

D. E. Shaw Investment Management, L.L.C.

Form ADV Part 2A: Brochure

D. E. Shaw Investment Management, L.L.C.

1166 Avenue of the Americas

Ninth Floor

New York, NY 10036 USA

+1 (212) 478-0000

FAX +1 (212) 478-0100

www.deshaw.com

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This brochure provides information about the qualifications and business practices of D. E. Shaw Investment Management, L.L.C. (the “Adviser” or “DESIM”), an investment adviser registered with the United States Securities and Exchange Commission (the “SEC”) under the U.S. Investment Advisers Act of 1940, as amended (the “Advisers Act”). Such registration does not imply a certain level of skill or training. If you have any questions about the contents of this brochure, please contact us at +1 (212) 478-0000. The information in this brochure has not been approved or verified by the SEC or by any state securities authority.

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

This brochure is for informational purposes only. It does not convey an offer of any type and is not intended to be, and should not be construed as, an offer to sell, or the solicitation of an offer to buy, any interest in any entity, investment, or investment vehicle. The delivery of this brochure does not create or imply a client relationship between you and the Adviser or any of its affiliates.

Item 2: Material Changes

This brochure contains material changes since its most recent annual update on March 31, 2023. A summary of such material changes is as follows:

- Item 4. The amount of committed capital managed by the Adviser on a discretionary basis was updated to reflect an increase in such amount from January 1, 2023 through January 1, 2024.
- Item 8. The discussion under the heading “Certain Risk Factors” was updated to expand on certain commercial risks, including risks associated with client investments in digital assets as well as risks associated with the Adviser’s consideration of non-financial considerations in making certain decisions and pursuing certain actions on behalf of one or more clients and in connection with the Adviser’s activities more generally.
- Item 10. The discussion under the heading “Certain Conflicts of Interest” was updated to expand on certain conflicts of interest.
- In addition, the following change was made in an amendment dated October 5, 2023:
 - Item 9. This item was updated, including to add a disciplinary event involving a related person of DESIM.

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Item 4: Advisory Business

DESIM is a Delaware limited liability company and an investment adviser registered with and regulated by the SEC under the Advisers Act. DESIM serves as an investment adviser to certain clients through separately managed accounts and as the managing member or manager of, and/or the investment adviser to, certain affiliated collective investment vehicles and other entities in the D. E. Shaw group (such investment vehicles and other entities, collectively, the “Funds”). With respect to certain Funds, the Adviser provides investment advice to such Funds in its capacity as their managing member or manager. (As used in this brochure, the term “clients” refers both to the Adviser’s separately managed account clients and to the Funds, as applicable.)

The investor base of the Funds comprises institutions and other sophisticated investors, including high-net-worth individuals. These investors must meet certain minimum financial requirements (*e.g.*, an institution generally must own and invest on a discretionary basis at least \$25 million of certain investments), among other requirements, to be eligible to participate in the Funds, which are structured as private investment companies that are exempt from registration as investment companies under the U.S. Investment Company Act of 1940, as amended (the “Investment Company Act”).

The D. E. Shaw group was founded in 1988. DESIM was formed in and has been a registered investment adviser since 2005. The D. E. Shaw group invests globally in both public and private markets and uses a broad array of strategies, including systematic strategies based on quantitative and computational techniques, discretionary strategies based primarily on human analysis, and hybrid strategies that combine systematic and discretionary approaches to investing.

D. E. Shaw & Co., L.P. (“DESCO LP”) is the managing member and sole owner of DESIM.

DESIM bases its advice to clients on the investment objectives and restrictions (if any) set forth in such clients’ applicable investment management agreements, offering memoranda, organizational documents, and/or subscription agreements, as the case may be (each, a “Governing Document,” and collectively, the “Governing Documents”).

DESIM managed approximately \$18,339,000,000 in investment capital on a discretionary basis as of January 1, 2024.

Item 5: Fees and Compensation

DESIM acts as an investment adviser on a discretionary basis to managed accounts and to Funds. DESIM’s compensation for such services comprises an asset-based fee (a “Management Fee”) and in some cases also includes a performance-based fee, charge, or allocation (each, a “Performance Charge”). The definitive terms of such compensation, including whether DESIM deducts or invoices for fees, are generally set forth in the applicable Governing Document.

Management Fees generally are paid monthly or quarterly in arrears, unless otherwise set forth in the applicable Governing Document.

DESIM may enter into Performance Charge arrangements with clients that fall within the definition of a “qualified client” pursuant to Rule 205-3 under the Advisers Act or as permitted under Section 205(b) of

the Advisers Act. Performance Charges generally are paid in arrears but, where applicable, may be paid at the time of termination of the advisory agreement (with respect to a managed account) or at the time of a withdrawal or distribution of capital (with respect to a Fund), in each case unless otherwise set forth in the applicable Governing Document.

The fee schedule for managed account clients that deploy DESIM's "Active Equity Strategies" (as outlined in "Methods of Analysis and Investment Strategies" in Item 8 below) typically comprises a Management Fee that ranges from 24 basis points annually to 99 basis points annually, depending on a client's account size, expected risk level, benchmark index, and investment approach.

The Management Fee is for investment management services only; third-party custodial fees and brokerage commissions and other fees are not included.

Fund clients that deploy DESIM's "Active Equity Strategies" (as outlined in "Methods of Analysis and Investment Strategies" in Item 8) generally have two series of regular member interests. One series is assessed a Management Fee that generally is comparable to the Management Fee applied to managed accounts utilizing the corresponding investment strategy. The other series is assessed a reduced Management Fee as well as a Performance Charge, typically equal to 20% of the Fund's outperformance of the stated benchmark for the relevant investment strategy.

Fund clients that deploy strategies on DESIM's "Orienteer Platform" (as outlined in "Methods of Analysis and Investment Strategies" in Item 8 below) have only a single series of regular member interests; such series is assessed a Management Fee that ranges from 78 basis points annually to 117 basis points annually.

Fund clients that deploy the investment strategy on DESIM's "Lithic Platform" (as outlined in "Methods of Analysis and Investment Strategies" in Item 8 below) have two series of regular member interests. One series is assessed a Management Fee of 180 basis points annually. The other series is assessed a Management Fee of 100 basis points annually as well as a Performance Charge of 20% of net profits, subject to a loss carryforward provision.

In general, if a Management Fee has been paid in full in advance for a period in which the advisory contract with the relevant client has been terminated, or, with respect to a Fund, for the period in which an investor has withdrawn its investment in such Fund, the applicable portion of such Management Fee paid relating to the portion of the period after such termination or withdrawal will be returned or credited to the client or to the withdrawing or redeeming Fund investor, subject to the terms of the applicable Governing Document; however, Governing Documents related to Funds typically do not permit such intraperiod terminations or withdrawals. A client may terminate an advisory contract before its expiration date by complying with the provisions regarding termination provided in the advisory contract.

The Adviser negotiates fees and other terms in certain cases. From time to time, the Adviser has entered into agreements with certain underlying investors in the Funds that provide for terms of investment that are more favorable than the terms set forth in the applicable Governing Document. Such terms may include, among other things, the waiver, reduction, or rebate of Management Fees, Fund expenses, and/or Performance Charges; the provision of additional information or reports; more favorable transfer and/or withdrawal rights; provisions regarding indemnification and/or the jurisdiction and choice of law

for disputes regarding the investment; provisions regarding the investor's and/or the Adviser's confidentiality obligations; and "most-favored-nation" provisions covering one or more terms or rights. No such agreement necessarily entitles any other Fund investor to the same terms of investment as offered in such agreement.

Clients incur expenses in connection with custodial or brokerage services outlined in Item 12. In addition, as set forth in the applicable Governing Document, each Fund incurs operating costs and expenses (collectively, "operating costs") that are borne by the investors in the applicable Fund. DESIM's separately managed account clients generally are not charged any operating costs relating to services provided by DESIM.

