securities on both the secondary and new issue markets.

The Firm tailors its advisory services to each Fund it manages in accordance with the terms of the relevant offering memorandum or mandate for such Fund, as applicable. Investors in the Funds generally cannot obtain services tailored to their individual specific needs.

StemPoint Capital does not participate in, nor does it sponsor, wrap fee programs.

Strategic Investor

StemPoint Capital, the General Partner and the Key Person have entered into agreements (collectively, the “Strategic Agreements”) with a significant initial investor (the “Strategic Investor”) in connection with the Strategic Investor investing in a separately managed account managed by StemPoint Capital (“Strategic Investor SMA”), which invests on a *pari passu* basis with the investments of the Master Fund, subject to certain investment restrictions of the Strategic Investor, in return for management and incentive fees. Under the Strategic Agreements, the Strategic Investor is entitled to more favorable information rights in respect of the Master Fund’s portfolios, “most favored nations” rights and certain other rights that differ materially from those available to investors in the Feeder Funds.

The Strategic Agreements also grant an affiliate of the Strategic Investor the right, subject to certain conditions, to receive a portion of the gross operating revenue of StemPoint Capital and its affiliates attributable to any investment fund, managed account or other investment product or service established, managed or provided by StemPoint Capital or its affiliates. The Strategic Agreements grant such affiliate of the Strategic Investor certain approval or consent rights with respect to StemPoint Capital, the General Partner, the Feeder Funds and the Master Fund, and as a result, StemPoint Capital and the General Partner may be unable to take certain actions, including with respect to the Feeder Funds and the Master Fund, that they otherwise would pursue in the absence of the aforementioned approval or consent rights.

StemPoint Capital has also entered into (i) a placement agreement with an affiliate of the Strategic Investor pursuant to which the affiliate will identify and introduce potential investors to the Feeder Funds at no additional cost other than expense reimbursements to be paid jointly and severally by StemPoint Capital, the Feeder Funds and the Feeder Funds’ general partners as well as certain indemnification rights, (ii) a service agreement with an affiliate of the Strategic Investor pursuant to which the affiliate provides facilities services in return for a fixed rent paid by StemPoint Capital, (iii) an outsourced trading services agreement with an affiliate of the Strategic Investor pursuant to which StemPoint Capital maintains an executing broker arrangement with the affiliate in exchange for commissions and other transaction costs, (iv) a client commission agreement with an affiliate of the Strategic Investor pursuant to which StemPoint Capital may accumulate commission credits, which could be used to make payments to third parties from which StemPoint Capital receives services or products or soft dollar benefits and (v) a capital introduction services program through which an affiliate of the Strategic Investor introduces StemPoint Capital to potential investors without charging a separate fee.

The Strategic Investor is not affiliated with StemPoint Capital, the General Partner or their respective affiliates. The Strategic Investor is not a sponsor of the Master Fund or the Feeder Funds. The Strategic Investor will not have any responsibilities with respect to StemPoint Capital, the General Partner or their respective affiliates or with respect to the Master Fund or the Feeder Funds and will not exercise any control over

the day-to-day investment decisions of such Funds. The Strategic Investor owes no duty to the Master Fund or the Feeder Funds or their investors and may act solely in its own interest in exercising its rights with respect to its investments and the agreements referenced above (including the Strategic Agreements).

In addition to the Strategic Investor SMA, StemPoint Capital has also entered into an investment sub-advisory agreement with a third-party manager (the “Sub-Advisory Agreement”), under which StemPoint Capital provides discretionary investment advisory services to a segregated portfolio company of one of the third-party manager’s private investment funds (the “Segregated Portfolio”) in accordance with the investment strategy selected by the third-party manager.

As of December 31, 2023, StemPoint Capital had approximately \$440 million in regulatory assets under management.

Item 5: Fees and Compensation

StemPoint Capital receives a monthly management fee from the Master Fund (the “Management Fee”), payable in advance. The Management Fee for a calendar month equals 1/12 of the Applicable Management Percentage of each Sub-Account balance maintained by the Master Fund calculated as of the first business day of such month. “Applicable Management Percentage” means 2.0% (per annum) with respect to Class A Interests and their corresponding Sub-Accounts and 1.50% (per annum) with respect to Class F Interests and their corresponding Sub-Accounts.

StemPoint Capital may waive, reduce or calculate differently the Management Fee applicable to any Limited Partner without the consent of, or notice to, any other Limited Partner. The Management Fee payable by the Master Fund in respect of a Limited Partner will be specially allocated by the Master Fund to the Sub-Account maintained at the Master Fund with respect to such Limited Partner.

Each of StemPoint Capital and the General Partner, in its sole and absolute discretion, may pay a portion of the Management Fee or the Performance Allocation, respectively, to compensate placement agents who assist investors in connection with an investment in a Feeder Fund or to other third parties. Without the consent of the Limited Partners, the General Partner may cause all or a portion of the Management Fee to be paid by the Fund or a direct or indirect subsidiary in an amount equal to (and in lieu of) the Management Fee otherwise payable by the Master Fund. In particular, StemPoint Capital will generally receive reduced compensation, or different compensation, in respect of classes of StemPoint Capital Funds in which only StemPoint Capital officers, employees, family, and/or related persons, or non-profit organizations related to officers, employees, family or related persons, invest.

StemPoint Capital or its affiliates or employees may receive directors’ fees, transaction, commitment, closing, financing, structuring, monitoring and other similar advisory fees

from companies in which the Master Fund has an investment. The Management Fee will be reduced by 100% of the Limited Partners' proportionate share of all such fees paid to StemPoint Capital or its affiliates or employees.

StemPoint Capital is also paid a Performance Allocation, which is compensation that is based on a share of capital gains on or capital appreciation of the assets of the fund. This compensation will be paid yearly to StemPoint Capital or to a *related person* of StemPoint Capital and ranges from 17.50% for Class F interests and 20% for Class A interests.

In general, the fees for the Funds are not negotiable; however, StemPoint Capital, in its sole discretion, may waive or modify management fees for certain investors.

The Funds are offered only to "qualified purchasers," as defined in 2(a)(51)(A) of the Investment Company Act of 1940, as amended (the "**Investment Company Act**").

The Funds' administrator will deduct the Management Fee and incentive allocations with respect to each Limited Partner.

In addition to the Management Fee and the Performance Allocation, the Master Fund will bear its own expenses and each Feeder Fund will bear its applicable share of these expenses as an investor in the Master Fund. These expenses will include expenses incurred directly or indirectly by the Master Fund or a Feeder Fund as well as expenses that are incurred by the General Partner, StemPoint Capital or any of their affiliates, which expenses, in the sole discretion of the General Partner, are allocable to, or associated with, the activities of the Master Fund or a Feeder Fund.

In connection with the Sub-Advisory Agreement, StemPoint Capital generally receives 10% of the aggregate net profits allocated to each series of certain shares of the Segregate Portfolio, subject to certain hurdles and high watermarks as specified in the offering documents of the Segregated Portfolio.

With respect to the Strategic Investor SMA, StemPoint Capital is entitled to receive a quarterly management fee calculated at a rate of 1.5% per annum based on the notional value of the managed account and an incentive fee equal to 17.5% of the net profits for each fiscal year.

Operating Expenses

The Master Fund will bear its own operating expenses and those of the Feeder Funds. The Fund will bear its applicable share of these expenses as an investor in the Master Fund. These expenses will include the Management Fee and all operating expenses of the Feeder Funds and the Master Fund, including, without limitation, as follows:

Investment and Trading Expenses.

The Master Fund will bear its investment expenses, including but not limited to, fees and expenses related to investments and potential investments, brokerage commissions, prime broker fees, initial and variation margin, interest and dividend expense, margins, option premiums, brokerage, floor, exchange, and clearinghouse

commissions, memberships and fees, other transaction costs and expenses, currency hedging expenses, expenses relating to short sales, obligations incurred in connection with Master Fund credit arrangements (including repayment obligations, interest, fees and expenses in connection with such credit arrangements), clearing and settlement charges, investment-related travel expenses incurred by personnel of StemPoint Capital, professional fees (including expenses of senior advisors, operating partners, consultants, investment bankers, attorneys, accountants and other experts as well as their respective travel, meals, accommodation and entertainment expenses) relating to the operation of the Master Fund or to the management of its investments, transmission costs, expenses associated with purchasing, licensing and subscribing for computer software and hardware relating to the operation of the Master Fund (including, without limitation, research, portfolio tracking, analytics, customer relationship management, project management, expense management, accounting, document management, and trading software such as Bloomberg), trade support services including, but not limited to, pre- and post-trade support software and related support services, appraisal costs, valuation expenses, due diligence costs, research and market data costs, publications, periodicals, data base services and data processing that are directly related to research activities on behalf of the Master Fund, risk analysis and risk reporting by third parties and risk- related and consulting services, fees of providers of specialized data and/or analysis as to specific companies, sectors or asset classes in which the Master Fund has made or intends to make an investment, and related expenses. See “Transactional Costs” below.

Legal and Compliance.

The Master Fund will bear legal fees and related expenses incurred in connection with the Master Fund’s investments or proposed investments or the ongoing existence of the Master Fund, including legal costs and related expenses of Indemnified Persons that may be payable by the Master Fund pursuant to any indemnification obligations of the Master Fund and/or the Feeder Funds, legal and compliance third-party fees and expenses allocated to the Master Fund to the extent such services are related to, or otherwise benefiting, the organizational, operational, investment or trading activities of the Master Fund or a Feeder Fund, legal fees and other expenses incurred in connection with regulatory filings required of the Master Fund or necessitated by its operations or investments, including without limitation Schedules 13G or 13D (but excluding Form ADV, Form PF, Form CPO-PQR and Schedule 13F, if applicable), registration fees and expenses incurred in connection with StemPoint Capital’s compliance with AIFMD and MIFID II and the equivalent legislation in the UK, if applicable, litigation and threatened litigation, if any, expenses pertaining to legal inquiries (including regulatory examinations or “sweeps”), and any costs associated with proxy solicitation contests and the preparation of any letters with respect to plans and proposals regarding the management, ownership and capital structure of any portfolio company (and related anti-trust or other regulatory filings) by StemPoint Capital in connection with the Master Fund’s investments.

Ongoing Operational Expenses.

The Master Fund will bear its operational expenses, including ordinary and extraordinary legal expenses, accounting (including preparation of financial statements), auditing and tax preparation expenses (including estimates), directors’ fees, advisory committee member fees (in respect of members not affiliated with the

General Partner), record keeping, administration expenses (including costs associated with any third-party administrator to the Master Fund or the Feeder Funds), valuation expenses (including costs associated with any third-party independent valuation provider to the Master Fund or StemPoint Capital), the expenses of performance reporting and other communications with investors in the Feeder Funds, expenses associated with annual meetings of investors in the Feeder Funds, printing and duplication expenses, mailing expenses, indemnification expenses, regulatory compliance, the expenses of any independent advisory committee, the expenses of acquiring and maintaining liability insurance or bonds covering indemnified persons, including commissions, premiums and deductibles to obtain directors' and officers' liability and errors and omissions insurance (StemPoint Capital will bear one-half of the expense of such D&O and E&O coverage for officers and employees of StemPoint Capital), custodian and transfer agency services, fees and expenses relating to software tools, programs or other technology utilized in managing the Master Fund (including third-party software licensing, subscription implementation, data management and recovery services and custom development costs) and other regular or extraordinary fees and expenses associated with the operation of the Master Fund and the Feeder Funds.

If any of the above expenses are incurred jointly for the account of a Feeder Fund or the Master Fund and any other investment funds or accounts managed by StemPoint Capital or its affiliates, such expenses will be allocated among the Feeder Fund or the Master Fund and such other funds or accounts in such manner as StemPoint Capital considers fair and reasonable. In addition, the General Partner may determine, in its sole and absolute discretion, that certain expenses should be reallocated on a non-pro rata basis among the Partners.

Organizational and Offering Expenses

The Master Fund is responsible for its own organizational expenses and the organizational, offering and operating expenses of the Feeder Funds. Offering expenses of the Feeder Funds include, without limitation, all expenses incurred in connection with and directly and indirectly related to the formation, qualification, and registration and/or exemption from qualification and registration of the Feeder Funds and their ownership interests or shares and the offering, distribution, and processing of the ownership interests or shares under applicable U.S. federal and state law and foreign law, including but not limited to legal, accounting, and auditing fees and expenses, printing and duplication expenses, mailing expenses, filing fees, solicitation and marketing expenses including travel and lodging expenses, and other related expenses.

The organizational and initial offering expenses of the Master Fund and the Feeder Funds will either be expensed as incurred or, where permitted by applicable rules and in the General Partner's discretion, amortized over a period not to exceed 60-months beginning at the commencement of the Master Fund's investment operations. The amortization of organizational expenses, and the amortization of initial offering expenses beyond one year, is a departure from GAAP and may result in a qualified audit report on the Master Fund's financial statements. In such instances, the General

Partner may decide to (i) avoid the qualification by recognizing the unamortized expenses or (ii) make GAAP conforming changes for financial reporting purposes, but amortize expenses for purposes of calculating the Master Fund's net asset value. There will be a divergence in the Master Fund's fiscal year-end net asset value and in the net asset value reported in the Master Fund's financial statements in any year where, pursuant to clause (ii), GAAP conforming changes are made only to the Master Fund's financial statements for financial reporting purposes. If the Master Fund is terminated within 60 months of its commencement, any unamortized expenses will be recognized.

As a matter of fairness, expenses of a Feeder Fund that are paid or are payable by the Master Fund may, in the sole and absolute discretion of the General Partner, be allocated solely to that Feeder Fund. For example, if a future Feeder Fund issues shares denominated in a foreign currency and hedges the exchange rate risk in respect of such shares for the benefit of shareholders therein, the General Partner may determine that the expense of such hedge should be allocated solely to such Feeder Fund.

Management Company Overhead Expenses

StemPoint Capital is responsible for its own overhead expenses, including salaries, employee benefits, bonuses, rent and other general and administrative expenses. To the extent that expenses to be borne by the Master Fund or a Feeder Fund are paid by the General Partner or StemPoint Capital, the Master Fund will reimburse such party for such expenses.

Transactional Costs

The Master Fund's securities transactions are expected to generate a substantial amount of brokerage commissions and other compensation, all of which the Master Fund, not StemPoint Capital, is obligated to pay. StemPoint Capital has complete discretion in deciding what brokers and dealers the Master Fund uses and in negotiating the rates of compensation the Master Fund will pay. In addition to using brokers as "agents" and paying commissions, the Master Fund may buy or sell securities directly from or to dealers acting as principals at prices that include markups or markdowns, and may buy securities from underwriters or dealers in public offerings at prices that include compensation to the underwriters and dealers.