For certain Funds, and subject to the applicable Governing Document, examples of operating costs include, without limitation:

- (a) organizational costs of a Fund, generally subject to a cap;
- (b) costs related to the acquisition, holding, monitoring, maintenance, or disposition of investments held or pursued by a Fund (whether or not such investments are consummated), such as transaction costs (including without limitation commissions; brokerage, exchange, clearing, and other similar costs; and finder's, break-up, success, and other similar fees); financing costs; costs related to data and information services; due diligence and research costs; travel costs (including without limitation transport, food, and lodging costs); management fees, performance charges, and other expenses and costs imposed by unaffiliated funds or otherwise paid or reimbursed to third parties; and costs for accounting, consulting, valuation, legal, tax, or other services and technology;
- (c) costs related to the general operations of a Fund, such as costs related to administration (including costs associated with services provided by any third-party administrator to a Fund); costs related to accounting, audit, consulting, financial operations, legal, reporting, tax, post-trade support (including costs associated with technology and services provided by Arcesium LLC, as discussed in "Services Provided by Arcesium LLC" below), treasury, valuation, independent agent, and other services and technology; costs related to the preparation and provision of certain additional information provided to some or all underlying investors and/or prospective investors in a Fund; costs related to data and information services; costs related to the ongoing offering of Fund interests; costs related to amendments or other modifications to any Governing Document or other document relating to a Fund; insurance costs; costs related to exchange memberships; costs related to regulatory compliance, including without limitation regulatory filings, registrations, licenses, inquiries, and examinations; costs associated with the formation and operation of subsidiaries and other entities owned in whole or in part by a Fund; and costs associated with any restructuring, liquidation, winding up, or dissolution of a Fund;
- (d) taxes, duties, or other related costs (other than amounts treated as distributions);
- (e) certain other costs that may be charged or withheld, or for which reserves may be established, upon an underlying investor's withdrawal from a Fund or upon a distribution to an underlying investor in a Fund, as outlined in the applicable Governing Document;

- (f) costs associated with indemnification, including without limitation any indemnification payment, or contribution by a Fund to any person, whether pursuant to a Governing Document or any other agreement;
- (g) costs associated with any actual or potential litigation, arbitration, mediation, investigation, examination, information request, proceeding, or other similar matter (including without limitation matters involving any regulatory or self-regulatory body or any governmental or tax authority), including without limitation the amount of any judgment, settlement, fine, penalty, or other amount related to any such matter, except in each case to the extent that such costs are treated as distributions; and
- (h) actual or estimated costs of, and reserves for, any other expense, liability, or obligation arising out of or related to the operations of a Fund.

Operating costs may include costs in addition to or different from those outlined above. Operating costs may be fixed or variable. Variable costs may be determined by reference to, among other things, a Fund's usage of the applicable technology or service (*e.g.*, commissions paid per trade); the aggregate assets of the applicable Fund or the capital deployed and/or committed (as applicable) in connection with a particular investment or investment strategy (*e.g.*, an asset-based administration or management fee); and/or the costs incurred by the applicable service provider or other person (*e.g.*, the reimbursement of such person's incidental expenses).

The Adviser will make all computations, determinations, and designations regarding operating costs, including whether a particular item constitutes an operating cost; any adjustment to operating costs; the allocation of any particular operating cost to one or more clients or categories of client interests; the fiscal period(s) in which any particular operating cost will be charged; and the allocation of operating costs (or elements of particular operating costs) between the Adviser's clients and the Adviser and/or its affiliates. The allocation of operating costs (or their elements) between the Adviser's clients and the Adviser and/or its affiliates, as well as between clients or categories of client interests, will be determined by the Adviser and/or its affiliates using any method determined by such persons, including without limitation any objective criteria, any subjective criteria, or any combination of the foregoing selected by such persons (including estimates of value contribution, resource utilization, personnel utilization, capital utilization, investment strategy capacity utilization, space utilization, technology utilization, asset ownership, trading volume, revenue, headcount, and/or compensation). Determinations with respect to operating costs are subject to conflicts of interest, including those outlined in Item 10.

Furthermore, the Adviser may be entitled under each Governing Document to be reimbursed for various expenses that it or its related persons incur on behalf of the relevant client, potentially including compensation and overhead costs attributable to certain personnel of the Adviser or its related persons (including employees of Arcesium LLC) who provide services to the relevant client. More generally, any such compensation and overhead costs allocated to a Fund will adversely affect (possibly materially) the performance of such Fund and may cause such Fund to experience net losses even if it was profitable gross of such costs.

The Adviser or its related persons may waive such person's right to reimbursement of any portion of operating costs it has incurred. The decision to waive (or not to waive) reimbursement rights with respect

to any particular operating cost or expense shall not create or imply any right or obligation with respect to any other reimbursement rights, including with respect to operating costs of a similar nature to those for which reimbursement rights have been waived.

Neither the Adviser nor any supervised person receives compensation for the sale of securities or other investment products to clients or investors.

Services Provided by Arcesium LLC

The Adviser has engaged Arcesium LLC (“Arcesium”) to provide certain middle- and back-office technology and services to the Adviser. Arcesium is an independently managed joint venture between a subsidiary of DESCO LP and certain third-party minority investors.

Arcesium provides certain technology and services with respect to certain Funds related to various middle- and back-office functions, including trade capture, asset servicing, margin and collateral monitoring, wires services, trade and position reconciliation, cash reconciliation, pricing, and support for accounting, tax, investor reporting, and compliance. In providing such technology and services, Arcesium is subject to the overall supervision of the Adviser, and the Adviser or its affiliates (other than Arcesium) retain authority for determining the final valuation of each Fund’s investments.

Certain Funds bear certain operating costs associated with technology and services provided by Arcesium. The Adviser and/or any applicable related person is permitted to take into account any factors and inputs it considers relevant in determining the fee and expense arrangement entered into with (and, accordingly, the operating costs associated with) Arcesium, including the nature and value of technology and services provided by Arcesium, the costs incurred by Arcesium (including compensation paid to, or rent, other occupancy costs, and/or other overhead expenses associated with, the employees of Arcesium), the price of similar technology and services provided by other firms, administrative convenience, the interests of the applicable client, the interests of the Adviser and/or related persons, and/or the interests of Arcesium. Such fee and expense arrangement will be negotiated with Arcesium, and Arcesium may consider similar factors and inputs and/or any other factors and inputs that it determines to be relevant in connection with such negotiation. Currently, such fee and expense arrangement is expected to include one or more of (a) an asset-based charge; (b) a charge for any particular service, technology, or software (including a charge that varies based on the difficulty or complexity associated with a particular service); (c) a charge for each full-time equivalent employee providing services to a Fund; and/or (d) any other form of fixed or variable charge agreed by Arcesium and the Adviser and/or its related persons.

Costs associated with technology and services provided by Arcesium will be allocated to one or more clients based on any objective or subjective criteria and/or calculation methodology determined by the Adviser and/or one or more related person, which may in turn be based on, among other things, objective and/or subjective inputs provided by Arcesium. The fee and expense arrangement, criteria, and methodology described in this Item 5 are expected to change from time to time (including in relation to an expansion of or reduction in services provided with respect to one or more clients by Arcesium) without notice to or the consent of any underlying investor in a Fund and to differ from the arrangement, criteria, and/or methodology applicable to other clients. The fee and expense arrangement with Arcesium has in the past resulted in, and is expected in the future to result in, Arcesium’s earning a profit.

Because Arcesium (a majority of which is owned by a subsidiary of DESCO LP) is a Significant Management Capital Entity (as defined in Item 6 below), the Adviser and its related persons have incentives not to seek (and ultimately might not choose) the most competitive or otherwise most advantageous fee arrangements on behalf of clients.

In addition, to the extent that Arcesium provides technology or services to any service provider to a Fund (*e.g.*, a third-party administrator), or to any manager of or investment adviser to one or more unaffiliated funds in which a Fund makes a direct or indirect investment, any charges paid to Arcesium in connection with such technology or services may be borne, indirectly, by a Fund, and such charges will not reduce any Management Fee or Performance Charges. Further, for the avoidance of doubt, any operating costs associated with Arcesium, and all other operating costs, are independent of, and will not be netted against, any Management Fee or any Performance Charges.

Arcesium has no portfolio management, investment advisory, or fiduciary responsibilities with respect to any client. Arcesium does not manage or oversee any trading decisions of any client, any client's compliance with its investment objectives, or any other aspects of the portfolio management activity of any client.

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

As outlined in Item 5, the Adviser and/or its related persons accept Performance Charges, the terms of which are set forth in the applicable Governing Document; the amount of such Performance Charges varies, whether in percentage terms or in absolute dollar amounts, among clients. Furthermore, the Adviser and/or its related persons receive the benefit of other more favorable terms (such as with respect to Management Fees or the reimbursement of expenses) in connection with their management of certain clients than in connection with their management of other clients.

The Adviser and/or its related persons hold significant ownership interests in certain Funds. For purposes of this brochure, (a) "Significant Management Capital Entity" refers to any Fund or other entity in which the Adviser and/or one or more of its related persons are the ultimate beneficial holders of significant ownership interests, possibly including a substantial majority or all of such ownership interests, and (b) "DESCO Favorable Entity" refers to (i) any Fund or other entity in which the Adviser and/or its related persons receive the benefit of more favorable terms (including without limitation higher Performance Charges and/or Management Fees and/or more generous expense reimbursement provisions) than those applicable to a particular Fund or (ii) any Significant Management Capital Entity. Certain clients and related persons currently qualify as Significant Management Capital Entities and/or DESCO Favorable Entities, including Significant Management Capital Entities that are beneficially owned by related persons that together hold twenty-five percent (25.0%) or more of the applicable entities' ownership interests. In the future, (x) the Adviser's and/or its related persons' ultimate beneficial ownership of a Significant Management Capital Entity may increase and/or (y) the Adviser or its related persons may receive more favorable terms with respect to a DESCO Favorable Entity. Clients and prospective clients should note that Significant Management Capital Entities and/or other DESCO Favorable Entities invest in various asset classes in which other clients also invest and, in certain cases, pursue investments and/or investment strategies (or elements thereof) that are substantially the same as,

or substantially similar to, one or more of the investment strategies pursued by clients that are not DESCO Favorable Entities.

The Adviser and/or its related persons (a) hold investments in DESCO Favorable Entities that are larger, whether in percentage or absolute dollar terms, than investments they hold in certain other clients and/or (b) provide services to DESCO Favorable Entities that generate higher compensation (*e.g.*, in the form of Management Fees, Performance Charges, and/or other amounts), whether in percentage or absolute dollar terms, than the compensation generated by certain other clients. As a result, the Adviser and/or its related persons have incentives to deploy more profitable investment strategies (including investment strategies with higher returns and/or Sharpe ratios) on behalf of, or to allocate more profitable investment opportunities to, such DESCO Favorable Entities instead of other clients, and have in fact done so on behalf of certain DESCO Favorable Entities (including Significant Management Capital Entities) and expect to continue doing so in the future. Deployment or allocation of such investment strategies or opportunities to a DESCO Favorable Entity decreases the number and quality of investment strategies and opportunities available to such other clients. Further, the Adviser and its related persons have incentives to increase the capital invested by such persons in Significant Management Capital Entities, even if such increase would exacerbate the conflicts of interest described in this paragraph. More generally, the divergent interests of DESCO Favorable Entities, on the one hand, and other clients and/or the underlying investors of Fund clients, on the other hand, create incentives for the Adviser and certain of its related persons to devote more time and resources to such DESCO Favorable Entities rather than to other clients.

For all of the foregoing reasons, the Adviser and/or its related persons face conflicts of interest in respect of the allocation of investment opportunities among clients. Please see Item 10 for information regarding certain such conflicts and Item 12 for a discussion of aggregated client orders.

Item 7: Types of Clients

DESIM's clients include public and private pension plans, investment companies registered under the Investment Company Act, Undertakings for the Collective Investment in Transferable Securities ("UCITS") governed by Directive 2009/65/EC, and certain other institutional investors. DESIM's clients also include the Funds, which are structured as private investment companies that are exempt from registration under the Investment Company Act. A minimum dollar value of assets and other conditions are typically imposed on clients.

DESIM advises clients that are subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). DESIM qualifies as a "qualified professional asset manager" ("QPAM") as defined by ERISA. As a result, client transactions directed by the Adviser may be exempt from certain prohibited transaction rules under ERISA.

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

Methods of Analysis and Investment Strategies

The Adviser primarily deploys three types of investment strategies—its “Active Equity Strategies,” strategies on its “Orienteer Platform,” and the strategies on its “Lithic Platform.”

With respect to its Active Equity Strategies, the Adviser applies the D. E. Shaw group’s quantitative and computational techniques, based on the D. E. Shaw group’s experience in managing alternative investment strategies, to construct benchmark-relative equity strategies for both separately managed accounts and Funds. The Adviser can customize its Active Equity Strategies by allowing a client to select a portfolio benchmark from a number of U.S., international, and global equity indices. The Adviser can manage its Active Equity Strategies on either a long-only basis or using a “130/30,” “150/50,” or similar investment approach.

The portfolios of Funds and managed accounts in which the Adviser deploys its Active Equity Strategies are generally expected to include common and preferred stock (including ETFs and other investment companies), swaps and other derivative instruments and contracts related to the foregoing, and money market instruments. In particular, such portfolios are expected to be focused on corporate equity securities publicly traded in U.S. and foreign markets (whether held directly or via swap) and ETFs.

With respect to the strategies on its Orienteer Platform, the Adviser seeks to generate attractive risk-adjusted returns across various asset classes through asset allocation and alpha generation. In deploying the strategies on its Orienteer Platform, the Adviser is expected to make extensive use of subjective, qualitative evaluation in the formulation and/or execution of many of its investment decisions. The Adviser also is expected to make use of computer technology and/or quantitative analysis in the formulation and/or execution of certain investment decisions.

With respect to the strategies on its Lithic Platform, the Adviser pursues what it considers to be an active, multi-asset class investment strategy that generally seeks exposure to (a) (i) global single stocks, (ii) global macro assets, and (iii) opportunistic trades sourced primarily from the D. E. Shaw group’s alternative investment strategies, and/or (b) positions intended to mitigate exposure to sharp drawdowns in U.S. equity markets during periods of high volatility in such markets. In deploying the strategy on its Lithic Platform, the Adviser is expected to make extensive use of computer technology and quantitative analysis in the formulation and/or execution of many of its investment decisions. The Adviser also is expected to make use of subjective, qualitative evaluation in the formulation and/or execution of certain investment decisions.

The instruments in which Funds deploying strategies on the Adviser’s Orienteer Platform or Lithic Platform may invest include without limitation common and preferred stock; exchange-traded products, such as exchange-traded funds, exchange-traded notes, and interests in other investment companies or unit investment trusts; futures and forward contracts (including bond, commodity, currency, equity, and equity index futures and currency forwards); volatility-based instruments, such as futures on volatility indices; options, rights, warrants, convertible securities, exchangeable securities, synthetic and/or structured convertible or exchangeable products, participation instruments, and investment contracts (including bond future, commodity, equity index, and foreign exchange options); swaps, swaptions, and

equity and other derivative instruments (including credit default swaps, index swaps, and interest rate swaps); currencies and currency-related instruments; bonds, notes, debentures, bills, trade claims, and other forms of indebtedness or liability issued or incurred by sovereign nations, governmental agencies and instrumentalities, corporations, municipalities, or other persons; energy-related products and instruments; commodities and commodity-related products and instruments; Mortgage TBAs (as defined below); mortgages, mortgage-backed securities, and other asset-backed securities, including securities backed by various forms of consumer and asset-based finance receivables; weather-related instruments; emissions allowances and transmission rights; real estate investment trusts, real estate operating companies, and other forms of real property-related instruments; American depositary receipts and global depositary receipts; instruments having a value or return that is explicitly tied to the occurrence (or non-occurrence) of economic, political, legal, natural, technological, bankruptcy, default, and/or other events; limited partnership and other limited liability interests; general partnership and other unlimited liability interests; catastrophe bonds, industry loss warranties, and other catastrophe risk-linked instruments; royalty trusts; insurance- and reinsurance-related products; cash and cash equivalents; money market mutual funds and other money market instruments; cryptocurrencies and other similar digital assets; interests in portfolio funds; financial interests in settlements of legal disputes; and/or any other security, instrument, interest, or property selected by the Adviser (collectively, “Investments”). For the avoidance of doubt, the securities, instruments, interests, and property described in this paragraph may be held directly, indirectly, synthetically, and/or in any other manner, subject to the applicable Governing Document.