StemPoint Capital will generally allocate brokerage on behalf of the Master Fund on the basis of best available execution and in consideration of such broker's provision or payment of the costs of brokerage and research services that are of benefit to the Master Fund and other clients of StemPoint Capital. Accordingly, if StemPoint Capital determines in good faith that the amount of commissions charged by a broker is reasonable in relation to the value of the brokerage and research services provided by such broker, the Master Fund may pay commissions to such broker in an amount greater than the amount another firm might charge. Such brokerage and research services furnished by brokers through which the Master Fund effects securities transactions may include the cost of investment research, and may be used by

StemPoint Capital or its affiliates in advising other clients or funds and not necessarily the Master Fund. StemPoint Capital generally intends to comply with Section 28(e) of the Exchange Act with respect to the allocation of brokerage, which permits the use of “soft dollars” in certain circumstances.

Section 28(e) of the Exchange Act is a “safe harbor” that permits an investment manager to use commissions or “soft dollars” to obtain research and brokerage services that provide lawful and appropriate assistance in the investment decision-making process. Except for services that would be expenses of the Master Fund or as otherwise described herein, StemPoint Capital will limit the use of “soft dollars” to obtain research and brokerage services to services which constitute research and brokerage within the meaning of Section 28(e). Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants’ advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from brokers on order execution; and certain proxy services. Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an investment manager and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations.

In some instances, StemPoint Capital may receive a product or service that may be used only partially for functions within Section 28(e) (e.g., an order management system, trade analytical software or proxy services). In such instances, StemPoint Capital will make a good faith effort to determine the relative proportion of the product or service used to assist StemPoint Capital in carrying out its investment decision-making responsibilities and the relative proportion used for administrative or other purposes outside Section 28(e). The proportion of the product or service attributable to assisting StemPoint Capital in carrying out its investment decision-making responsibilities will be paid through brokerage commissions generated by client transactions and the proportion attributable to administrative or other purposes outside Section 28(e) will be paid for by StemPoint Capital from its own resources.

Research and brokerage services obtained using commissions arising from the Master Fund’s portfolio transactions may be used by StemPoint Capital in its other investment activities and thus, the Master Fund may not necessarily, in any particular instance, be the direct or indirect beneficiary of the research or brokerage services provided. The receipt of such products or services and the determination of the appropriate allocation

in the case of “mixed use” products or services creates a potential conflict of interest between StemPoint Capital and its clients.

StemPoint Capital may combine orders on behalf of the Master Fund with orders for other accounts for which it or its affiliates have trading authority or in which it or its affiliates have an economic interest. Where StemPoint Capital determines that two or more clients or accounts should participate in the same transaction, StemPoint Capital will generally allocate the securities or proceeds arising out of those transactions (and the related transaction expenses) on an average price basis among the various participants. While StemPoint Capital believes combining orders in this way will, over time, be advantageous to all participants, in particular cases the average price could be less advantageous to the Master Fund than if the Master Fund had been the only account effecting the transaction or had completed its transaction before the other participants. In addition, the securities available for purchase by the Master Fund may be reduced at times as a result of such order aggregation by StemPoint Capital.

StemPoint Capital has entered into a client commission agreement with an affiliate of the Strategic Investor pursuant to which StemPoint Capital may accumulate commission credits, which could be used to make payments to third parties from which StemPoint Capital receives services or products or soft dollar benefits.

The Master Fund will pay a management fee in advance as set forth in Item 5 above. A Limited Partner may generally withdraw all or a portion of any Capital Account as of the last day of any calendar quarter (a “Withdrawal Date”), upon not less than forty-five (45) days’ prior written notice, subject to the investor level gate and, if applicable, the Withdrawal Fee.

Withdrawal Fee. Any withdrawal from a Capital Account occurring prior to the end of the twelve month anniversary of the date of the establishment of such Capital Account shall be subject to a withdrawal fee equal to three percent (3%) of the amount to be withdrawn (the “Withdrawal Fee”). Any such Withdrawal Fee will reduce the amount otherwise payable to the withdrawing Limited Partner and will be allocated to the Sub-Accounts corresponding to the non-withdrawing investors holding shares or interests in the Feeder Funds that are potentially subject to the Withdrawal Fee on a pro rata basis.

The Fund may establish classes of Interests that are not subject to the Withdrawal Fee and such classes will not receive the benefit of being allocated any portion of the Withdrawal Fees from other withdrawing investors.

Not Applicable. Neither StemPoint Capital nor its supervised persons are compensated for the sale of securities or other investment products.

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

Performance -Based Fees

As described in Item 5 above, StemPoint Capital can receive performance-based compensation from the Funds, the Sub-Advisory Agreement and the Strategic Investor SMA. The possibility that StemPoint Capital can receive performance-based compensation creates a potential conflict of interest in that it could create an incentive to make investments that are riskier or more speculative than in the absence of such performance-based compensation.

Performance-based compensation with respect to the Funds is based directly on the net asset value of each Fund. In most circumstances, the valuations of a Fund's assets will be based on independent market quotations from relevant counterparties, but obtaining such valuations is not required in each instance. To the extent that a Fund trades in securities or other financial instruments which are not traded on an organized or liquid market, the valuation of such assets will be determined by StemPoint Capital. As a result, there will be a conflict of interest for StemPoint Capital. In order to mitigate this conflict, StemPoint Capital will follow its documented valuation policies in valuing Fund investments.

Item 7: Types of Clients

Clients

StemPoint Capital provides investment advisory services with respect to the Funds, the Sub-Advisory Agreement and the Strategic Investor SMA, as described in Item 4. Investors in the Funds are "accredited investors" as defined under Regulation D of the Securities Act and "qualified clients" as defined under Rule 205-3 of the Advisers Act.

StemPoint Capital imposes a minimum of \$1 million to invest in Class A Interests and \$10 million to invest in Class F Interests of the Funds. However, this amount can be waived or reduced at the discretion of the general partners and/or managers of each such Fund.

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

Method

The Master Fund seeks an attractive return on capital by pursuing a long/short equity investment strategy. The Master Fund focuses on the healthcare sector, which includes pharmaceuticals, biotechnology and life sciences, and other related sub-sectors. Typically, the Master Fund's overall portfolio will be long-biased. The Master Fund invests in equity securities (including equity-linked or index-linked derivatives), but may also invest in a broad range of financial instruments, including exchange traded and over-the-counter equity securities, bonds, convertible bonds, preferred

stocks, warrants, bank debt and credit default swaps. Further, the Master Fund may invest in securities on both the secondary and new issue markets.

There can be no assurance that the Master Fund's investment objective will be achieved, and investment results may vary substantially over time.

StemPoint Capital will manage the Strategic Investor SMA on a *pari passu* basis with the investments of the Master Fund, subject to certain investment restrictions of the Strategic Investor. With respect to the Sub-Advisory Agreement, the investment objective of the Segregated Portfolio is to generate consistent and attractive long-term returns while maintaining disciplined risk management and the investment strategy is to create a concentrated portfolio of public biotechnology equities trading at what StemPoint Capital believes to be depressed valuations, adjusted to reflect changing risk/reward.

Risks

An investment in the Fund is speculative and involves a high degree of risk. The performance of the Fund may be volatile. No assurance can be given that StemPoint Capital's investment decisions will result in profitable trades. The description of the risks below does not purport to be, and may not be relied upon as, a complete or comprehensive discussion of the risks associated with an investment in the Fund. Additional risks, including those of which StemPoint Capital is currently unaware or StemPoint Capital deems to be immaterial at this time, may have a material adverse effect on the Fund. If any of these risks occurs, a Limited Partner may lose all or part of its investment in the Fund. Prospective investors should carefully consider the following factors, in addition to the matters set forth elsewhere in this Memorandum, prior to investing in the Fund. Prospective investors must rely upon their own examination of and ability to understand the nature of this investment, including the risks involved, in making a decision to invest in the Fund. There can be no assurance that the Fund will be able to achieve its investment objectives or that investors will receive a return of their capital.

Structural Risks

No Operating History. Neither the Fund nor the Master Fund has any operating history upon which investors can evaluate their likely performance. Accordingly, there can be no assurance that the Fund or the Master Fund will achieve its investment objectives. Past investment performance is not necessarily indicative of the future results of an investment in the Fund. The Master Fund's investment program should be evaluated on the basis that there can be no assurance that StemPoint Capital's assessments of the short-term or long-term prospects of investments will prove accurate.

Reliance on Judgment of StemPoint Capital. StemPoint Capital has broad discretionary authority to determine how the Fund will invest its assets. While StemPoint Capital's investment efforts may be supported by fundamental research of major industry sectors, markets and financial instruments, StemPoint Capital is not

required to conduct any minimum level of research or analysis in connection with making investment decisions for the Fund.

Dependence on Key Personnel. The success of the Fund depends in substantial part on the skill and expertise of the Key Person, other key personnel and other employees of StemPoint Capital. There can be no assurance that such persons will continue to be employed by StemPoint Capital through the length of an investor's investment in the Fund. The loss of key personnel could have a material adverse effect on the Fund.

No Management Rights. A Limited Partner has no right to participate in the management of the Fund or the Master Fund or the conduct of their business. There exists broad discretion on the part of the General Partner to manage the affairs of the Fund and the Master Fund as it deems appropriate and in the best interests of investors. Furthermore, the Management Fee and the Performance Allocation were not negotiated at arm's length. While StemPoint Capital has consulted with counsel, accountants and other experts regarding the structure and terms of the Fund and the Master Fund, such counsel does not represent the Limited Partners. The Master Fund, the Fund and StemPoint Capital encourage each prospective investor to consult its own legal, tax and financial advisors regarding the desirability of purchasing Interests and the suitability of an investment in the Fund or the Master Fund.

Illiquidity; Lack of Transferability. Withdrawals are subject to significant restrictions and may be suspended under certain circumstances. Interests are not tradable. Therefore, an investment in the Fund is a relatively illiquid investment that involves a high degree of risk. Only investors financially able to maintain their investment, and who can afford to lose all or a substantial part of that investment, should invest in the Fund. Furthermore, there is not now, and there is not likely to develop, any market for the resale of Interests. Except for a limited right of withdrawal, none of the Fund, the Master Fund, StemPoint Capital, the Administrator or any of their affiliates or any other service provider has agreed to purchase or otherwise acquire from any Limited Partners any Interests or assume the responsibility for locating prospective purchasers of a Limited Partner's Interests. Even if a purchaser of a Limited Partner's Interests was available, approval of the transfer by the General Partner (which could be withheld in its sole discretion) would be required before any transfer could occur. In addition, the Interests have not been registered under the securities laws of any jurisdiction and the Fund has no plan, and is under no obligation, to register the Interests under any such laws. Interests may not be transferred if not registered under applicable securities laws unless appropriate exemptions from such laws are available.

Effects of Substantial Withdrawals. Substantial withdrawals may affect the value of a Limited Partner's investment or otherwise adversely affect Limited Partners. Such withdrawals may require StemPoint Capital to liquidate the Master Fund's securities rapidly, which may adversely affect the value of both the Interests being withdrawn and the remaining capital. In addition, the Master Fund's assets may be substantially reduced, which may make it more difficult for the Master Fund to generate investment profits or recoup losses, and may cause the Master Fund to liquidate positions prematurely. Substantial withdrawals may also impact the overall liquidity of the Master Fund's portfolio, requiring the sale of liquid assets to pay withdrawal proceeds

resulting in a greater concentration of illiquid assets. In the face of significant withdrawals, the General Partner may suspend withdrawals in whole or in part, delay the payment of withdrawal proceeds, pay withdrawal proceeds in kind or take such other protective measures as it deems appropriate to the extent permitted by the Partnership Agreement. These measures could adversely impact a Limited Partner's ability to realize on its investment in the Fund.

In-Kind Distributions. Withdrawing Limited Partners may receive in-kind distributions of securities or other assets from the Fund, particularly where sufficient cash to satisfy withdrawal requests is not available for distribution, or where the distribution of cash or the liquidation of investments is impracticable or would be prejudicial to the Fund or its Partners. Securities or other investments so distributed may not be readily marketable or saleable or may be subject to significant transfer restrictions and may have to be held for an indefinite period of time. A Limited Partner who receives a distribution in-kind will bear the risk of a direct investment in the securities or other assets so distributed until they can be sold and the risk that the value of such securities or other assets so distributed to be distributed in-kind declines between the Withdrawal Date and the date of such distribution, as well as the brokerage costs and potential price impact resulting from the disposal of such securities or assets.

Expenses May be Significant. The Fund and the Master Fund pay, as applicable, the Management Fee, brokerage commissions and other execution, leverage and administrative costs and other expenses whether or not they make any profits. While it is difficult to predict the future expenses of the Fund and the Master Fund, such expenses may represent a substantial percentage of the Fund's net assets and may vary significantly from period to period. The Fund and the Master Fund must make substantial profits to avoid depletion or exhaustion of its assets from these fees and expenses. If the Fund and the Master Fund do not produce significant positive investment returns, these fees and expenses will reduce the amount of the investment recovered by the Limited Partners to an amount less than the amount invested in the Fund by the Limited Partners.

Operational Risk. The Fund depends on StemPoint Capital to develop the appropriate systems and procedures to control operational risk. Operational risks arising from mistakes made in the confirmation or settlement of transactions, from transactions not being properly booked, evaluated or accounted for or from other similar disruptions in StemPoint Capital's operations may cause the Fund to suffer financial losses, the disruption of its business, liability to clients or third parties, regulatory intervention or damage to its reputation. Human error (including, without limitation, trading errors), system failure or other problems with any of the operational processes could result in material losses or costs, which will generally be borne by the Fund.

Valuation Risks. The assets of the Master Fund are valued based, to the extent possible, on prices obtained from independent third-party sources including exchanges. The value of those assets of the Master Fund for which a third-party price is not obtained will be valued based on other sources deemed reliable. Investors should note that there is a risk that a Limited Partner that withdraws while the Master Fund

holds particular assets may be paid an amount less or more than it would otherwise be paid if the actual value of such assets is higher or lower than the value reported at the time of withdrawal. In addition, there is a risk that a subscription for Interests could dilute the underlying value of such assets for the other Limited Partners if the actual value of such assets is higher than the value reported by the Administrator. There is also a risk that greater Management Fees and Performance Allocations may be paid by the Fund or the Master Fund in respect of certain assets or liabilities of the Master Fund than would have been paid if the actual value of such assets or liabilities is lower or higher than the value determined for the purposes of calculating those fees and allocations. None of the General Partner, StemPoint Capital or the Administrator is under any liability (including any obligation to remit excess Management Fees or Performance Allocations to the Fund, the Master Fund or any of the Limited Partners) if a price reasonably believed to be an accurate valuation of a particular asset of the Master Fund is found not to be such.

Systemic Risk. Credit risk may arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution causes a series of defaults by the other institutions. This is sometimes referred to as a “systemic risk” and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with which the Master Fund interacts on a daily basis.

Cybersecurity Risk. StemPoint Capital, the Fund’s service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect the Fund and the Limited Partners, despite the efforts of StemPoint Capital and service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to the Fund and the Limited Partners. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to the systems of StemPoint Capital, the Fund’s service providers or counterparties or data within these systems. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of StemPoint Capital’s systems to disclose sensitive information in order to gain access to StemPoint Capital’s data or that of the Limited Partners. A successful penetration or circumvention of the security of StemPoint Capital’s systems could result in the loss or theft of a Limited Partner’s data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause the Fund, StemPoint Capital or their service providers to incur regulatory penalties, reputational damage, additional compliance costs or financial loss.

Insolvency of a Prime Broker. If a prime broker holding assets of the Master Fund enters into an insolvency proceeding (which may last many years), the use by the Master Fund of assets held by or on behalf of the prime broker may be restricted. In

relation to the Master Fund's right to the return of assets equivalent to those of the Master Fund's assets which the prime broker sells, borrows, lends, pledges, re-pledges, hypothecates, re-hypothecates, transfers or otherwise uses for its own purposes, or in respect of which legal and beneficial title is transferred to a prime broker, the Master Fund will rank as one of that prime broker's unsecured creditors and, in the event of the insolvency of the prime broker, the Master Fund might not be able to recover such equivalent assets in full. Depending on the amount of assets held at the prime broker at the time of such a proceeding, it may be possible that (a) the ability of StemPoint Capital to fulfill the investment objective may be severely constrained, (b) the General Partner may be required to suspend the calculation of the net asset value of the Master Fund and as a result subscriptions for and withdrawals of Interests, and/or (c) the value of Interests may be otherwise affected. During such a proceeding, the Master Fund is likely to be an unsecured creditor in relation to certain assets and accordingly the Master Fund may be unable to recover such assets from the insolvent estate of the relevant prime broker in full, or at all.

Possibility of Fraud or Other Misconduct of Employees and Service Providers. Misconduct by employees of StemPoint Capital, service providers to the Fund (including expert networks) and/or their respective affiliates could result in significant losses. Such misconduct may include binding the Master Fund to transactions that exceed authorized limits or present unacceptable risks, unauthorized trading activities, concealing unsuccessful trading activities (which, in either case, may result in unknown and unmanaged risks or losses), embezzlement and fraud. Losses could also result from actions by service providers (including expert networks), including, without limitation, failing to recognize trades and misappropriating assets. No assurances can be given that the General Partner and StemPoint Capital will be able to identify or prevent misconduct by employees or service providers, including expert networks, which misconduct could cause significant losses to the Fund.

"Master-Feeder" Structure. The Fund invests in the Master Fund through a "master-feeder" structure. The "master-feeder" fund structure, in particular the existence of multiple Feeder Funds investing in the Master Fund, presents certain unique risks to investors. Smaller Feeder Funds investing in the Master Fund may be materially affected by the actions of larger Feeder Funds investing in the Master Fund. For example, if a larger Feeder Fund withdraws from the Master Fund, the remaining Feeder Funds may experience higher pro rata operating expenses, thereby producing lower returns. The Master Fund may become less diverse due to a withdrawal by a larger Feeder Fund, resulting in increased portfolio risk. In the master-feeder structure, the Fund has the right to withdraw its investment in the Master Fund at any time if the General Partner determines that it is in the best interests of the Limited Partners to do so. Upon any such withdrawal, the General Partner would consider what action might be taken, including the investment of all the assets of the Fund in another pooled investment entity having the same investment objective as the Fund or directly managing the Fund's assets in accordance with its investment policies described above.

The Fund is a limited partner of the Master Fund, and, as such, has no right to be involved in the management of the Master Fund. If the Fund were to become involved

in the management of the Master Fund, the Fund might lose the limited liability afforded to it pursuant to Cayman Islands law.

Business Continuity. StemPoint Capital and its affiliates currently operate in New York City. A disaster or disruption to the infrastructure that supports the city, or more specifically the office of StemPoint Capital, may have a material adverse impact on the Fund. Although StemPoint Capital has a business continuity plan to prepare for disasters and disruptions, there can be no assurance that the measures set forth in such plan will be sufficient. In addition, there are certain types of disasters that are not susceptible to risk mitigation and others are simply not foreseeable.

Limited Partner Due Diligence Information. Because prospective investors may ask different questions and request different information, StemPoint Capital may provide certain information to one or more prospective investors that it does not provide to all prospective investors. The answers or additional information provided may not be integrated into this Memorandum, and no prospective investor may rely on any such answers or information in making its decision to subscribe for Interests.

Regulatory-Related Risks

Limited Regulatory Oversight. While the Fund may be considered to be similar to an investment company, it is not required to and does not intend to register as such under the Investment Company Act in reliance upon an exemption available to privately offered investment companies, and, accordingly, the provisions of the Investment Company Act (which may provide certain regulatory safeguards to investors) will not be applicable. The Fund is not required to, and may not, maintain custody of its securities or place its securities in the custody of a bank or a member of a national securities exchange in the manner required of registered investment companies under rules promulgated by the SEC. A registered investment company which places its securities in the custody of a member of a national securities exchange is required to have a written custodian agreement, which provides that securities held in custody will be at all times individually segregated from the securities of any other person and marked to clearly identify such securities as the property of such investment company and which contains other provisions complying with SEC regulations. The Fund may maintain such accounts at brokerage firms which do not separately segregate such assets as would be required in the case of registered investment companies. Under the provisions of the Securities Investor Protection Act, the bankruptcy of any such brokerage firms might have a greater adverse effect on the Fund than would be the case if it maintained its accounts in accordance with the requirements applicable to registered investment companies.

Changing Regulatory Environment. The regulatory environment for private investment funds is evolving, and changes in regulation could occur that may adversely affect the Fund and its investment results, or some or all of the Limited Partners. There is a possibility that, in the future, the Fund may be subject to new or revised legislation or regulations, which may be enforced by entirely new governmental agencies. Similarly, the Fund may be adversely affected as a result of new or revised legislation, or regulations imposed by the SEC, the U.S. Commodity

Futures Trading Commission (“CFTC”), the IRS, the U.S. Financial Stability Oversight Council, the European Union Alternative Investment Fund Managers Directive, United Kingdom Financial Services Authority or other U.S. or non-U.S. governmental regulatory authorities or self-regulatory organizations that supervise the financial markets. The Fund or some or all of the Limited Partners also may be adversely affected by changes in the interpretation or enforcement of existing laws and rules by these governmental authorities and self-regulatory organizations. It is impossible to determine the extent of the impact of any new laws, regulations or initiatives that may be proposed, or whether any of the proposals will become law. Compliance with any new laws or regulations could be more difficult and expensive, and may affect the manner in which the Fund conducts business or make investments. New laws or regulations may also subject the Fund or some or all of the Limited Partners to increased taxes or other costs.

Regulatory Intervention. The SEC, other regulators and self-regulatory organizations and exchanges are authorized to intervene, directly and by regulation, in certain markets, and may restrict or prohibit certain market practices. The length of such prohibitions and types of securities prohibited vary from country to country and may significantly affect the value of the Master Fund’s holdings. The Master Fund is also subject to the risk of the failure of any exchanges on which its positions trade or of the exchanges’ clearinghouses. Over the past several years, financial regulators have increased regulation and will likely continue to increase regulation in the near future. The effect of any regulatory change on the Master Fund could be substantial and adverse, and such regulation may impair the Master Fund’s ability to successfully execute its investment strategies and may increase the costs of its operations. Increased regulation and regulatory oversight of private investment funds and their managers may impose administrative burdens on StemPoint Capital, including, without limitation, responding to examinations and other regulatory inquiries and implementing policies and procedures. Such administrative burdens may divert StemPoint Capital’s time, attention and resources from portfolio management activities. Such regulatory inquiries are generally confidential in nature, may involve a review of an individual’s or a firm’s activities or may involve studies of the industry or industry practices, as well as practices of a particular institution. Refer to “Adverse Legal Action; Litigation” below.

On July 21, 2010, major financial services reform legislation in the form of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Reform Act”) was enacted. Among other things, the Reform Act includes additional regulation of investment funds and their managers, including registration requirements as well as additional compliance, reporting and disclosure requirements. In addition, the Reform Act grants the CFTC and SEC broad rulemaking authority to implement various provisions of the Reform Act including comprehensive regulation of the over-the-counter (“OTC”) derivatives market. These regulations include derivative exchange trading and clearing requirements as well as requiring derivative dealers and major derivatives market participants to register with the SEC and/or CFTC. Refer to “Forward Contracts and Other Principal Transactions and Derivatives,” below. The implementation of the Reform Act could adversely affect the Master Fund and the

Fund by increasing transaction costs and imposing restrictions on the investment or other operations of the Master Fund, the Fund and StemPoint Capital and its affiliates.

In addition, there can be no assurance that recent tax reform or changes in U.S. economic policy will not have a material adverse effect on the investments and investment strategies pursued by the Master Fund.

Significant Positions in Public Securities. In the event the Master Fund or one or more other fund clients of StemPoint Capital acquire a significant stake in certain public securities and such stake exceeds certain percentage or value limits, the Master Fund or other funds may be subject to regulation and regulatory oversight that may impose trading restrictions, notification and filing requirements or other administrative burdens on StemPoint Capital. Any such requirements may impose additional costs on the investors and may delay the acquisition or disposition of the securities or the clients' abilities to respond in a timely manner to changes in the markets with respect to such securities.

In certain cases where the Master Fund or other funds advised by StemPoint Capital acquire beneficial ownership of more than 10% of a certain class of securities of a public company, place a director on the board of directors of such a company, or are otherwise deemed to be an "insider", under Section 16 of the Exchange Act, the Master Fund or the other funds may be subject to certain additional reporting requirements and may be subject to certain restrictions on their ability to buy and sell such securities within certain time periods. Furthermore, in such circumstances the Master Fund and/or the other funds will be prohibited from entering into a short position in such issuer's securities, and therefore limited in their ability to hedge such investments. Similar restrictions and requirements may apply in non-U.S. jurisdictions. These restrictions could limit the Master Fund's or the other funds' ability to liquidate positions when they would otherwise prefer to do so, which could reduce returns to investors and limit the ability of the Master Fund or other funds to meet redemption requests.

Adverse Legal Action; Litigation. The business of StemPoint Capital is subject to extensive and complex regulation. The regulatory bodies with jurisdiction over StemPoint Capital generally have the authority to conduct investigations and administrative proceedings, and to grant or cancel StemPoint Capital's authority to carry on its business. From time to time, in the ordinary course of operations, StemPoint Capital or its affiliates are subject to regulatory inquiries, examinations and investigations from U.S. and non-U.S. governmental agencies, regulatory bodies and securities commissions, which can be costly and occupy significant staff time and resources. Any such inquiry, examination or investigation could lead to civil or criminal proceedings resulting in a censure, fine, penalty and/or other sanction, including asset freezes, the issuance of a cease and desist order or the suspension or expulsion of an individual. Any such inquiry, investigation or enforcement proceeding could have a material adverse impact on the Fund. In addition, StemPoint Capital, the Fund and/or the Master Fund may be party to civil litigation proceedings related to investments. The expense of defending against claims by third parties and paying any

amounts pursuant to settlements or judgments will generally be borne by the Master Fund.

Material Non-Public Information. As part of its investment advisory activities, StemPoint Capital may come into possession of material non-public information of an issuer that it will be prohibited from using for the benefit of the Master Fund. In such a circumstance, the Master Fund is generally restricted in its ability to buy and sell the public securities of such issuer. This may occur, for example, if StemPoint Capital is contemplating a transaction, including for an investment vehicle other than the Master Fund, and, as part of that process, obtains material non- public information of an issuer or is required to sign a non-disclosure agreement, even where the Master Fund will not participate in such transaction. If the Master Fund has an existing holding that is affected by the obtained material non-public information or the non-disclosure agreement, StemPoint Capital may not be able to sell or otherwise dispose of that position for a period of time and the Master Fund may experience a loss in value, including a total loss, of the position during this confidential period. StemPoint Capital may also inadvertently come into possession of material non-public information from an expert network, although StemPoint Capital will have a policy in place to minimize the risk of such exposure.

Alternative Investment Fund Managers Directive. The European Union (“EU”) Alternative Investment Fund Managers Directive (“AIFMD”) became law in a number of member states of the European Economic Area (“EEA”) and the United Kingdom (the “UK”) on July 22, 2013. The AIFMD has been retained by the Alternative Investment Fund Managers Regulations 2013 (SI 2013/1773), as amended by the Alternative Investment Fund Managers (Amendment Etc.) (EU Exit) Regulations 2019 (the “UK AIFMD”). The AIFMD and the UK AIFMD regulate the activities of fund managers undertaking fund management activities in the EEA, the UK or marketing fund interests to investors in the EEA or the UK. StemPoint Capital is not an authorized investment fund manager under the AIFMD and the UK AIFMD but may be required to comply with certain provisions of the AIFMD and the UK AIFMD and implementing laws and regulations if it markets interests or shares in a Feeder Fund in the EEA or the UK. Compliance with the provisions of the AIFMD and the UK AIFMD by StemPoint Capital may impose additional costs and other restrictions on the investment or other opportunities of the Master Fund.

UK Exit from European Union. The UK left the EU (“Brexit”) on 31 January 2020 subject to a transitional period which ended on 31 December 2020. The UK and the EU have reached agreement on the terms of their future trading relationship which applies from 1 January 2021 which principally relates to the trading of goods rather than services, including financial services. Further discussions are to be held between the UK and the EU in relation to matters not covered by the trade agreement such as in relation to financial services. Brexit could adversely affect European or worldwide political, regulatory, economic or market conditions and could contribute to instability in global political institutions, regulatory agencies and financial markets. Brexit could also lead to legal uncertainty and politically divergent national laws and regulations as a new relationship between the UK and EU is developed and the UK determines which EU laws to replace or replicate in the future. The political, economic and legal

consequences of Brexit continue to give rise to uncertainties. The UK may be less stable than it has been in recent years and investments in UK assets may be difficult to value, or subject to greater or more frequent rises and falls in value.