Investments held in connection with the strategies on the Adviser’s Orienteer Platform and/or Lithic Platform are expected to relate to markets and/or issuers both in the United States and outside the United States. Moreover, the types of Investments held, the countries in which the issues of such Investments are located or to which such Investments have exposure, the percentage of the applicable markets or instruments that such Investments represent, and the concentration of particular Investments and/or investment activities for a client are expected to vary significantly from client to client and, with respect to each client, will vary over time. Such Investments may be traded on exchanges, “over-the-counter,” or on any other markets, or may not be traded on any exchange or other market. In addition, subject to the applicable Governing Document, the Adviser is expected to cause clients to hold (potentially significant amounts of) cash and cash equivalents to support their activities, including without limitation in connection with Investments, financing or hedging activities, or for operating costs.

The Adviser’s trading and other authority with respect to a particular client is outlined in the applicable Governing Document.

Certain Risk Factors

An investment in a managed account or Fund managed by the Adviser involves substantial risks that should be carefully considered by a prospective client or investor, respectively. Certain risk factors that are applicable to such an investment are outlined below. With respect to Funds, additional risk factors are outlined in the applicable Governing Document. It should be noted, however, that there likely are other risk factors applicable to such an investment that are not identified in this brochure (*e.g.*, risk factors that arise only after the date hereof). The realization of any of the risks outlined below and/or in the applicable Governing Document, as well as any other risks that are not identified, could result in

material losses to investors and/or otherwise could have a material adverse effect on a client, some or all of its Investments, and/or one or more investors. Moreover, certain such risk factors could interact with and/or exacerbate each other, which could significantly increase the resulting losses and/or other adverse effects on a client, such Investments, and/or such investors. Prospective investors should also consult their own legal, investment, tax, and other advisers, and the applicable Governing Document, as to whether such an investment is appropriate for them.

It should be noted that many of the risk factors outlined under one caption or heading are applicable to one or more other captions and headings.

No Assurance of Investment Return

An investment in a managed account or Fund managed by the Adviser involves a high degree of risk, including the risk that the entire amount invested will be lost. An investment in a managed account or Fund managed by the Adviser is not intended as a complete investment program. Such an investment should be regarded as speculative in nature and appropriate only for a sophisticated investor that can afford a loss of its entire investment and that is financially able to invest for an indefinite period. It should not be assumed that an investment in a managed account or in a Fund managed by the Adviser will be profitable.

In addition to the risk of loss on such a managed account's or Fund's Investments, an investment in a managed account or Fund managed by the Adviser is subject to the direct and indirect fees and expenses outlined elsewhere in this brochure or in the applicable Governing Document, including any applicable Management Fee and operating costs, which fees and expenses will reduce returns (possibly materially) and require that the managed account or Fund make a certain amount of profit from its investing activities in order for an investment in such managed account or Fund simply to break even.

With respect to any particular investment vehicle sponsored, advised, and/or managed by the Adviser, neither the past, current, and/or simulated performance of such vehicle, nor the past, current, and/or simulated performance of any other vehicle sponsored, advised, and/or managed by the Adviser or any related person, nor the past, current, and/or simulated performance of any investment strategy deployed by the Adviser or any related person (including any strategy that is substantially the same as, or substantially similar to, all or certain elements of the strategy pursued by such investment vehicle), is indicative of the results that will be achieved in the future by such investment vehicle (or by any other investment vehicle). Further, such past, current, and/or simulated performance provides no assurance of the success of any strategy or vehicle in achieving its investment objectives. Managed accounts and Funds managed by the Adviser have (or have had) investment strategies, personnel, and/or financing, trading, and other counterparty relationships that differ significantly from (and, in some cases, are more favorable than) those of another client and might have operated in market conditions that were more favorable to the investment strategy deployed by such managed account or Fund than current or future market conditions are or will be.

General Factors

The operating results, financial condition, activities, and prospects of a managed account or Fund managed by the Adviser could be materially adversely affected by changes or instability in market,

economic, political, technological, regulatory, and social conditions, as well as by many other factors outside the control of the Adviser.

For example, many of the Adviser's investment strategies and/or Investments are likely to be exposed to risks relating to weaknesses in various global economies and/or risks relating to various economic conditions. A wide variety of factors affecting the performance of the Adviser's investment strategies, such as market volatility (or lack thereof), interest rates, commodity prices, equity prices, currency prices, credit spreads, the availability and terms of financing, the number and creditworthiness of client counterparties, demand from market participants, and deflationary and inflationary pressures, are likely to be affected by such economic conditions and long-term economic trends.

Predictions about financial market conditions and economic factors are highly uncertain, and the presence, duration, and impact of any market or economic conditions could have a material adverse effect on the Adviser's investment strategies. For example, high rates of inflation have had in the past, and are expected to have in the future, negative effects on certain economies and financial markets. Inflation could adversely affect a client's Investments, a client's actual and/or potential counterparties, and/or the markets in which a client pursues Investments, which in turn could adversely affect the pricing and availability of investment opportunities for the client as well as the performance of the client's Investments.

Disruptions in financial markets and/or one or more economies around the world, whether similar or dissimilar to those caused by the coronavirus pandemic that emerged in early 2020 or the global financial crisis that began in 2008, are expected to exacerbate the risks to which Investments are exposed and could have a material adverse effect on the value, liquidity, and stability of the Adviser's investment strategies and/or specific Investments. The duration, severity, and ultimate effect of any such disruptions cannot be forecast with confidence. As a general matter, however, certain investment strategies deployed by the Adviser generally would be expected to experience (possibly material) losses during periods in which there are widespread declines in market levels and/or asset prices, as is often the case during such disruptions. Moreover, as outlined in "Changes in Law; Governmental Intervention" below, such disruptions may lead to additional regulations or laws, changes in the interpretation or application of such regulations or laws, governmental intervention, and/or changes in industry practice, any of which could have a material adverse effect on the Adviser's investment strategies.

The Adviser may determine not to attempt to, or might be unable to, hedge one or more risk exposures of a client. In addition, there can be no assurance that any hedging that is attempted by the Adviser would in fact reduce applicable risks.

The risk models and risk management techniques expected to be deployed by the Adviser are based on the information and data available to it as well as on its assumptions, assessments, and estimates, all of which are subject to error. As a result, such models and techniques may not account for all relevant factors or may not account for any such factors correctly. More generally, there can be no assurance that such models and techniques will be effective.

Special Risks of Certain Markets

Certain markets pose special risks due to, among other factors, the limited availability of useful information; the reliance on self-interested persons for price and other information; a limited number of market participants, brokers, and/or other counterparties or intermediaries; and/or more or less regulation. For example, price information relevant to certain markets might be available only from brokers or dealers and might not be verifiable. Further, less regulation in certain markets might enable market intermediaries or other investors to engage in “frontrunning” (whether directly or through their customers or agents) of a client’s trades, to misuse information about positions held by a client to reduce the value or liquidity of those positions, and/or to take other actions that materially adversely affect the Adviser’s investment strategies. The limited availability of price information or actions of market intermediaries or investors could exacerbate other risk factors outlined in this brochure, including short squeezes, and could have a material adverse effect on the Adviser’s investment strategies. In addition, brokers, dealers, financing providers, or other market participants could withdraw or substantially reduce the scope of their activity with respect to certain markets or Investments without notice, resulting in disruptions to strategies, pricing, and/or the ability to liquidate or close out positions. The Adviser has the authority to participate in any market despite the risks outlined in this section or elsewhere in this brochure, and the realization of any such risks could have a material adverse effect on the Adviser’s investment strategies. Alternatively, the Adviser might determine to allocate less capital (or no capital) in, or seek less investment risk with respect to, a particular market, which could cause a client to miss an opportunity to recover any prior losses or to benefit from potentially attractive future returns.

Availability of Investment Opportunities

There can be no assurance that the Adviser will be able to identify and/or successfully take advantage of suitable investment opportunities. For example, it is expected that the effectiveness of certain quantitative models developed in connection with the systematic trading strategies deployed by the Adviser will be particularly sensitive to changes in applicable policies, regulations, or laws; changes in the number, nature, or behavior of other market participants; and/or changes in economic or market conditions generally. Therefore, the effectiveness of such models is expected to diminish, disappear, or become negative from time to time, and such effects could occur quickly or emerge over and/or last for a prolonged period. As a result, the performance of the Adviser’s investment strategies will depend on the ability of the Adviser to develop suitable models and to respond to such changes.