ERISA. If the underlying assets of the Master Fund were considered “plan assets” of Benefit Plan Investors, StemPoint Capital would be considered a fiduciary of such investors. Generally, the fiduciary provisions of ERISA require fiduciaries of a plan subject to ERISA to act for the exclusive benefit of the participants and the beneficiaries of the plans whose assets they manage; to employ the care, skill, prudence, and diligence that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims; to diversify investments so as to minimize the risks of large losses; and to comply with constituent documents of such plans. If the assets of the Master Fund were considered plan assets for ERISA purposes, StemPoint Capital would be prohibited from causing the Fund or the Master Fund to enter into certain transactions and would need to determine how the payment of the Management Fee and the Performance Allocation impacts ERISA. In addition, the ERISA compliance obligations could adversely affect the investment activities of the Master Fund.

Investment-Related Risks

Risks of Investments in Securities Generally. All securities investments risk the loss of capital. No guarantee or representation is made that the Master Fund’s investment program will be successful. The Master Fund’s investment program may involve, without limitation, risks associated with limited diversification, leverage, interest rates, currencies, volatility, tracking risks in hedged positions, security borrowing risks in short sales, credit deterioration or default risks, systems risks and other risks inherent in the Master Fund’s activities. Certain investment techniques of the Master Fund can, in certain circumstances, magnify the impact of adverse market moves to which the Master Fund may be subject. In addition, the Master Fund’s investment in securities may be materially affected by conditions in the financial markets and overall economic conditions occurring globally and in particular countries or markets where the Master Fund may invest its assets. The Master Fund may be incentivized to hold its positions in investments longer for tax reasons.

The Master Fund’s methods of minimizing such risks may not accurately predict future risk exposures. Risk management techniques are based in part on the observation of historical market behavior, which may not predict market divergences that are larger than historical indicators. Also, information used to manage risks may not be accurate, complete or current, and such information may be misinterpreted.

General Economic and Market Conditions. Changes in general economic conditions may affect the Master Fund’s activities. Interest rates, general levels of economic activity, the price of securities, the price of commodities, the rate of inflation and participation by other investors in the financial markets may affect the value and number of investments made by the Master Fund or considered for prospective investment. The Master Fund’s investment strategy and the availability of investment opportunities relies, in part, on the continuation of certain trends and conditions observed in the market for various financial instruments and the larger financial

markets and, in some cases, the improvement of such conditions. Consequently, the Master Fund may not be capable of, or successful at, preserving the value of its assets, generating positive investment returns or effectively managing risks. No assurance can be given that such conditions, trends or opportunities will arise or continue, as applicable.

Events or circumstances that disrupt markets (e.g., without limitation inflation or deflation, changes in government policies, natural disasters, trade wars, armed conflicts, pandemics, political or social instability, terrorism and other unforeseen events that cannot be quantified), including the recent global outbreak of COVID-19, may have a material adverse impact on one or more of the Master Fund's investments and the value of the Master Fund's portfolio. These events may contribute to increased market volatility and economic uncertainty and/or deterioration as well as have a negative impact on economic fundamentals (including disruption of global supply chains), business activity, consumer confidence and/or the performance of essential government services. It is not possible to predict the severity of the effect that any such events would have on global economies or the value of the Master Fund's investments.

Bank Loans and Participations. The Master Fund's investment program may include investments in bank loans, which will be acquired through assignment or participations. While bank loans, participations, and private investments structured as loans may result in significant financial returns to the Master Fund, these types of financing are subject to unique risks, including: (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights laws; (ii) so-called lender-liability claims by the issuer of the obligations; (iii) environmental liabilities that may arise with respect to collateral securing the obligations; and (iv) limitations on the ability of the Master Fund to directly enforce compliance by the obligor with the terms of the loan or credit agreement or other instrument evidencing such loan obligation, or enforce any rights of set-off against the obligor. While loan investments made and/or purchased by the Master Fund are generally intended to be over-collateralized or characterized by StemPoint Capital as having attractive loan-to-value ratios, the Master Fund cannot guarantee the adequacy of the protection of the Master Fund's interests, including the validity or enforceability of the loan investment and the maintenance of the anticipated priority and perfection of the applicable security interests. In the event of a foreclosure, the Master Fund may assume direct ownership of the underlying asset. The liquidation proceeds upon sale of such asset may not satisfy the entire outstanding balance of principal and interest, resulting in a loss to the Master Fund. Such loan investments may involve companies that are experiencing significant financial or business difficulties, including companies involved in bankruptcy or other reorganization and liquidation proceedings.

Furthermore, in purchasing a participation, the Master Fund may not directly benefit from the collateral supporting the loan obligation in which it has purchased the participation. As a result, the Master Fund would assume the credit risk of both the obligor and the selling institution, which would remain the legal owner of record of the applicable loan. Participations are typically sold strictly without recourse to the selling institution, and the selling institution will generally make no representations or warranties about the underlying loan, the portfolio companies, the terms of the loans

or any collateral securing the loans. Certain loans have restrictions on assignments and participations which may negatively impact the Master Fund's ability to exit from all or part of its investment in a loan. In analyzing each private lending opportunity, bank loan or participation, StemPoint Capital would compare the relative significance of the risks against the expected benefits of the investment. Successful claims by third parties arising from these and other risks will be borne by the Master Fund.

Bank loans may not be considered "securities" for purposes of the U.S. Securities Act of 1933, as amended, and certain other U.S. federal securities laws, and, as a purchaser of bank loans and participations, the Master Fund may not be entitled to rely on the anti-fraud and other protections of such laws.

Credit Derivative Transactions. The Master Fund may be a user of credit derivatives for hedging purposes respecting its investments. Such derivatives serve as contracts that transfer price, spread and/or default risks of debt and other instruments from one party to another. Such instruments may be based on the debt obligations of one or more debtors. The market for credit derivatives may be relatively illiquid, and there are considerable risks that may make it difficult either to buy or sell the contracts as needed or at reasonable prices. Sellers of credit derivatives carry the inherent price, spread and default risks of the debt instruments covered by the derivative instruments. Buyers of credit derivatives carry the risk of non-performance by the seller due to inability to pay. There are also risks with respect to credit derivatives in determining whether an event will trigger payment under the contract and whether such payment will offset the loss or payment due under another instrument. In the past, buyers and sellers of credit derivatives have found that a trigger event in one contract may not match the trigger event in another contract, exposing the buyer or the seller to further risk.

In addition, the Master Fund will invest in bank debt, either through a direct assignment, whereby the Master Fund is listed as the owner of the instrument on the books and records of the agent bank, or through a participation or similar interest, whereby the Master Fund is not treated as a direct owner of the underlying instrument and is therefore subject to the risk of nonperformance by the counterparty to the transaction.

Participation Interests. The Master Fund may, from time to time, have a participation or derivative interest in (as opposed to direct ownership of) payments and interest on an investment in debt and any related collateral, or an indirect interest (for example, through a swap or other derivative instrument) in such a participation or derivative interest. In such cases, the Master Fund will not have any direct rights against the issuers of the related debt, any direct rights or recourse in the collateral, if any, securing such debt, or any right to deal directly with any such issuers. The debt holder may, in general, retain the right to determine whether remedies provided for in the underlying debt documents will be exercised, or waived, without any prior consultation with, or consent by, the Master Fund. In the event that the Master Fund enters into such an indirect investment or derivative transaction, there can be no assurance that the Master Fund's ability to realize upon a participation or derivative interest will not be interrupted or impaired in the event of the bankruptcy or

insolvency of any of the issuer, borrower, debt holder or the Master Fund's counterparty in such indirect investment or derivative transaction.

Amortization. The Master Fund may invest in debt that has limited mandatory amortization requirements. While some loans may obligate a borrower to repay a loan out of asset sale proceeds or with annual excess cash flow, such requirements may be subject to substantial limitations and baskets that would allow a company to retain such proceeds or cash flow that may increase the risk that a borrower will not be able to repay or refinance the debt held by the Master Fund when it comes due at its final stated maturity.

Interest Rate Fluctuations. General interest rate fluctuations may have a negative impact on the Master Fund's investments and investment opportunities and accordingly may have a material adverse effect on the Master Fund's investment objectives and the rate of return on invested capital. In addition, an increase in interest rates could make it more expensive to utilize leverage in making investments.

Fixed Income Securities. The Master Fund may invest in bonds or other fixed income securities, including, without limitation, bonds, notes and debentures issued by corporations; debt securities issued or guaranteed by a government or one of its agencies or instrumentalities; and commercial paper. Fixed income securities pay fixed, variable or floating rates of interest. The value of fixed income securities in which the Master Fund may invest will change in response to fluctuations in interest rates. In addition, the value of certain fixed income securities can fluctuate in response to perceptions of creditworthiness, political stability or soundness of economic policies. Fixed income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (*i.e.*, credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (*i.e.*, market risk).

Risks Related to Bankruptcy. One or more of the issuers of an investment held by the Master Fund may become involved in bankruptcy or similar proceedings. There are a number of significant risks inherent in the bankruptcy process. For example, many events in a bankruptcy are adversarial and beyond the control of the creditors. While creditors generally are afforded an opportunity to object to significant actions, there can be no assurance that a court would not approve actions which may be contrary to the interests of the Master Fund. Reorganizations can be contentious and adversarial. Participants may use the threat of, as well as actual, litigation as a negotiating technique. In addition, the duration of a bankruptcy case can only be roughly estimated. The bankruptcy process can involve substantial legal, professional and administrative costs to the company and the Master Fund, it is subject to unpredictable and lengthy delays, and during the process the company's competitive position may erode, key management may depart and the company may not be able to invest adequately. In some cases, the company may not be able to reorganize and may be required to liquidate assets. Any of these factors may adversely affect the return on a creditor's investment. Further, U.S. bankruptcy law permits the classification of "substantially similar" claims in determining the classification of claims in a reorganization for purpose of voting on a plan of reorganization. Because the standard for classification is vague, there exists a significant risk that the Master Fund's

influence with respect to a class of securities can be lost by the inflation of the number and the amount of claims in, or other gerrymandering of, the class. Additionally, in the early stages of the bankruptcy process it is often difficult to estimate the extent of, or even to identify, any contingent claims that might be made. In addition, certain administrative costs and claims that have priority by law over the claims of certain creditors (for example, claims for taxes) may be substantial. A bankruptcy may result in creditors and equity holders losing their ranking and priority as such if they are considered to have taken over management and functional operating control of a debtor. Moreover, the Master Fund may purchase creditor claims subsequent to the commencement of a bankruptcy case, and it is possible that such purchase may be disallowed by a court if it determines that the purchaser has taken unfair advantage of an unsophisticated seller, which may result in the rescission of the transaction (presumably at the original purchase price) or forfeiture by the purchaser.

In addition, it is possible a court may invalidate, in whole or in part, the indebtedness underlying an investment of the Master Fund as a fraudulent conveyance, subordinate such indebtedness to existing or future creditors of the obligor or recover amounts previously paid by the obligor in satisfaction of such indebtedness. Moreover, in the event of the insolvency of an issuer of indebtedness in which the Master Fund invests, payments made on such indebtedness could be subject to avoidance as a “preference” if made within a certain period of time (which may be as long as one year) before the issuer becomes a debtor in a bankruptcy case.

Further, several judicial decisions in the United States have upheld the right of borrowers to sue lenders or bondholders on the basis of various evolving legal theories (collectively termed “lender liability”). Generally, lender liability is founded upon the premise that an institutional lender or bondholder has violated an implied or contractual duty of good faith and fair dealing owed to the borrower or issuer or has assumed a degree of control over the borrower or issuer resulting in the creation of a fiduciary duty owed to the borrower or issuer or its other creditors or shareholders. Because of the nature of certain of the investments, the Master Fund could be subject to allegations of lender liability. Because of the potential of StemPoint Capital or its affiliates to have investments in several positions in the same, different or overlapping levels of a portfolio company’s capital structure, the Master Fund may be subject to claims from creditors of a portfolio company that the investments should be equitably subordinated to the payment of other obligations of the portfolio company by reason of the conduct of the Master Fund or StemPoint Capital and its affiliates. In addition, under certain circumstances, a U.S. bankruptcy court could also recharacterize claims held by the Master Fund as equity interests, and thereby subject such claims to the lower priority afforded equity claims in certain restructuring scenarios.

In any reorganization or liquidation proceeding relating to a company in which the Master Fund invests, the Master Fund may lose its entire investment, may be required to accept cash or securities with a value less than the Master Fund’s original investment and/or may be required to accept payment over an extended period of time. Under such circumstances, the returns generated from a Limited Partner’s investment in the Fund may not adequately compensate the Limited Partner for the risks assumed.

Bankruptcy Involving Non-U.S. Companies. Investment in the debt of financially distressed companies domiciled outside the United States involves additional risks. Bankruptcy law and process may differ substantially from that in the United States, resulting in greater uncertainty as to the rights of creditors, the enforceability of such rights, reorganization timing and the classification, seniority and treatment of claims. In certain developing countries, although bankruptcy laws have been enacted, the process for reorganization remains highly uncertain, while other developing countries may have no bankruptcy laws enacted, adding further uncertainty to the process for reorganization.

Equity Securities and Equity-Related Instruments. The Master Fund will invest long and short in equities and equity-related instruments under its investment program. Stocks, options and other equity-related instruments may be subject to various types of risk, including market risk, liquidity risk, counterparty credit risk, legal risk and operations risk. In addition, equity-related instruments can involve economic leverage and may, in some cases, involve significant risk of loss. “Equity securities” may include common stocks, preferred stocks, interests in real estate investment trusts, convertible debt obligations, convertible preferred stocks, equity interests in trusts (including shares issued by trusts registered as investment companies under the Investment Company Act), partnerships, joint ventures or limited liability companies and similar enterprises, warrants and stock purchase rights. In general, stock values fluctuate in response to the activities of individual companies and in response to general market and economic conditions. Accordingly, the value of the stocks and other securities and instruments that the Master Fund holds directly or indirectly may decline over short or extended periods of time. The stock markets tend to be cyclical, with periods when stock prices generally rise and periods when stock prices generally decline. The volatility of equity securities means that the value of an investment in the Master Fund may increase or decrease significantly over relatively short periods. Issuers could also divert or abscond with assets, fail to follow disclosed or agreed upon investment strategies, provide false reports of operations or engage in other misconduct, resulting in losses to the Master Fund.