In addition, the Adviser decides which investment opportunities to pursue based on the information and data available to it and its assumptions, assessments, and estimates, all of which are subject to error. Even if the Adviser makes or maintains an Investment with the intent of taking advantage of a perceived investment opportunity, there is a risk that any such decision will result in losses to the Adviser’s clients due to unanticipated circumstances, errors in judgment, errors in execution, or other causes. Further, the Adviser has the authority to cease deploying, or to decrease the capital or risk allocated to, any particular investment strategy or element thereof on behalf of a particular Fund at any time, regardless of whether such strategy and/or element has been successful or whether one or more other Funds (including DESCO Favorable Entities) continue (or begin) to deploy such strategy and/or element. The Adviser has in fact done so in the past, and it is expected that it will do so from time to time in the future, in each case without notice to or the consent of the underlying investors of such Fund. If the Adviser is not able to

identify and/or take advantage of suitable investment opportunities, it might alter its investment approach and/or risk tolerances in order to deploy capital, which could have a material adverse effect on the Adviser's investment strategies. Alternatively, the Adviser might determine to allocate less capital (or no capital) to, or to seek less investment risk with respect to, a particular investment strategy or element thereof, which could cause the applicable client to miss an opportunity to recover any prior losses or to benefit from potentially attractive future returns.

In addition, the Adviser has taken in the past, and expects to take in the future, actions with the express purpose of reducing the overall risk of a client's portfolio, whether in response to perceived market stress or for any other reason. The Adviser might do so by liquidating certain Investments, by reducing or eliminating the leverage employed by such client, and/or by any other means, each of which could make it substantially more difficult for the client to take advantage of subsequent profitable investment opportunities and to realize its investment objectives. It is also possible that the Adviser will take such actions at inopportune times and that, as a result, the Adviser will fail to reduce portfolio risk in time to avoid material losses or subsequently will increase the overall risk of a client's portfolio too late to take advantage of potential gains.

Even if investment opportunities are identified, the Adviser is expected to cause one or more of its clients to establish (possibly significant) "buffers" of cash and/or cash equivalents for extended periods of time, which could materially reduce the returns of such client(s). Alternatively, the Adviser has the authority to cause one or more of its clients to hold little or no cash for extended periods of time, which would materially increase the risk of loss associated with such client's activities.

Concentration; Limited Diversification; Correlation

The portfolios of the Adviser's clients might not have any diversification requirements and are expected to be concentrated to varying degrees in particular countries, industries, exchanges, markets, counterparties, instruments, investment strategies (or elements thereof), types of Investments, issuers, issuances, companies, portfolio funds, and/or in Investments with other shared characteristics. Any such concentration will, in turn, magnify the risks associated with the Investments held in such portfolios, including the risk of significant losses. Further, less diversification will tend to expose the applicable client to greater volatility and/or risk than would be the case with a more broadly diversified portfolio. Even if a particular client's overall portfolio were more broadly diversified, however, there can be no assurance that such diversification would reduce volatility and/or risk.

In addition, clients of the Adviser have the authority to pursue Investments that, alone or together with Investments held in one or more other clients' portfolios, would represent a significant percentage of one or more individual instruments and/or markets in which such instruments are traded or exchanged, and there are no restrictions (other than any limits imposed by applicable law or regulation or set forth in the applicable Governing Document) on the percentage of any instrument or market that such Investments may represent. Occupying a significant position in any given instrument or market could result in Investments in such instrument or market being less liquid than would be the case with a smaller position, subject a portfolio to additional regulatory scrutiny or restrictions, and/or have other (possibly material) adverse effects.

There can be no assurance that clients' portfolios will achieve returns that are not closely correlated with various market indices or the returns of other investment vehicles. There can be no assurance that the Adviser will value less-correlated returns more highly than any other factor (or at all) in selecting Investments. Indeed, it is expected that certain Investments made and strategies deployed by the Adviser will experience returns that individually or in the aggregate are correlated (possibly highly) with one or more market indices or other strategies, including with various equity, debt, commodity, currency, or other markets around the world. In addition, it is likely that certain elements of a client's investment strategies, and/or that certain Investments, will be closely correlated with one another from time to time. Correlations between such elements and/or Investments, and/or any correlations between the returns of client portfolios managed by the Adviser and the returns of market indices and/or other investment vehicles, are likely to change over time. In particular, such correlations are expected to increase following any substantial changes to market structure, other unusual market activity, and/or in times of market stress (such as those caused by widespread liquidation events or significant geopolitical or economic events or crises). The correlations described in this paragraph, and any increase in such correlations, will reduce the level of diversification of a client's Investments and could result in material losses, particularly for those clients deploying significant leverage.

Moreover, certain of the strategies deployed by the Adviser are expected to have (possibly extensive) unhedged exposure, whether intentional or unintentional, to various market movements, style factors, and other sources of risk anywhere in the world, whether known or unknown, while other strategies deployed on behalf of a client may have such unhedged exposures from time to time. Such sources of risk, which could be extensive, include without limitation changes in the levels and/or volatility of interest rates, currency prices, commodity prices, sovereign credit spreads, corporate credit spreads, equity prices, and other markets, as well as correlations between any such risks. As a general matter, a client's unhedged exposure is expected to result in the client experiencing losses (which may be material) during periods in which there are widespread declines in market levels and/or asset prices.

There can be no assurance that an investment in a portfolio managed by the Adviser would improve the risk/return profile of any client's or investor's overall portfolio or otherwise improve the performance of such portfolio, and such an investment may in fact result in material losses.

Volatility of Investment Returns

It is expected that the performance of certain strategies the Adviser deploys on behalf of its clients will be highly volatile, both in absolute terms and relative to expected and/or realized returns, potentially resulting in increased risks, including the risk of substantial losses. Certain such strategies are expected, by design or otherwise, to have high volatility, negative skewness (or "left tail" risk), negative kurtosis (or "flat" distribution risk), high correlation with certain macroeconomic risk factors, high position concentrations, and/or other significant risks, whether in absolute terms, relative to expected and/or realized returns, and/or relative to certain strategies that are deployed by the Adviser on behalf of other clients. Further, each of a client's Investments will be exposed to substantial risks specific to such Investment, and therefore it is expected that there will be significant differences in realized and/or unrealized returns among such client's Investments. As a result, the investment returns of a client as a whole, as well as the returns of particular Investments (both individually and relative to one another), are expected to vary significantly over time, and there is a risk of substantial losses to such client. A

prospective client or underlying investor should invest with the Adviser only if it has determined that such variance of returns is consistent with its investment objectives and risk tolerances.

The risks outlined in this section may be incurred intentionally and are expected to result, in part, from the determination by the Adviser not to take certain risk-reducing actions, notwithstanding that the Adviser and/or its related persons might take such actions on behalf of other clients of the Adviser under similar circumstances and/or at similar times (including in the event that such client and such other clients are invested in the same or similar instruments).

In addition, certain clients of the Adviser are expected to deploy certain strategies (or elements of certain strategies) that are also deployed by other clients of the Adviser (including DESCO Favorable Entities) and/or other related persons. It is possible that, when deployed by a particular client, such strategies (or elements thereof) may produce returns that are not closely correlated with the returns associated with such strategies (or elements thereof) as they are deployed by such other clients and/or related persons. Further, the returns produced by a particular client could be inferior from time to time to the returns associated with such strategies (or elements thereof) deployed by such other clients and/or related persons.

Certain client portfolios are expected to be concentrated in certain types of Investments. In addition, with respect to certain clients, it is likely that certain elements of such client's investment strategies, and/or that certain of such client's Investments, will be closely correlated with one another and/or with the returns of market indices and/or other investment vehicles from time to time. As a result, such clients' returns may be subject to greater volatility (and risk of substantial losses) than would be the case if such clients' portfolios were more diversified and/or if such elements and/or Investments were less correlated.