Small to Medium Capitalization Companies. The Master Fund may invest a portion of its assets in the stocks of companies with small-to medium-sized market capitalizations. While StemPoint Capital believes these investments often provide significant potential for appreciation, those stocks, particularly smaller-capitalization stocks, involve higher risks in some respects than do investments in stocks of larger-capitalization companies. For example, prices of such stocks are often more volatile than prices of large-capitalization stocks. In addition, due to thin trading in some such stocks, an investment in these stocks may be more illiquid than that of larger capitalization stocks.

Risks Related to Pandemics and Other Diseases. The international transmission of COVID-19 and efforts to contain its spread have resulted in, among other things, border closings and other significant travel restrictions and disruptions, significant disruptions to business operations, supply chains and customer activity, fluctuating consumer demand for goods and services, event cancellations and restrictions, school closures, service cancellations, reductions and other changes, significant challenges in healthcare service preparation and delivery, prolonged and/or reoccurring lockdowns

and stay-at-home orders, labor shortages, vaccine mandates, as well as general concern and uncertainty. Even as restrictions have been lifted in certain jurisdictions, they have been reimposed in others, and this pattern may continue for the foreseeable future. Although the long-term economic fallout of COVID-19 is difficult to predict, it has and is likely to continue to contribute to market volatility. It may lead to a prolonged economic slowdown given the disruption to supply chains, loss of jobs and volatility in consumer spending across sectors and industries worldwide, which may materially adversely affect clients and their performance. Health crises caused by the outbreak of COVID-19 may also exacerbate other pre-existing political, social, economic, market and financial risks. Although many global economies have begun to re-open as infection and hospitalization rates decline, some economies, including those of countries with limited access to COVID-19 vaccines, have struggled to control the spread of the virus and re-open their economies. As a result, it remains unclear how COVID-19 will impact global markets in the future.

All of the foregoing could have an adverse impact on the performance of the Master Fund's investments and StemPoint Capital's ability to source new investments or to realize its investments. If a force majeure event is determined to have occurred, a counterparty to the Master Fund or the Fund may be relieved of its obligations under certain contracts to which it is a party, or, if it is determined not to have occurred, the Master Fund or the Fund may be required to meet their contractual obligations, despite potential constraints on their operations, liquidity and/or financial stability. Either outcome could adversely impact the Master Fund's investments and the Fund's performance. Additionally, the COVID-19 pandemic could also continue to have an acute effect on individual issuers or related groups and the industries in which companies in which the Master Fund has invested operate. Decisions by StemPoint Capital for the Master Fund to retain cash or delay investment may adversely impact returns.

The ongoing market volatility and uncertainty could also adversely affect the Master Fund's operations. In particular, negative performance, and general economic distress across markets, could spur significant redemptions. In such a scenario, the Fund could have difficulty liquidating assets to fulfill such requests at desirable prices or be unable to fulfill requests entirely, requiring a suspension of redemptions. Similarly, large redemptions from the Fund, even when fulfilled, could make it difficult for the Master Fund to execute its investment strategy or could cause breaches of various trading agreements, causing further distress and performance decline.

Unspecified Use of Proceeds. In general, proceeds from the sale of Interests may be used by the Master Fund to increase the size of certain of the investments currently held by the Master Fund and to make investments that have not yet been selected by StemPoint Capital. Purchasers of Interests will generally not have an opportunity to evaluate for themselves the relevant economic, financial and other information regarding the investments to be made by the Master Fund and, accordingly, will be dependent upon the judgment and ability of the General Partner and StemPoint Capital in investing and managing the capital of the Master Fund. No assurance can be given that the Master Fund will be successful in obtaining suitable investments, or that if such investments are made, the objectives of the Master Fund will be achieved.

Concentration and Lack of Diversification. The Master Fund will not be managed with the goal of diversifying its investments broadly across issuers, industries, countries, regions or markets. It is expected that a significant percentage of the Master Fund's assets will be concentrated in a few issuers, and that there will be significant exposure to issuers in the healthcare sector, including pharmaceuticals, biotechnology and life sciences, and other related sub-sectors. Concentration of investments in a limited number of issuers or securities, industries or industry groups, or countries or regions can increase investment risk and portfolio volatility. As a result of this lack of diversification, a significant loss in any one position may have a material adverse effect on the Master Fund's performance.

Risk of Investing in the Healthcare Sector. Investing in securities and other instruments of healthcare companies involves substantial risks, including (but not limited to) the following: certain companies in the portfolio of the Master Fund may have limited operating histories; scarcity of management and marketing personnel with appropriate scientific or medical training may slow or impede companies' growth; the possibility of lawsuits related to patents or products; obsolescence of products; change in government policies; changing investor sentiments and preferences with regard to healthcare sector investments (some of which are generally perceived as risky) may have an adverse effect on the price of underlying securities; volatility in the stock markets affecting the prices of healthcare company securities may cause the performance of the Master Fund to experience substantial volatility; and many companies in the healthcare sector are subject to extensive government regulation. Healthcare and life sciences related companies are generally subject to greater governmental regulation than other industries at both the state and federal levels. Changes in governmental policies may have a material effect on the demand for or costs of certain products and services. In addition, obtaining approval for new products from governmental agencies can be lengthy, expensive and uncertain. Any failure to obtain approval or other negative assessment for new or existing products from governmental agencies can result in significant decreases in the prices of the subject healthcare company securities, or even in the securities of related healthcare companies, which may cause a loss for the Master Fund.

The U.S. government and other governments have a significant interest in pursuing healthcare reform. In the U.S., the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act ("ACA"), put into place a number of major changes to health care delivery and how it is paid for. Emblematic of the unpredictability surrounding healthcare regulation, several challenges to provisions of the ACA have been brought by states and other parties. Although the U.S. Supreme Court has upheld the ACA's basic provisions, the law continues to be challenged in court, and it remains unclear whether there will be changes made to the law in the future.

New laws, regulations and judicial decisions, or new interpretations of existing laws, regulations and decisions, that relate to healthcare availability, methods of delivery or payment for products and services, or sales, marketing or pricing, may increase costs of operations for companies in which the Master Fund invests, which could have a material negative impact on their overall performance.

Short Sales. A short sale involves the sale of a security that the Master Fund does not own in the expectation of purchasing the same security (or a security exchangeable therefor) at a later date at a lower price. To make delivery to the buyer, the Master Fund must borrow the security, and the Master Fund is obligated to return the security to the lender, which is accomplished by a later purchase of the security by the Master Fund. In some cases, the lender may rescind the loan of securities, and cause the borrower to repurchase shares at inflated prices, resulting in a loss. When the Master Fund makes a short sale in the United States, it must leave the proceeds thereof with the broker and it must also deposit with the broker an amount of cash or marketable securities sufficient under current margin regulations to collateralize its obligation to replace the borrowed securities that have been sold. If short sales are effected on a foreign exchange, such transactions will be governed by local law. A short sale involves the risk of a theoretically unlimited increase in the market price of the security. The extent to which the Master Fund will engage in short sales depends upon StemPoint Capital's investment strategy and perception of market direction.

Restrictions on Short Selling. Many regulators, including the SEC and the U.K. Financial Services Authority, have imposed restrictions and reporting requirements on short selling. These restrictions and reporting requirements may prevent the Master Fund from successfully implementing its investment strategy and provide transparency to the Master Fund's competitors as to its positions, thereby having a detrimental impact on the Master Fund's returns.

Undervalued Securities. One of the objectives of the Master Fund is to invest in undervalued securities. The identification of investment opportunities in undervalued securities is a difficult task, and there can be no assurance that such opportunities will be successfully recognized. Investments in undervalued securities involve a high degree of financial risk and can result in substantial losses. Returns generated from the Master Fund's investments may not adequately compensate for the business and financial risks assumed.

The Master Fund may make certain speculative investments in securities which StemPoint Capital believes to be undervalued; however, there can be no assurance that the securities purchased will in fact be undervalued. In addition, the Master Fund may be required to hold such securities for a substantial period of time before realizing their anticipated value. During this period, a portion of the Master Fund's capital would be committed to the securities purchased, thus possibly preventing the Master Fund from investing in other opportunities. In addition, the Master Fund may finance such purchases with borrowed funds and thus would have to pay interest on such funds during such waiting period.

Private Securities. The Master Fund may invest in privately issued securities of both public and private companies. There may be little or no publicly available information regarding the status and prospects of issuers of private securities. In such an instance, StemPoint Capital will be required to make decisions without complete information or in reliance upon information provided by third parties that is impossible or impracticable to verify. In addition, such securities are less liquid than publicly traded securities and may be subject to legal and contractual restrictions on their disposition. The ability of the Master Fund to dispose of such securities at an attractive price may

be dependent upon the issuer conducting a successful initial public offering. As such, there is no assurance that securities purchased by the Master Fund will be liquidated at a favorable price or at all.

Preferred and Hybrid Securities Risks. The Master Fund may invest in preferred stock and hybrid securities, which may have special risks. Preferred and hybrid securities may include provisions that permit the issuer, at its discretion, to defer distributions for a stated period without any adverse consequences to the issuer. If the Master Fund owns a preferred or hybrid security that is deferring its distributions, the Master Fund may be required to report income for tax purposes even though it has not yet received such income. Some preferred and hybrid securities are non-cumulative, meaning that the dividends do not accumulate and need not ever be paid.

Preferred and hybrid securities are subordinated to bonds and other debt instruments in an issuer's capital structure in terms of priority to corporate income and liquidation payments and, therefore, will be subject to greater credit risk than more senior debt instruments. For example, deterioration in the credit quality of the issuer will cause greater changes in the value of such instruments than senior debt securities with similarly stated yield characteristics. Preferred and hybrid securities may be substantially less liquid than many other securities, such as common stocks or U.S. government securities.

Investments in Convertible Securities. The Master Fund may invest in convertible securities, which are securities that may be exchanged or converted into a predetermined number of the issuer's underlying shares or the shares of another company, or securities that are indexed to an unmanaged market index, at the option of the holder during a specified time period. Convertible securities may take the form of convertible preferred stock, convertible bonds or debentures, stock purchase warrants, zero-coupon bonds or liquid-yield option notes, stock index notes, mandatories, or a combination of the features of these securities. Prior to conversion, convertible securities have the same general characteristics as non-convertible debt securities. As with all debt securities, the market value of convertible securities tends to decline as interest rates increase, and conversely, increase as interest rates decline. Convertible securities, however, also appreciate when the underlying common stock appreciates, and conversely, depreciate when the underlying common stock depreciates.

Non-U.S. Investments. There are additional risks associated with non-U.S. investments, including the following: the unpredictability of international trade patterns; the possibility of governmental actions adverse to business generally or to non-U.S. investors in particular; changes in taxation, fiscal and monetary policies or imposition or modification of controls on non-U.S. currency exchange, repatriation of proceeds, or non-U.S. investment; the imposition or increase of withholding taxes on income and gains; price volatility; absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision and regulation which may result in lower quality information being available and less developed corporate laws regarding fiduciary duties and the protection of investors; governmental influence on the national and local economies; and fluctuations in currency exchange rates. In addition, collateral that is located

outside of the United States may be subject to various creditor- protection laws, depending on the country and the obligor, which laws may differ substantially from those applicable in the United States. Repatriation of investment income, capital and the proceeds from sales of investments by non-U.S. investors may require governmental registration and approval in some countries. The Master Fund could be adversely affected by delays in or a refusal to grant required governmental registration or approval for any such proposed repatriation.

Certain non-U.S. countries have experienced substantial, and in some periods extremely high, rates of inflation for many years. Inflation and rapid fluctuations in inflation rates have had and may continue to have very negative effects on the economies and financing markets (both public and private) of certain countries in which the Master Fund may invest. There can be no assurance that high rates of inflation outside the United States will not have a material adverse effect on the investments of the Master Fund.

In addition, non-U.S. investments may be denominated in currencies other than the U.S. Dollar, and hence the value of such investments will depend in part on the relative strength of the U.S. Dollar. The Master Fund may be affected favorably or unfavorably by currency control regulations or changes in the exchange rate between non-U.S. currencies and the U.S. Dollar. In addition, the Master Fund will incur costs in connection with conversions between various currencies. The Master Fund may, but is not obligated to, engage in currency hedging operations. There can be no assurance as to the success of any hedging operations that the Fund may implement.

Leverage; Interest Rates. The Fund and the Master Fund may borrow on a short-term basis for cash management purposes and the level of interest rates, generally, and the rates at which the Master Fund can borrow, in particular, may therefore affect the performance results of the Fund.

Hedging Transactions. The Master Fund may utilize financial instruments such as futures, options, swaps, forward contracts and other derivatives both for investment purposes and risk management purposes. Hedging against a decline in the value of a portfolio investment or market indices generally does not eliminate fluctuations in the values of portfolio investments or prevent losses if the values of such investments decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the portfolio investments' value. Such hedging transactions also limit the opportunity for gain if the value of the portfolio investments should increase. In addition, various investments within the strategy may involve hedges that are insufficient to offset anticipated market price changes. StemPoint Capital may utilize hedges, or choose not to hedge, based on judgments about economic or other factors that prove to be incorrect.

Derivative Instruments in General. In managing the Master Fund, StemPoint Capital may use various derivative instruments, including options, futures, forward contracts, swaps and other derivatives, which may be volatile and speculative. Certain positions may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses. Use of derivative instruments presents various risks, including the following:

- *Tracking Risk* — When used for hedging purposes, an imperfect or variable degree of correlation between price movements of the derivative instrument and the underlying investment sought to be hedged may prevent the Master Fund from achieving the intended hedging effect or expose the Master Fund to the risk of loss.
- *Liquidity Risk* — Derivative instruments, especially when traded in large amounts by a small number of counterparties, may not be liquid in all circumstances, so that in volatile markets the Master Fund may not be able to close out a position without incurring a loss.
- *Leverage Risk* — Trading in derivative instruments can result in large amounts of leverage. Thus, the leverage offered by trading in derivative instruments may magnify the gains and losses experienced by the Master Fund and could cause the Fund's net asset value to be subject to wider fluctuations than would be the case if the Master Fund did not use the leverage feature in derivative instruments.
- *Hedging Risk* — When a derivative is used as a hedge against an opposite position that the Master Fund also holds, any loss generated by the derivative should be substantially offset by gains on the hedged investment, and vice versa. While hedging can reduce or eliminate losses, it can also reduce or eliminate gains.
- *Investment Risk* — When the Master Fund uses derivatives as an investment vehicle to gain market exposure, rather than for hedging purposes, any loss on the derivative investment will not be offset by gains on another hedged investment. The Master Fund is therefore directly exposed to the risks of that derivative. Gains or losses from derivative investments may be substantially greater than the derivative's original cost.
- *Availability Risk* — Derivatives may not be available to the Master Fund upon acceptable terms. As a result, the Master Fund may be unable to use derivatives for hedging or other purposes.
- *Credit Risk* — When the Master Fund uses derivatives, it is subject to the risk that the other party to the agreement will not be able to perform.

Over-the-Counter Trading. Derivative instruments that may be purchased or sold by the Master Fund may include instruments not traded on an exchange. OTC options, unlike exchange-traded options, are two-party contracts with price and other terms negotiated by the buyer and seller. The risk of nonperformance by the obligor on such an instrument may be greater and the ease with which the Master Fund can dispose of or enter into closing transactions with respect to such an instrument may be less than in the case of an exchange-traded instrument. In addition, significant disparities may

exist between “bid” and “asked” prices for derivative instruments that are not traded on an exchange. Derivative instruments not traded on exchanges are also not subject to the same type of government regulation as exchange-traded instruments, and many of the protections afforded to participants in a regulated environment may not be available in connection with such transactions.

Forward Contracts and Other Principal Transactions and Derivatives. The trading of OTC derivatives, including forward contracts, certain hedging transactions and swap agreements, each as discussed below, subjects the Fund to a variety of risks including: (1) counterparty risk; (2) basis risk; (3) interest rate risk; (4) settlement risk; (5) legal risk and (6) operational risk. Counterparty risk is the risk that one of the Fund’s counterparties might default on its obligation to pay or perform generally on its obligations. Basis risk is the risk that the normal relationship between two prices might move in opposite directions. Interest rate risk is the general risk associated with movements in interest rates. Settlement risk is the risk that a settlement in a transfer system does not take place as expected. Legal risk is the risk that a transaction proves unenforceable in law including because it has been inadequately documented. Operational risk is the risk of unexpected losses arising from deficiencies in a firm’s management information, support and control systems and procedures.

Use of derivatives in combination with other techniques such as short sales for hedging purposes involves certain additional risks, including: (a) dependence on the ability to predict movements in the price of the securities hedged; (b) imperfect correlation between movements in the securities on which the derivative is based and movements in the assets of the underlying portfolio; and (c) possible impediments to effective portfolio management or the ability to meet short-term obligations because of the percentage of a portfolio’s assets segregated to cover its obligations. In addition, by hedging a particular position, any potential gain from an increase in value of such position may be limited.

In addition, in an attempt to reduce systemic and counterparty risks associated with OTC derivatives transactions, the Reform Act requires that a substantial portion of OTC derivatives must be executed in regulated markets and submitted for clearing to regulated clearinghouses. The continuing implementation of the Reform Act could adversely affect the Master Fund and the Fund by increasing transaction costs and imposing restrictions on the investment or other operations of the Master Fund, StemPoint Capital and their affiliates. The CFTC has issued rules requiring the clearing of certain OTC derivatives transactions that fall within its jurisdiction, including certain interest rate and credit derivatives, and it is expected that the CFTC and the SEC will require the clearing of more transactions in the future. OTC trades submitted for clearing will be subject to minimum initial and variation margin requirements set by the relevant clearinghouse, as well as to existing and potential margin requirements mandated by the CFTC, the SEC and federal bank regulatory agencies. Certain derivatives are already subject to such rules mandated by the CFTC and federal bank regulatory agencies. The SEC has not indicated when it will impose clearing or trade execution requirements on the OTC derivatives that it regulates. The SEC has proposed, but has not finalized, margin requirements for the OTC derivatives that it regulates.

OTC derivative dealers typically demand the unilateral ability to increase a counterparty's collateral requirements for cleared OTC derivatives beyond any regulatory and clearinghouse minimums. The regulators also have broad discretion to impose margin requirements on non-cleared OTC derivatives. Although the Reform Act includes limited exemptions from the clearing and margin requirements for so-called "end-users," it is not expected that the Master Fund will be able to rely on such exemptions. In addition, the OTC derivative dealers with which the Master Fund may execute the majority of its OTC derivatives will not be able to rely on the end-user exemptions under the Reform Act and therefore such dealers will be subject to clearing and margin requirements notwithstanding whether the Master Fund is subject to such requirements. OTC derivative dealers are also required to post margin to the clearinghouses through which they clear their customers' trades instead of using such margin in their operations. This has and will continue to increase the dealers' costs, which costs are expected to be passed through to other market participants in the form of higher fees and less-favorable dealer marks. In addition, the Master Fund may also be required to post higher margin amounts to certain of the dealers with which it trades, which will increase the costs of the Master Fund and reduce the amount of available capital with which to implement its investment strategy.

The CFTC has also issued rules requiring certain OTC derivatives transactions that fall within its jurisdiction and that are currently executed on a bilateral basis in the OTC markets, including certain interest rate and credit derivatives, to be executed through a regulated securities, futures, or swap exchange or execution facility. It is expected that the CFTC and the SEC will require the execution on a regulated market of additional OTC derivatives transactions in the future. Such requirements may make it more difficult and costly for investment funds, including the Master Fund, to enter into highly tailored or customized transactions. They may also render certain strategies in which the Master Fund might otherwise engage impossible or so costly that they will no longer be economical to implement. OTC derivatives that are not subject to execution on a regulated market, however, may involve other risks as well, as there will be no exchange market on which to close out an open position, and they will not be subject to similar types of government regulation as exchange-traded instruments as well as the protections afforded to participants in a regulated environment.

OTC derivative dealers and major OTC derivatives market participants are required to register with the SEC and/or the CFTC. Based on its current activities and levels of uncollateralized exposure to swap dealers, it is not anticipated that StemPoint Capital will be required to register as a derivative dealer or major participant in the OTC derivatives markets. Dealers and major participants will be subject to minimum capital and margin requirements. These requirements may apply irrespective of whether the OTC derivatives in question are exchange-traded or cleared. OTC derivatives dealers will also be subject to new business conduct standards, disclosure requirements, reporting and recordkeeping requirements, transparency requirements, position limits, limitations on conflicts of interest, and other regulatory burdens (some of which are already in effect). These requirements have increased and may continue to increase the overall costs for OTC derivative dealers, which are likely to be passed

along, at least partially, to market participants in the form of higher fees or less advantageous dealer marks. The ultimate overall impact of the Reform Act on the Master Fund is uncertain and it is unclear how the OTC derivatives markets will adapt to this overall regulatory regime.

The Master Fund may trade in forward contracts, including forward contracts on foreign currencies. In this connection, the Master Fund contracts with or through its banks or brokers to make or take future delivery of a particular foreign currency. Although the foreign currency market is not believed to be necessarily more volatile than the market in other commodities, there is less protection against defaults in the forward trading of currencies because such forward contracts are not currently guaranteed by an exchange or clearing house. The CFTC has been granted authority to regulate all swaps, including forward foreign currency contracts, although a limited category of forward foreign currency contracts have been excluded from some of the regulations under the Reform Act as permitted thereunder by the Secretary of the Treasury. Therefore, the Master Fund and the Fund may not be afforded all CFTC regulatory protections with respect to those excluded transactions. Other forward contracts may be subject to further regulation that could entail increased costs and, among other things, result in additional recordkeeping, reporting and margining requirements. In addition, there are no limitations on daily price moves of forward contracts. Banks and other dealers with whom the Master Fund may maintain accounts may require the Master Fund to deposit margin with respect to such trading, although margin requirements are often minimal or non-existent. The Master Fund's counterparties are not required to continue to make markets in such contracts. There have been periods during which certain counterparties have refused to continue to quote prices for forward contracts or have quoted prices with an unusually wide spread (the price at which the counterparty is prepared to buy and that at which it is prepared to sell). Arrangements to trade forward contracts may be made with only one or a few counterparties, and liquidity problems therefore might be greater than if such arrangements were made with numerous counterparties. The imposition of credit controls by governmental authorities might limit such forward trading to less than that which would otherwise be optimal, to the possible detriment of the Master Fund.

Highly Volatile Markets. The prices of derivative instruments, including options prices, are highly volatile. Price movements of forward contracts and other derivative contracts in which the Master Fund's assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies and financial instrument options. Such intervention often is intended directly to influence prices and 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. The Master Fund also is subject to the risk of the failure of the exchanges on which its positions trade or of their clearinghouses.

Use of Options. The Master Fund may buy or sell (write) both call options and put options, and when it writes options it may do so on a "covered" or an "uncovered" basis. The Master Fund's options transactions may be part of a hedging tactic (*i.e.*,

offsetting the risk involved in another securities position) or a form of leverage, in which the Master Fund has the right to benefit from price movements in a large number of securities with a small commitment of capital. These activities involve risks that can be large, depending on the circumstances. In general, the principal risks involved in options trading (without taking into account other positions or transactions the Master Fund may enter into) can be described as follows:

When the Master Fund buys an option, a decrease (or inadequate increase) in the price of the underlying security in the case of a call, or an increase (or inadequate decrease) in the security in the case of a put, would result in a total loss of the Master Fund's investment in the option (including commissions). The Master Fund could mitigate those losses by selling short the securities as to which it holds call options or taking a long position (*e.g.*, by buying the securities or buying options on them) on securities underlying put options.

When the Master Fund sells (writes) an option, the risk can be substantially greater than when it buys an option. The seller of an uncovered call option bears the risk of an increase in the market price of the underlying security above the exercise price. This risk is theoretically unlimited unless the option is "covered." If it is covered, an increase in the market price of the security above the exercise price would cause the Master Fund to lose the opportunity for gain on the underlying security assuming it bought the security for less than the exercise price. If the price of the underlying security were to drop below the exercise price, the premium received on the option (after transaction costs) would provide profit that would reduce or offset any loss the Master Fund suffered as a result of owning the security.

The seller of an uncovered put option theoretically could lose an amount equal to the entire aggregate exercise price of the option, if the underlying security were to become valueless. If the option were covered with a short position in the underlying security, this risk would be limited, but a drop in the security's price below the exercise price would cause the Master Fund to lose some or all of the opportunity for profit on the "covering" short position assuming the Master Fund sold short for more than the exercise price. If the price of the underlying security were to increase above the exercise price, the premium on the option (after transaction costs) would provide profit that would reduce or offset any loss the Master Fund might suffer in closing out its short position.

Stock Index Options. The Master Fund may also purchase and sell call and put options on stock indices listed on securities exchanges or traded in the OTC market for the purpose of realizing its investment objectives or for the purpose of hedging its portfolio. A stock index fluctuates with changes in the market values of the stocks included in the index. The effectiveness of purchasing or writing stock index options for hedging purposes will depend upon the extent to which price movements in the Master Fund's portfolio correlates with price movements of the stock indices selected. Because the value of an index option depends upon movements in the level of the index rather than the price of a particular stock, whether the Master Fund realizes gains or losses from the purchase or writing of options on indices depends upon movements in the level of prices in the stock market generally or, in the case of certain indices, in an industry or market segment, rather than movements in the price of

particular stocks. Accordingly, successful use by the Master Fund of options on stock indices will be subject to StemPoint Capital's ability to correctly predict movements in the direction of the stock market generally or of particular industries or market segments.

Swap Transactions. The Master Fund may engage in all types of swap transactions, including, but not limited to, equity, currency, interest rate and credit default swaps. An equity swap is an agreement to exchange streams of payments computed by reference to a notional amount based on the performance of a basket of stocks or a single stock. Currency swaps involve the exchange of cash flows on a notional amount of two or more currencies based on their relative future values. Interest rate swaps involve an exchange of interest payments on a specific notional principal amount and often involve exchanging a fixed amount per payment period for a payment that is not fixed (the floating side of the swap would usually be linked to another interest rate such as LIBOR). A credit default swap is a specific kind of counterparty agreement which allows the transfer of third-party credit risk from one party to the other whereby if certain prescribed events occur, the counterparty agrees to make certain payments to the other party based on the market value of such third party's security and/or debt obligations in exchange for regular periodic payments from the other party. The Master Fund may use these transactions for speculative purposes, such as to obtain the price performance of a security without actually purchasing the security in circumstances where, for example, the subject security is illiquid, or is unavailable for direct investment or available only on less attractive terms.

Since swaps do not generally involve the delivery of underlying assets or principal, any loss would likely be limited to the net amount of payments required by contract. In some swap transactions, the counterparty may require the Master Fund to deposit collateral to support its obligation under the swap agreement. If the counterparty to the swap defaults, the Master Fund would lose the net amount of payments that it is contractually entitled to receive, as well as any collateral deposits made with the counterparty.

Off-Balance Sheet Risk. The Master Fund may invest in financial instruments with off-balance sheet risk. These instruments include forward contracts, futures, swaps and securities and options contracts sold short. An off-balance sheet risk is associated with a financial instrument if the instrument exposes the investor to an accounting and economic loss in excess of the investor's recognized carrying value in the financial instrument (if any); or the ultimate liability associated with the financial instrument has the potential to exceed the amount the investor recognizes as a liability in its statements of assets and liabilities.

Counterparty Creditworthiness. The Master Fund is subject to the risk of the inability of any counterparty (including a prime broker) to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes. The Master Fund will deliver collateral to its trading counterparties under the terms of its trading master agreements, either by posting initial margin or on a daily mark-to-market basis. Circumstances may arise where a counterparty may be over-collateralized and/or the Master Fund may from time to time have uncollateralized mark-to-market exposure to a counterparty in relation to its rights to receive securities and cash. In both circumstances the Master Fund will be exposed to the creditworthiness of any such counterparty and, in the

event of the insolvency of a trading counterparty, the Master Fund will rank as an unsecured creditor in relation to amounts equivalent to any such over-collateralization and any uncollateralized exposure to such trading counterparty. In such circumstances it is likely that the Master Fund will not be able to recover any such amount in full, or at all. See also “Over-the- Counter Trading,” “Swap Transactions” and “Insolvency of a Prime Broker.”

Competition; Availability of Investments. Certain markets and strategies in which the Master Fund may invest are extremely competitive for attractive investment opportunities. There can be no assurance that the Master Fund will be able to identify or successfully pursue attractive investment opportunities in such environments. Among other factors, competition for suitable investments from other pooled investment vehicles, the public equity markets and other investors may reduce the availability of investment opportunities. When seeking to invest in new issuances of equities, credit instruments and convertible instruments, the Master Fund may not be allowed to purchase in the primary issuance or may not be able to purchase in the quantity desired based on a number of factors out of the control of the Master Fund.