Quantitative Strategies; Quantitative Tools

The Adviser makes extensive use of computer technology and quantitative analysis in the formulation and/or execution of many of its investment decisions. Such decisions are informed and/or made by quantitative models and/or programs, and certain investment decisions are expected to be executed through the use of trading system algorithms. Such technology, analysis, models, programs, and algorithms (the "Quantitative Tools") are expected to use, comprise, and/or be based on, as applicable (a) one or more perceived market, economic, and/or other phenomena, such as (i) "mispricings" of individual financial instruments or of asset classes, (ii) disparities among the relative prices of various financial instruments, (iii) statistical patterns observed in historical financial instrument prices, macroeconomic indicators, and/or other data, (iv) global economic and political events and trends, (v) the existence of particular premia in specified instruments and/or asset classes and the persistence of such premia over time, and/or (vi) pricing anomalies arising from imbalances in supply and demand, from the introduction of new financial instruments, from certain activities of major market participants, and/or from other factors or events; (b) complex data analysis techniques, including those that rely in whole or in part on computer-driven, rather than human, analysis (such as machine learning, generative artificial intelligence, large language models, and/or other implementations of artificial intelligence); (c) other analytical techniques developed or selected by the Adviser; and/or (d) a combination of the foregoing. Quantitative Tools are expected to be used in connection with both investment strategies that are

informed primarily by quantitative analysis and investment strategies that are informed primarily by qualitative analysis.

Complexity of Quantitative Tools

Quantitative Tools are highly complex and require or involve, among other things, the use and integration of complicated mathematical, financial, and other research, analysis, and calculations as well as the development and deployment of complex computer programs and systems. Although the Adviser endeavors to conceive of, design, write, test, program, implement, maintain, monitor, and/or use such Quantitative Tools correctly and to deploy them effectively, each task required to do so typically is itself complex and requires substantial specialized expertise and experience. There can be no assurance that the Adviser will complete or integrate any such tasks in an effective manner, and the Adviser may be unable to deploy the Quantitative Tools successfully as a result.

In addition, the Adviser exercises significant subjective judgment throughout the development, implementation, and/or use of the Quantitative Tools, including in connection with (a) formulating investment hypotheses; (b) constructing forecasts and models to identify specific investment opportunities related to such hypotheses; (c) determining, monitoring, and calibrating the data analysis techniques, parameters, and/or other conditions related to the development of forecasts and models based on computer-driven analysis; (d) designing and utilizing simulations and other tools to the extent applicable to test and analyze such hypotheses, forecasts, and/or models; (e) evaluating the reliability of Quantitative Tools, including Quantitative Tools developed (in whole or in part) by, or based on the input of, third parties; (f) collecting, organizing, and cleaning data and other information required for such testing and for the operation of the Quantitative Tools generally; (g) determining which forecasts and models are deployed on behalf of a client at any time and their relative weightings, including when to disable or retire particular forecasts and models; (h) determining whether and the manner in which to use particular Quantitative Tools in connection with any task, activity, and/or investment strategy; and/or (i) developing optimization and trading software designed to translate the forecasts and models deployed on behalf of a client into individual trades and an overall target portfolio; in each case to the extent applicable. When exercising such judgment, the Adviser has discretion to take into account any factors or considerations that it determines to be relevant, including Non-Financial Considerations (as defined below). More generally, the Adviser has the authority (but is not required) to override or otherwise adjust (or ignore) the output of any particular Quantitative Tool from time to time and for any reason (*e.g.*, to reduce the overall risk of a client's portfolio in response to perceived market stress), but it is not expected that such adjustments would be made frequently, and they might not be made at all. The exercise of any of the subjective judgment or discretion outlined in this paragraph is subject to significant risk of error, and any such error could have a material adverse effect on a client.

Successful deployment of the Quantitative Tools depends in large part on their ability to accurately predict the risks and returns of the assets in which a client may invest in connection with the elements of its investment strategies that rely on Quantitative Tools. However, such predictions are probabilistic in nature, and a material fraction (possibly the majority) of them will turn out in hindsight to have been incorrect. Even if the Quantitative Tools could be designed perfectly, which they cannot, financial markets are extremely complex, and it is not possible for the Quantitative Tools to take account of all applicable data or of all of the factors that could affect the risks and returns of assets in which a client may

invest. In particular, infrequent, unforeseen, and low-probability events are expected to be especially difficult to account for in the design and deployment of the Quantitative Tools. As a result, there can be no assurance that any predictions made by the Quantitative Tools will be correct, whether in the ordinary course or in connection with such infrequent, unforeseen, or low-probability events.

Even when the Quantitative Tools make predictions that ultimately prove to be correct, a client may fail to take advantage of such opportunities for one or more reasons. For example, even if the Quantitative Tools correctly predict the return of a given instrument, the Adviser may not have chosen, or it may not be feasible, for a client to hold such instrument long enough to realize that return.

The Quantitative Tools are complex and typically are proprietary, and the Adviser is not required, and does not expect, to provide information to clients or the underlying investors of Fund clients that would permit such clients and/or Fund investors to monitor the Adviser's development, implementation, and/or use of Quantitative Tools.

Reliance on Data

The Quantitative Tools and the elements of the investment strategies deployed by the Adviser on behalf of certain clients that rely on Quantitative Tools are heavily dependent on data (potentially including alternative data) and other information (collectively, "data") for their success. Although the Adviser endeavors to collect, clean, and use such data correctly, there are numerous potential risks related to such data, including that (a) the data available to the Adviser (whether obtained directly or through third parties) might be inaccurate, incomplete, anomalous, and/or otherwise inadequate or flawed (*e.g.*, if a data vendor restates or manipulates its data to better match a company's publicly announced earnings or other information); (b) the Adviser might incorporate such data into the Quantitative Tools incorrectly; (c) such data, as well as the Quantitative Tools themselves, could become corrupted or otherwise compromised, including as a result of human error, computer failure, and/or unauthorized system access or use; (d) such data could be affected in unpredictable ways by the trading or other activities of market participants, potentially including clients or other market participants that use quantitative tools that are similar to the Quantitative Tools deployed by the Adviser; (e) the manner in which such data is collected, whether directly or by third parties, could expose the Adviser and/or a client to liability and/or other adverse consequences (*e.g.*, if any such data includes personally identifiable information and/or otherwise implicates data privacy laws, or if the Adviser's collection practices violate a website's terms of service and/or otherwise adversely affect the website operator); (f) the development and testing of the Quantitative Tools is subject to various potential data-related biases, including sampling, measurement, survivorship, look-ahead, and data-mining bias; (g) the Adviser and/or the third-party developers of a Quantitative Tool might not utilize all relevant data (including data utilized by other market participants), including if they are unaware of it, if a data provider (or such provider's own data sources) ceases to provide it, or if the Adviser or any third-party developer determines not to obtain it or incorporate it into the Quantitative Tools (*e.g.*, based on Non-Financial Considerations or other considerations or if it is expensive and/or difficult to obtain, organize, or clean); (h) a data provider might change the method of delivery or format of the data, with or without notice to the Adviser, and the Adviser might fail to adjust to such change promptly (or at all); and (i) changes to data over time might be difficult to track and incorporate (or not incorporate) into the Quantitative Tools appropriately.

In addition, alternative data in particular might be costly or difficult to obtain, verify, or interpret. Further, there has been media and regulatory scrutiny of the collection, provision, and use of alternative data for investment purposes, and its use or misuse (whether under current or future laws and regulations) could cause reputational, financial, and/or other harm to a client and/or the Adviser. Alternatively, such risks could cause the Adviser to determine not to utilize one or more alternative data sources, which could have a material adverse effect on a client that, in some cases, might have been avoided had the Adviser determined to utilize such data sources.

More generally, it is not possible to consider all data that might be applicable to each investment decision that may be made on behalf of a client with respect to the elements of its investment strategies that rely on Quantitative Tools. Further, the Adviser makes all determinations regarding the data that is used in connection with the Quantitative Tools that it develops, including which data to obtain and incorporate, how to use such data, and how to interpret the results of any simulations or other analyses involving such data, and the Adviser may make errors in connection with any such determinations, many of which are highly complex and/or subjective. The realization of any of the risks outlined in this section could significantly impair the ability of the Quantitative Tools to make accurate predictions or otherwise to serve the purposes for which they are deployed, which could have a material adverse effect on a client.

Errors

Errors have occurred and are expected to continue to occur in conceiving of, designing, programming, testing, maintaining, monitoring, and/or using the Quantitative Tools, including errors in the manner in which such Quantitative Tools function together as well as the errors described above with respect to the subjective judgments that are made and the data that is used in connection with such Quantitative Tools. Such errors might be caused by the Adviser or its related persons, by third parties, and/or by other factors. In addition, such errors could occur in Quantitative Tools developed by the Adviser and/or its related persons and/or in Quantitative Tools provided by others (*e.g.*, in third-party computer software or hardware and/or in open-source platforms or libraries). Any such errors could cause the Quantitative Tools to function differently than intended or to cease functioning altogether. Among other things, such errors might cause a client to make unprofitable investments, to make (or fail to make) investments in a manner contrary to the Adviser's intentions, and/or otherwise to take (or fail to take) actions in a manner that inhibits the successful deployment of elements of the Adviser's investment strategies.

Certain such errors are expected to be difficult to detect and, as a result, are expected to be discovered only after a significant period of time (or possibly not at all). This risk is exacerbated by the fact that, as outlined below, the Adviser relies on DESCO LP for the intellectual property, including Quantitative Tools, that the Adviser deploys in connection with the activities of a client. In addition, elements of the systematic investment strategies deployed by the Adviser or its related persons on behalf of certain clients are expected to result in the execution of a significant number of trades over relatively short periods of time, which may result in many trades being affected by any such error before it can be detected and corrected. Further, the complexity of the elements of investment strategies that apply the Quantitative Tools, the interactions among such elements, and the complexity of the Quantitative Tools themselves, make it difficult or impossible to detect the source of any weakness or failure in such elements and/or such Quantitative Tools (or the data on which Quantitative Tools rely) before material losses are incurred. For example, it could be difficult or impossible to distinguish unexpected trading results caused by market

activity from unexpected trading results caused by an error in the applicable Quantitative Tools. The ability of the Adviser to identify and correct such errors will depend on the diligence and expertise of particular employees, and there can be no assurance that the efforts of such employees in this respect will be sufficient or successful. Further, even if the Adviser is actually able to identify one or more errors, it nevertheless may choose to delay the correction of such errors or not to correct such errors at all, including if it determines (possibly incorrectly) that such errors are immaterial and/or that the Adviser's resources are better deployed in another manner.

More generally, the Quantitative Tools utilized on behalf of a client are subject to inherent limitations and are susceptible to being improved upon as experience is gained, elements of the investment strategies are refined, and markets change. However, there can be no assurance that the Adviser would be able to or would make any such improvements, even if analogous improvements are made in connection with other investment strategies deployed by the Adviser and/or its related persons, and any inability or failure to do so could have a material adverse effect on a client.

Forecast and Model Decay; Redeployment

It is expected that the effectiveness of certain Quantitative Tools will be particularly sensitive to changes in (a) applicable policies, regulations, or laws; (b) the number, nature, or behavior of competitors and other market participants (including clients of the Adviser); (c) market structure; (d) economic or market conditions generally; and/or (e) one or more other phenomena. The utility (if any) of such Quantitative Tools is therefore expected to diminish or disappear (or even to become negative) over time or from time to time. Further, any such decay is unpredictable, may occur quickly or emerge over and/or last for a prolonged period, and may not become apparent for a significant period of time, if ever. Accordingly, the performance of a client's portfolio with respect to elements of the Adviser's investment strategies that rely on Quantitative Tools will depend in part on the ability of the Adviser to identify any such decay and to develop suitable new forecasts and models.

In addition, the Adviser may respond to such decay by making changes to elements of its investment strategies, to the manner in which such elements are implemented, and/or to the Quantitative Tools. For example, it is expected that, from time to time, the Adviser will seek to apply existing Quantitative Tools developed in one context to one or more different contexts (*e.g.*, by deploying on behalf of a client Quantitative Tools developed in connection with a different client or by applying existing Quantitative Tools to new markets or instruments). However, there can be no assurance that any such changes would be effective and, in fact, such changes could increase the likelihood of the errors described above.

Common Investor Risk

A substantial number of other market participants deploy quantitative tools and investment strategies that overlap to varying degrees with the Quantitative Tools and with elements of the investment strategies deployed by the Adviser on behalf of certain clients that rely on Quantitative Tools. As a result, such clients are exposed to significant risks arising from the trading and other activities of such market participants.

Machine Learning, Generative Artificial Intelligence, and Similar Techniques

Certain Quantitative Tools deployed by the Adviser are expected to be developed using and/or based on complex data analysis techniques that rely in whole or in part on computer-driven, rather than human, analysis (such as machine learning, generative artificial intelligence, large language models, and/or other implementations of artificial intelligence).

Such Quantitative Tools might be more complex, use additional and/or different data, utilize a significantly greater number of parameters, require longer and/or more complicated code, require greater computer processing power and more advanced technology, be more expensive to develop and operate, and/or require greater and/or different expertise among the personnel of the Adviser, in each case in comparison to other Quantitative Tools. Similarly, certain such Quantitative Tools are highly dependent on the data and other inputs used to “train” them and, as a result, are prone to error. Further, such Quantitative Tools have become more complex over time and are expected to continue to evolve rapidly. More generally, the process by which such Quantitative Tools produce any particular output might be difficult (or impossible) to understand, to explain, or to replicate. As a result, it is expected that certain of the risks outlined in this “Quantitative Strategies” section will be heightened (possibly significantly) with respect to such Quantitative Tools, including the risk of errors (which have occurred and are expected to continue to occur) and the risk that any such errors will be difficult or impossible to identify and/or to correct (whether in a timely manner or at all).

Quantitative Tools that comprise or rely on generative artificial intelligence, large language models, or similar systems are expected to present additional risks. Such risks include (a) the risk that the output of such a system will be unreliable, whether because such output appears to be accurate but is not or contains other errors, or that such output will become unreliable over time (*e.g.*, in the case of “drift” or “decay” within a given system in which the previously reliable performance of such system degrades over time), (b) the risk that such Quantitative Tools will be particularly susceptible to data-related biases or errors, whether such biases or errors are present in the data on which the applicable system was trained, introduced or inherent in the design of the applicable system (*e.g.*, if the system ignores the possibility of unexpected or unlikely developments because it was trained on past events), or introduced by personnel of the Adviser or third parties, and (c) the risk that use of such systems by the Adviser could lead to reputational harm, whether based on concerns about the use of such systems in investing, concerns about the impact such systems will have on society more generally, or any other reason, which might cause the Adviser not to use such systems or, conversely, to use such systems notwithstanding such risks.

Quantitative Tools using data analysis techniques that rely in whole or in part on computer-driven analysis are expected to rely to a significant degree on hardware, software, and/or other components developed by third parties. Such components could interact with the Adviser’s technology systems and/or investment decision-making process in an unpredictable manner, and changes to any such components (*e.g.*, if a component is updated, altered, or deprecated by a third-party developer, possibly without notice to the Adviser) might cause such Quantitative Tools to cease working or to work in unexpected ways. In addition, other market participants are expected to use many of the same or similar components (many of which are open-source) as the Adviser, which would increase the likelihood that the quantitative tools and investment strategies deployed by such market participants will overlap with the Quantitative Tools.

Further, the fact that such Quantitative Tools rely on computer-driven analysis of market and other data could subject such tools to additional data-related risks. For example, a third party could attempt to manipulate market or other data used by such Quantitative Tools with the goal of influencing such Quantitative Tools (and/or the quantitative tools utilized by other market participants), whether through introduction of unreliable or biased data on which a generative artificial intelligence system will be trained, manipulative market activity, unauthorized access to or use of the Adviser's, a related person's, or a data provider's systems, or other means.

Responsibility for Errors

The Adviser and its related persons have policies and procedures designed to identify and address certain of the risks outlined above that relate to errors. However, many of the errors described in this section are expected to be difficult or impossible to detect, and such policies and procedures will not detect or eliminate all such errors (including because the Adviser may determine not to correct certain errors even if they are detected). Accordingly, clients and underlying investors of Fund clients should assume that such errors are an inherent part of the investment strategies deployed by the Adviser and/or its related persons. Further, the Adviser generally is not required, and generally does not expect, to disclose to clients or underlying investors of Fund clients errors of the type described in this section. Underlying investors in a Fund should note that the Adviser (and other related persons) generally will not be liable for any such errors, other than as outlined in the applicable Governing Document.