Execution of Orders. The Master Fund’s investment strategy depends on its ability to establish and maintain an overall market position in a combination of financial instruments selected by StemPoint Capital. The Master Fund’s investment orders may not be executed in a timely and efficient manner because of various circumstances, including, without limitation, systems failures or human error attributable to StemPoint Capital, brokers, agents or other service providers. In such event, the Master Fund might only be able to acquire some, but not all, of the components of such position, or if the overall position were to need adjustment, the Master Fund might not be able to make such adjustment. As a result, the Master Fund would not be able to achieve the market position selected by StemPoint Capital, and might incur a loss in liquidating its position. In addition, the Master Fund may rely on electronic execution systems, and such systems may be subject to failure, causing the interruption of investment orders made on behalf of the Master Fund.

Newly Issued Instruments and Securities. The Master Fund may invest in newly issued credit instruments, convertible instruments and equity securities. The risk of loss associated with securities purchased in initial public offerings is greater than those in connection with general securities trading. While StemPoint Capital believes that “new issues” offer significant potential for gain, the prices of newly issued securities may not increase as expected, and in fact may decline to a significant extent. If StemPoint Capital is not correct in its assessment of which new issues will appreciate, the Master Fund will suffer losses. If StemPoint Capital is unable to liquidate such positions in a timely manner, the Master Fund will be exposed to further losses which could be considerable.

While StemPoint Capital believes they often provide significant potential for appreciation, new issuances of securities and other instruments involve higher risks in some respects than do investments in securities or other instruments on the secondary market. For example, prices of such securities are often more volatile than prices of more seasoned securities of issuers with a trading history. In addition, because future

trading volume for new issuances of securities and other instruments is unknown and may be small, an investment in those securities and instruments may be illiquid.

Partners Will Be Taxed on Profits Whether or Not Distributed. The Fund is not required to distribute profits, and the General Partner does not intend to make any regular distributions to Partners except to fund the proper withdrawal of amounts by a Partner from its Capital Account(s). If the Fund has taxable income in a fiscal year, this income will be taxable to Partners in accordance with their distributive share of the Fund's profits, whether or not these profits have been distributed to Partners. See "Tax Aspects".

Delayed Schedules K-1. The Fund may not be able to provide final Schedules K-1 to Limited Partners for any given fiscal year until significantly after April 15 of the following year. The Fund will provide Schedules K-1 as soon as practicable after its receipt of all of the necessary information. Limited Partners should be prepared to obtain extensions of the filing date for their income tax returns at the U.S. federal, state and local levels, and the Fund will not be liable for any costs incurred by a Limited Partner in connection with any such delays.

Litigation Finance. Litigating and settling private lawsuits can be a very lengthy and expensive process. Parties to litigation and/or their counsel are in need of immediate funds for a variety of reasons. The Master Fund may enter into arrangements with a plaintiff or a law firm in order to provide capital to fund litigation in exchange for a portion of the award or settlement. Such arrangements may relate to a single case or a portfolio of cases. Generally, the recipient of such financing is not obligated to make any payment unless and until litigation proceeds are actually received by the litigant or their counsel. If the matter fails to be resolved, or is resolved adversely to the plaintiff, there is generally no obligation to pay anything and the Master Fund would suffer a complete loss of the capital invested. Even if the outcome of the litigation is favorable, the Master Fund may still suffer at least a partial loss. For example, the litigant's recovery may not be large enough to satisfy the Master Fund's entire investment amount. In addition, the Master Fund may not possess seniority over other investors or lien-holders, and as a result the Master Fund may lose out on its entire investment despite other similarly situated investors making a profit. The Master Fund may also not recover the entirety of its investments if the defendant to the litigation is unable to pay the full amount of the judgement. Alternatively, the Master Fund may enter into arrangements with insurance companies or reinsurance companies in an attempt to capitalize on outcomes relating to the obligations of such insurance and reinsurance companies during the life of a case.

Indemnification and Exculpation. The Master Fund will bear legal fees and related expenses incurred in connection with the Master Fund's investments or proposed investments or the ongoing existence of the Master Fund, including legal costs and related expenses of Indemnified Persons that may be payable by the Master Fund pursuant to any indemnification obligations of the Master Fund and/or the Feeder Funds, which may be significant. StemPoint Capital has also agreed to indemnify and hold harmless the Strategic Investor and its affiliates, subject to certain exceptions, under the agreements discussed above.

Conflicts of Interest

Investors should be aware that there will be situations where the General Partner, StemPoint Capital and their respective affiliates may encounter potential conflicts of interest in connection with the Master Fund's investment activities. The following discussion details certain potential conflicts of interest that should be carefully considered before making an investment in the Fund.

Devotion of Time and Resources. The Key Person, StemPoint Capital and its officers and employees will devote as much of their time to the activities of the Master Fund as they deem necessary and appropriate. Neither the Key Person nor StemPoint Capital is obligated to devote any specific amount of time, effort and/or resources to the affairs of the Master Fund.

Management of Other Accounts. StemPoint Capital has and may in the future establish, sponsor, or be affiliated with, other investment funds or accounts (such other funds and accounts whether or not currently in existence, the "Other Accounts"). Other Accounts may pursue investment strategies that differ from that of the Fund or engage in the same or similar businesses as the Fund and may use the same or similar investment strategies. StemPoint Capital, its affiliates and their principals and employees may own all or a portion of such an Other Account.

StemPoint Capital is not required to accord exclusivity or priority to the Master Fund in the event of limited investment opportunities. StemPoint Capital and its affiliates are not restricted from forming additional investment funds or accounts, entering into other investment advisory relationships or engaging in other business activities, even though such activities may be in competition with the Master Fund for investment opportunities or otherwise and/or may involve substantial time and resources of StemPoint Capital and its principals and employees. In particular, StemPoint Capital has entered into an agreement with the Strategic Investor pursuant to which StemPoint Capital manages a portfolio of the Strategic Investor's assets through a separately managed account on a *pari passu* basis with the investments of the Master Fund, subject to certain investment restrictions of the Strategic Investor, in return for management and incentive fees.

Co-Investment. StemPoint Capital may, in its sole discretion, offer co-investment opportunities alongside the Master Fund to third parties, certain Limited Partners and Other Accounts. Co-investment opportunities may be made available through limited partnerships, limited liability companies or other entities formed to make such investments. StemPoint Capital and its affiliates may earn asset-based fees and/or performance-based compensation (which may or may not be different from the fees and/or compensation charged by the Master Fund) in respect of such co-investments. Based on the compensation structure or composition of investors participating in such co-investment opportunities, StemPoint Capital may be biased when determining the capacity of the Master Fund with respect to certain investments.

Differing Advice to Clients and Accounts; Proprietary Trading. StemPoint Capital and its officers, directors, employees, partners or members will give advice or take action with respect to Other Accounts, including proprietary accounts, which differs from the advice given, or the timing or nature of action taken, with respect to the Master Fund.

Such differing advice or actions may occur for a variety of reasons, including differing investment objectives and restrictions, liquidity constraints and investment time horizons of the respective accounts. StemPoint Capital expressly disclaims any obligation to engage in any transaction for the Master Fund or to recommend any transaction to the Master Fund which any of StemPoint Capital, its affiliates or any of their respective officers, directors, employees, partners or members may engage in for their own accounts or the account of any other client, except as otherwise required by applicable law.

Situations could occur in which the Master Fund could be disadvantaged because of the investment activities conducted by StemPoint Capital and its affiliates for Other Accounts. For example, if StemPoint Capital's closed-end Other Accounts are invested in securities or debt of a given issuer, the Master Fund will generally be restricted from subsequently investing in the securities of such issuer. Alternatively, the Master Fund may be invested in the securities of an issuer which it may then be unable to dispose of for a period of time due to the investment activities of StemPoint Capital and its Other Accounts. For instance, StemPoint Capital may possess material non-public information related to that issuer or otherwise agree to a "standstill" with the issuer while exploring a transaction with the issuer on behalf of Other Accounts in which instance the Master Fund will be prohibited from disposing of such position.

In addition, StemPoint Capital may have a conflict of interest in rendering advice to a client because the financial benefit from managing another client's account may be greater (*e.g.*, such account generates higher fees or allocations due to either higher percentages earned or larger amounts of capital invested by StemPoint Capital or its affiliates), which may provide an incentive to favor such account over the Master Fund.

Allocation of Investment Opportunities; Bunched Orders. When it is determined, in StemPoint Capital's sole and absolute discretion, that it would be appropriate for the Master Fund and one or more Other Accounts to participate in the same investment opportunity, StemPoint Capital will seek to execute orders for all of the participating investment accounts, including the Master Fund, in a manner that it believes in good faith to be equitable, taking into account such factors as the relative amounts of capital available for new investments, relative exposure to short-term market trends, the investment programs and portfolio positions of the Master Fund and the Other Accounts for which participation is appropriate, the requirements of the governing documents of the participating Other Accounts and such other factors as StemPoint Capital deems relevant. Orders may be combined for all such accounts if StemPoint Capital deems it appropriate, and if any order is not filled at the same price, they may be allocated on an average price basis. While StemPoint Capital believes combining orders in this way will, over time, be advantageous to all participants, in particular cases the average price could be less advantageous to the Master Fund than if the Master Fund had been the only account effecting the transaction or had completed its transaction before the other participants. In addition, the securities available for purchase by the Master Fund may be reduced at times as a result of such order aggregation by StemPoint Capital.

Other Business Activities of Fund Service Providers. The Fund's prime broker(s), administrators and custodians, if any, and their affiliates may from time to time act as custodian, registrar, broker, administrator, trader, distributor or dealer in relation to, or be otherwise involved in, other funds or clients which have similar objectives to those of, or invest in similar securities to those held by, the Fund. It is, therefore, possible that any of them or their respective principals, shareholders, members, directors, officers, agents or employees may, in the ordinary course of business, have potential conflicts of interest with the Fund. In addition, subject to applicable law, any of the foregoing may deal, as principal or agent, with the Fund, provided that such dealings are carried out in accordance with applicable law.

The Master Fund's securities transactions can be expected to generate a substantial amount of brokerage commissions and other compensation, including clearing fees and charges, all of which the Master Fund, not StemPoint Capital, will be obligated to pay. StemPoint Capital has complete discretion in deciding which brokers and dealers the Master Fund uses and in negotiating the rates of brokerage commissions and other compensation the Master Fund pays.

Performance Allocation. The Performance Allocation may create an incentive for StemPoint Capital to cause the Master Fund to make investments that are riskier or more speculative than would otherwise be the case. Since the Performance Allocation is calculated on a basis that includes unrealized appreciation of the Master Fund's assets, such Performance Allocation may be greater than if it were based solely on realized gains.

Compensation of Employees. StemPoint Capital has agreed with the Strategic Investor not to permit the dilution of the Key Person's equity ownership in StemPoint Capital without the consent of the Strategic Investor. This restriction could impact the ability of StemPoint Capital to raise additional capital, if necessary, through the issuance of equity or to attract or retain personnel although there is no restriction on the ability of StemPoint Capital to pay bonuses or issue "shadow equity" in the firm. StemPoint Capital does not anticipate these restrictions will have a negative impact on the operations of the Master Fund.

Placement Agents. Each of StemPoint Capital and the General Partner, in its sole and absolute discretion, may pay a portion of the Management Fee or the Performance Allocation, respectively, to compensate placement agents who assist investors in connection with an investment in the Fund. The prospect of receiving, or the receipt of, compensation as described in the preceding sentence by a placement agent may provide such placement agent with an incentive to favor sales of Interests of the Fund over sales of interests of funds with respect to which such placement agent does not receive such compensation, or receives lower levels of such compensation. Placement agents may also seek to do business with and earn fees or commissions from affiliates of Management Company, as well as other third party fund sponsors that may have similar or different investment objectives as the Fund. Prospective investors should recognize that each placement agent's participation as placement agent for the Interests may be influenced by its interest in such current or future fees and commissions.

StemPoint Capital has entered into a placement agreement with an affiliate of the Strategic Investor pursuant to which the affiliate will identify and introduce potential investors to the Feeder Funds at no additional cost other than expense reimbursements to be paid jointly and severally by StemPoint Capital, the Feeder Funds and the Feeder Funds' general partners as well as certain indemnification rights. Because the Strategic Agreements grant an affiliate of the Strategic Investor the right, subject to certain conditions, to receive a portion of the gross operating revenue of StemPoint Capital and its affiliates attributable to any investment fund, managed account or other investment product or service established managed or provided by StemPoint Capital or its affiliates, such affiliate (as placement agent) is subject to incentives to encourage investment in the Feeder Funds.

Transactions with Other Investors. StemPoint Capital and its affiliates may, from time to time, enter into various transactions with certain investors in the Feeder Funds. The terms of such transactions will be negotiated on an arm's-length basis. However, StemPoint Capital and its affiliates may be subject to a conflict of interest when determining such terms due to the benefit received from maintaining a counterparty investor's investment in the Feeder Fund. In addition, StemPoint Capital may allocate any investment opportunity among one or more strategic investors (which may include third parties and/or investors in the Feeder Funds) such as the Strategic Investor or other accounts advised by StemPoint Capital.

Diverse Membership. Investors in the Feeder Funds are expected to include U.S. taxable and tax- exempt entities, and institutions from jurisdictions outside of the United States. Such investors may have conflicting investment, tax and other interests with respect to their investments in the relevant Feeder Fund. The conflicting interests among such investors may relate to or arise from, among other things, the nature of investments made by the Master Fund and the timing of the disposition of investments. As a consequence, conflicts of interest may arise in connection with decisions made by StemPoint Capital, including with respect to the nature of investments, that may be more beneficial for one Feeder Fund investor than for another, especially with respect to investors' individual tax situations. In selecting and structuring investments appropriate for the Master Fund, StemPoint Capital will consider the investment and tax objectives of the Master Fund and its limited partners (including the Fund) as a whole, rather than the investment, tax or other objectives of any investor individually.

Separate Agreements with Limited Partners. The Fund and/or StemPoint Capital may enter into side letter agreements with certain prospective or existing Limited Partners whereby such Limited Partners may be subject to terms and conditions that are more advantageous than those set forth in this Memorandum or the Partnership Agreement. For example, such terms and conditions may provide for special rights to make future investments in the Fund, other investment vehicles or managed accounts; special withdrawal rights or better liquidity; transfer rights; a reduction in the Management Fee or Performance Allocation to be borne by the Limited Partner; rights to receive reports from the Fund on a more frequent basis or that include information not provided to other Limited Partners (including, without limitation, more detailed information regarding portfolio positions); rights to co-investment opportunities, and such other rights as may be negotiated by the Fund and such Limited Partners and are

not generally available to other Limited Partners. The Strategic Investor and its affiliates have been granted certain economic and other entitlements that differ from (and may be more favorable than) those available to investors in the Feeder Funds further to the arrangements discussed above.

Conflicts of Interest May Be Resolved by the Independent Committee. The General Partner is authorized, on behalf of the Limited Partners, to select one or more persons not affiliated with the General Partner (whether or not such persons are Limited Partners) to serve on a committee of the Fund and/or the Master Fund to consider and approve or disapprove certain related party transactions and other material determinations to the extent required by applicable law or as determined by the General Partner. For example, the committee may approve the direct or indirect sale or purchase of a security or an asset by the Master Fund to or from StemPoint Capital, another fund or account advised by StemPoint Capital or an affiliate of StemPoint Capital. These related party transactions may benefit StemPoint Capital and its affiliates to the detriment of the Master Fund.

On any issue involving actual conflicts of interest, the General Partner will be guided by its good faith discretion. If any matter arises that the General Partner determines constitutes an actual conflict of interest between the Fund and the Master Fund, on the one hand, and the General Partner or its affiliates, on the other hand, the General Partner may take such actions as it deems necessary or appropriate in good faith to ameliorate the conflict (and, upon taking such actions approved by the committee, the General Partner will be relieved of any responsibility for the conflict of interest).

In addition, although the committee members will not be affiliates of the General Partner, certain members of the committee may have direct and indirect ownership interests in StemPoint Capital, and other committee members may have other business interests that conflict with those of the Master Fund. As a result of their interests in StemPoint Capital, such members would have potential conflicts of interest when exercising their rights as committee members and there is no guarantee that such rights would be exercised in the interest of the Limited Partners.

Item 9: Disciplinary Information

There have been no legal or disciplinary events that are material to StemPoint, StemPoint's clients, or prospective client's evaluation of StemPoint's advisory business or the integrity of StemPoint's management.

Item 10: Other Financial Industry Activities and Affiliations

Other Financial Industry Activities

StemPoint Capital is not registered, and does not have an application pending to register, as a broker-dealer or registered representative of a broker-dealer. Furthermore, no employees of StemPoint Capital are a registered representative of a broker-dealer.

Neither StemPoint Capital nor an associated person of StemPoint Capital, or any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, or commodity trading advisor.

The management of multiple pooled investment vehicles raises potential conflicts of interests with regards to StemPoint Capital and its related persons allocation their time and investment opportunities among the Funds. In addition, the compensation earned by StemPoint Capital and its related persons from each of the Funds could differ from one another. StemPoint Capital and its related persons will generally follow documented procedures in allocating investment opportunities among the Funds. *(See Item 6)*

Subject to applicable law, StemPoint Capital could affect transactions (generally for rebalancing purposes and to correct misallocations of trades) among the Funds in which one Fund will purchase securities from or sell securities to another Fund (including Funds in which StemPoint Capital or its related persons have a significant interest). This would result in a potential conflict of interest because a potential transaction could result in benefits to one Fund that are greater than the benefits to the other Fund. In order to mitigate such conflicts, StemPoint Capital affects such transactions only when StemPoint Capital determines in good faith that such transactions are in the best interests of the applicable Funds.

From time to time, individuals associated with StemPoint Capital could, at or about the same time, buy, sell, or hold in their personal accounts the same securities that the Firm recommends to its Funds and vice versa. This practice could create a situation where such individuals are in a position to materially benefit from the sale or purchase of those securities. As a result, this situation creates a potential conflict of interest in allocating investment opportunities among the Funds. StemPoint Capital will generally follow documented procedures in allocating investment opportunities among Funds. As indicated below in Item 11, StemPoint Capital has a personal securities transaction policy in place to mitigate any potential conflicts of interest.

Not Applicable. StemPoint Capital and its supervised persons do not recommend or receive compensation for selection of other investment advisers for its clients.

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

Code of Ethics

StemPoint Capital's Code of Ethics (the "**Code**") is designed to meet the requirements of Rule 204A-1 of the Advisers Act. The Code applies to StemPoint Capital's "Access Persons." Access Persons include, generally, any partner, officer, or director of StemPoint Capital and any employee or other supervised person of StemPoint Capital who, in relation to the Funds, (1) has access to non-public information regarding any purchase or sale of securities, or non-public information regarding securities holdings

or (2) is involved in making securities recommendations, executing securities recommendations, or has access to such recommendations that are non-public. All StemPoint Capital employees are deemed to be Access Persons.

The Code sets forth a standard of business conduct that takes into account StemPoint Capital's status as a fiduciary and requires Access Persons to place the interests of the Funds and their investors above their own interests and the interests of StemPoint Capital. The Code requires Access Persons to comply with applicable federal securities laws. Further, Access Persons are required to promptly bring violations of the Code to the attention of StemPoint Capital's Chief Compliance Officer. All Access Persons are provided with a copy of the Code and are required to acknowledge receipt of the Code upon hire and on at least an annual basis thereafter.

The Code also sets forth certain reporting and pre-clearance requirements with respect to personal trading by Access Persons. Access Persons must provide StemPoint Capital's Chief Compliance Officer with a list of their personal accounts and an initial holdings report within 10 days of becoming an Access Person. In addition, StemPoint Capital's Access Persons must provide annual holdings reports and quarterly transaction reports in accordance with Advisers Act Rule 204A-1.

In addition, the Code seeks to ensure the protection of nonpublic information about the activities of the Funds. StemPoint Capital will provide a copy of its Code of Ethics to any client or prospective client upon request.

Participation or Interest in Client Transactions

StemPoint Capital offers the opportunity to prospective clients to invest in the Funds. The Principal and other management personnel could have significant personal investments in the Funds. In addition, StemPoint Capital receives performance-based compensation from the Funds.

Subject to applicable law, StemPoint Capital could affect transactions between Funds (generally for rebalancing purposes) whereby one Fund will purchase securities from or sell securities to another Fund. *(See Item 10)*

Pursuant to SEC guidance, if the principals of StemPoint Capital own more than 25% of the interests in a Fund, a transaction involving that Fund could constitute a "principal" transaction under Section 206(3) of the Investment Advisers Act of 1940, as amended. The Chief Compliance Officer will monitor the interests of the principals of StemPoint Capital, their immediate family members, and their affiliates in the Funds, and StemPoint Capital will not execute any transaction between the Funds that would result in a principal transaction unless StemPoint Capital obtains the consent of the applicable Fund in a manner approved by its counsel.

Personal Trading

StemPoint Capital personnel are not prohibited from investing in U.S. government securities, municipal securities, exchange-traded funds (ETFs), money-market funds, and open-ended mutual funds. In certain circumstances, with prior approval from the

Chief Compliance Officer, personnel are permitted to invest in other securities as long as such securities are not in violation of StemPoint Capital's compliance procedures.

Timing of Transactions

StemPoint Capital could buy or sell securities for one Fund at the same time that it buys or sells the same security for one or more other Funds. This will typically happen when more than one Fund is capable of purchasing or selling a particular security based on investment objectives, available cash, and other factors. This could create a potential conflict of interest if one Fund were to benefit from making the trade before or after another Fund. StemPoint Capital will generally aggregate trades, subject to best execution, to avoid any such conflict of interest (*See Item 12*). In order to prevent StemPoint Capital personnel from selling securities at the same time that StemPoint Capital is buying or selling the same securities for the Funds, personnel must receive the prior approval of the Chief Compliance Officer or the Chief Operating Officer to engage in these transactions.

Item 12: Brokerage Practices

Brokerage

StemPoint Capital will generally allocate brokerage on behalf of the Master Fund on the basis of best available execution and in consideration of such broker's provision or payment of the costs of brokerage and research services that are of benefit to the Master Fund and other clients of StemPoint Capital. Accordingly, if StemPoint Capital determines in good faith that the amount of commissions charged by a broker is reasonable in relation to the value of the brokerage and research services provided by such broker, the Master Fund may pay commissions to such broker in an amount greater than the amount another firm might charge. Any such arrangements will be consistent with Section 28(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which permits the use of "soft dollars" in certain circumstances.

StemPoint Capital does not currently engage in the use of soft dollars. However, StemPoint Capital has entered into a client commission agreement with an affiliate of the Strategic Investor pursuant to which StemPoint Capital may accumulate commission credits, which could be used to make payments to third parties from which StemPoint Capital receives services or products or soft dollar benefits.

Item 13: Review of Accounts

The transactions, positions, and investments of the Fund are regularly tracked and analyzed by our CIO and CCO to ensure they adhere to the investment goals and principles described in the offering documents for the fund. StemPoint Capital pays

close attention to any changes in the investment's fundamentals, overall risk management, and market changes that might have an impact on levels when conducting these assessments.

StemPoint Capital regularly reviews Client's accounts and within 120 days of the fiscal year's conclusion, StemPoint Capital shall send an audited financial report for the prior fiscal year to each Investor.

A review of a client account may be triggered by any unusual activity or special circumstances.

Item 14: Client Referrals and Other Compensation

Client Referrals

Not Applicable. StemPoint Capital does not select or recommend broker-dealers for client transactions.

Other Compensation

StemPoint Capital may enter into agreements with certain placement agents that provide for compensation to be paid to the placement agent for referring investors to the Funds. StemPoint Capital has entered into a placement agreement with an affiliate of the Strategic Investor pursuant to which the affiliate will seek to identify and introduce potential investors to the Feeder Funds at no additional cost other than expense reimbursements to be paid jointly and severally by StemPoint Capital, the Feeder Funds and the Feeder Funds' general partners as well as certain indemnification rights.

Item 15: Custody

Custody

For purposes of Rule 206(4)-2 under the Advisers Act (the "**Custody Rule**"), StemPoint Capital is deemed to have custody over the Funds' assets. In accordance with the Custody Rule, a qualified custodian is not required to deliver quarterly account statements to the Funds or their respective investors because annual audited financial statements are delivered to investors within 120 days after the end of each Fund's fiscal year.

Item 16: Investment Discretion

Discretion

StemPoint Capital has discretionary authority to manage securities on behalf of its clients. The investors in the Funds generally cannot place any limits on StemPoint Capital's authority beyond the limitations set forth in the offering and governing documents of the Funds. Under certain circumstances, StemPoint Capital will contract with a client to adhere to the limited risk and/or operating guidelines imposed by the client. StemPoint Capital negotiates such arrangements on a case-by-case basis.

Item 17: Voting Client Securities

Proxy Voting

The Firm generally receives proxies relating to securities owned by Clients. The below policies have been established in the event there is a material need to vote proxies for certain investments.

StemPoint Capital has a fiduciary to its Funds, is responsible for voting proxies for portfolio securities consistent with the best economic interests of its Funds. StemPoint Capital understands and appreciates the importance of proxy voting. As such, StemPoint Capital will vote all proxies in the best interests of Funds and investors (as applicable) and in accordance with the procedures outlined below (as applicable), unless otherwise mandated by an investment management agreement or applicable law (e.g., ERISA). All employees are responsible for adhering to the policies and procedures related to this section.

All proxies sent to Funds that are received by StemPoint Capital (to vote on behalf of the Funds) will be provided to StemPoint Capital's principals. A written record of each proxy received by StemPoint Capital (on behalf of its Funds) will be kept in the StemPoint Capital's files; (a) If necessary, the Chief Compliance Officer will determine which of the Firm's Funds hold the security to which the proxy relates; (b) Prior to voting any proxies, the Chief Compliance Officer will determine if there are any conflicts of interest related to the proxy in question in accordance with the general guidelines below. If a conflict is identified, the Chief Compliance Officer will then make a determination (which could be in consultation with outside legal counsel) as to whether the conflict is material or not; (c) If no material conflict is identified pursuant to these procedures, StemPoint Capital's principals will make a decision on how to vote the proxy in question in accordance with the guidelines below. StemPoint Capital's principals will deliver the proxy in accordance with instructions related to such proxy in a timely and appropriate manner.

StemPoint Capital will vote proxies in the best interests of its Funds. StemPoint Capital's policy is to vote all proxies for a specific issuer in the same way for each Fund, absent some qualifying restrictions or a material conflict of interest. StemPoint Capital will generally vote in favor of routine corporate housekeeping proposals such as the election of directors and the selection of auditors, absent conflicts of interest (e.g., an auditor's provision of non-audit services). StemPoint Capital will generally vote against proposals that cause board members to become entrenched or cause unequal voting rights. In reviewing proposals, StemPoint Capital could also consider the opinion of

management, the effect on management, the effect on shareholder value, and the issuer's business practices. In the absence of specific voting guidelines mandated by a particular Fund, StemPoint Capital will endeavor to vote proxies in the best interests of each Fund.

In evaluating how to vote a proxy, StemPoint Capital's Chief Compliance Officer will first determine whether there is a conflict of interest related to the proxy in question between the Firm and its Funds. This examination will include (but will not be limited to) an evaluation of whether StemPoint Capital (or any affiliate of StemPoint Capital) has any relationship with the company (or an affiliate of the company) to which the proxy relates outside an investment in such company by a Fund of StemPoint Capital. Examples of material conflict of interests for investment advisers include: (i) an adviser (or its affiliate) managing a pension plan, administering employee benefit plans, or providing brokerage, underwriting, insurance, or banking services to a company whose management is soliciting proxies or (ii) an adviser maintaining business or personal relationships with participants in proxy contests, corporate directors or candidates for directorships.

If a conflict is identified and deemed "material" by StemPoint Capital's Chief Compliance Officer and StemPoint Capital would determine whether voting in accordance with its proxy voting guidelines is in the best interests of affected Funds (which could include utilizing an independent third party to vote such proxies).

Although not presently intended to be used on a regular basis, StemPoint Capital is empowered to retain an independent third party to vote proxies in certain situations (including situations where a material conflict of interest is identified).

Clients can obtain a copy of StemPoint Capital's proxy voting policy and information about how StemPoint Capital voted the client's securities by emailing the Chief Compliance Officer at: sean@stempointcapital.com.

Item 18: Financial Information

Not Applicable. StemPoint Capital does not require or solicit prepayment of more than \$1,200 in fees, six months or more in advance. In addition, StemPoint Capital has not been the subject of a bankruptcy petition at any time during the past ten (10) years.