Reliance on DESCO LP

DESCO LP and/or one or more of its majority-owned subsidiaries (other than DESIM) owns or otherwise has the right to use all intellectual property, including any Quantitative Tools developed by the Adviser or any of its related persons, that the Adviser may deploy in connection with the activities of a client (whether such Quantitative Tools were initially developed on behalf of DESCO LP or developed on behalf of the Adviser); provided that certain intellectual property has been licensed from third parties. Although the Adviser or its subsidiaries make all determinations regarding whether, when, how, and to what extent to deploy in connection with the activities of a client any of the Quantitative Tools that DESCO LP elects to make available to the Adviser, neither the Adviser nor any of its subsidiaries has any control over DESCO LP or the manner in which DESCO LP conceives of, designs, writes, tests, programs, maintains, and/or monitors any Quantitative Tools developed on behalf of DESCO LP (which tasks DESCO LP generally expects to perform without regard to the interests of any client of the Adviser). Moreover, such Quantitative Tools include trade secrets and other competitively sensitive and confidential information (including the code and work papers underlying such Quantitative Tools). As a result, the Adviser's access to such information is restricted, and the Adviser has limited ability to supervise DESCO LP's performance of any such tasks in connection with any of the Quantitative Tools developed on behalf of DESCO LP. Notwithstanding the foregoing, DESCO LP has no portfolio management, investment advisory, or fiduciary responsibilities with respect to any client of the Adviser, and clients and underlying investors in Funds will have no recourse against DESCO LP with respect to any of the errors described in this section that may occur in connection with the Adviser's deployment of any Quantitative Tools.

Electronic Trading

The Adviser expects to trade on electronic trading and order routing systems on behalf of its clients. Transactions using an electronic system are subject to the rules, regulations, and policies of the exchanges or persons offering the system or listing the instrument. Characteristics of electronic trading and order routing systems vary widely with respect to order matching procedures, opening and closing procedures and prices, trade error policies, and trading limitations or requirements. Trading on such systems also exposes clients of the Adviser to the risk that the applicable exchanges may have discretion to cancel particular orders or trades under certain circumstances, including in the event of market disruptions. Any such cancellations could alter a client's portfolio in unexpected and/or adverse ways.

There are also differences regarding qualifications for access, grounds for termination of access, limitations on the types of orders that may be entered into the system, and other applicable terms. Each of these matters may present different risk factors with respect to trading on or using a particular system. Each system may also present risks related to system access, varying response times, the behavior of other market participants, security, service providers, and the receipt and monitoring of electronic mail.

Trading through an electronic trading or order routing system is also subject to risks associated with system or component failure, whether such failure affects the hardware or software of the exchange or person offering the relevant system or of the Adviser. In the event of system or component failure, it is possible that, for a certain time period, it might not be possible to enter new orders, execute existing orders, or modify or cancel orders that were previously entered. System or component failure may also result in loss of orders or order priority. Trading venues offering an electronic trading or order routing system typically adopt rules to limit their liability, the liability of member brokers and software and communication system vendors, and the amount that may be collected for system failures and delays, which rules vary among the venues.

In addition, changes in laws or regulations related to electronic trading and order routing systems are currently being considered in certain jurisdictions. Any such changes could have a material adverse effect on certain strategies deployed by the Adviser.

Currency Risks

Client accounts generally will be denominated in U.S. dollars but may be denominated in one or more other currencies. Therefore, investments in such accounts generally will be subject to fluctuations in the value of a client's own domestic currency relative to the U.S. dollar or any such other currency.

With respect to certain clients, the Adviser expects to recommend Investments that are denominated in currencies other than U.S. dollars and/or that otherwise will be exposed to movements in such currencies, and there generally is no limit on the portion of Investments that may comprise such Investments. In addition, certain clients have the authority to make direct or indirect investments in, and/or otherwise hold, various currencies themselves. As a result, any such client is expected to be exposed to currency risks, including the risk of fluctuations in the currency in which a given Investment is denominated or to which a given Investment is exposed, in each case relative to the currency in which such client's account is denominated. The realization of any such currency risks could have a material adverse effect on such client.

The Adviser might or might not seek to hedge such exposures (in whole or in part), and there can be no assurance that any such hedging would be feasible or, if undertaken, would reduce applicable risks. A client also would incur costs in connection with any hedging against currency exposures and any conversions between various currencies.

Leverage; Financing

Certain of the Adviser's investment strategies are expected to be highly dependent on the use of leverage for their success, and it is expected that certain clients typically will employ substantial leverage. In particular, certain clients are expected to pursue various forms of financing from time to time, including margin; futures, swaps, options, and/or other derivative instruments; repurchase agreements; term loans; revolving credit facilities; and/or other forms of leverage; in each case, whether on an unsecured basis or against a pledge of cash, interests in portfolio funds, other Investments, and/or any other assets. Further, the Adviser is expected to use instruments that, if such instruments were to decrease in value, could result in losses exceeding the capital allocated to them. Nevertheless, there can be no assurance that a client in fact will be able to obtain and/or employ its desired amount of leverage.

Although financial leverage could have the effect of increasing returns to a client in the event of favorable investment results, returns will be reduced by the cost of any such leverage, and any investment losses will be exacerbated by any such leverage (possibly causing substantial losses, including losses exceeding the total value of a client's assets managed by the Adviser). In the event that one or more of a client's investment strategies (or elements thereof) and/or certain of a client's Investments become increasingly correlated and experience losses (*e.g.*, following substantial changes to market structure, other unusual market activity, and/or in times of market stress), such client's use of leverage would increase such losses, possibly materially. More generally, the use of leverage by a client will increase the volatility of the investment performance of such client's Investments and, as a result, the volatility of the returns to the client (and a Fund client's underlying investors).

The amount of leverage employed by clients is determined by the Adviser, and the Adviser has the authority to cause a client to employ leverage in any manner and in any amount (up to the maximum amount permitted by the applicable Governing Document) that it determines. Notwithstanding the foregoing, the amount, form, and terms of such leverage may be limited by applicable law or regulation, and by the persons extending credit or otherwise providing leverage to the client. It is expected that a large portion (and possibly a significant majority or more) of the leverage employed by a client would be effected through off-balance sheet transactions or methods, such as total return swaps (which can offer leveraged exposure to the reference instrument). As a result, clients and underlying investors of Fund clients should expect that only a limited amount of the leverage employed by a client will be apparent from the financial statements of the client or the financial statements available to such underlying investors, as applicable.

A client will incur potentially significant expenses, including interest charges and various fees, in connection with any leverage that it uses, and the client's returns will be reduced (possibly significantly) by any such expenses. In addition, the rights of applicable creditors to a client (including a client's prime brokers) to receive payments of interest, fees, additional margin, or repayments of principal generally will be senior to the rights of the client's underlying investors in the client's assets, and the terms of any such

borrowings or arrangements may restrict certain activities of a client, including the client's ability to make distributions.

Notwithstanding the foregoing discussion in this section, there can be no assurance that clients will be able to obtain and/or employ leverage on acceptable terms or at all. In the recent past, certain global financial markets have experienced decreased competition among counterparties as well as periods of decreased availability, and increased cost, of certain forms of financing, including with respect to financing of the type expected to be pursued by one or more clients. Further, a client may not be able to obtain leverage and/or other financing, whether at a reasonable cost or at all, in the event that the Investments held by the client are not sufficiently diversified. Moreover, it is possible that a client could secure leverage and/or other financing (including margin financing and/or one or more revolving credit or other similar facilities) but be unable to access such leverage and/or other financing at the times and in the amounts required (*e.g.*, if such capital is required in times of market stress). Any inability of a client to obtain, employ, and/or maintain leverage or other forms of financing, whether at a reasonable cost or at all (as well as any decision by the Adviser not to use available leverage), would be expected to result in (possibly materially) lower returns to the client than had the client been able to obtain, employ, and/or maintain (or had determined to use) such leverage or other financing and could result in substantial losses (*e.g.*, if the loss or unavailability of such financing requires the client to dispose of Investments more rapidly than would otherwise be desirable and/or at inopportune times). In addition, the Adviser may determine to obtain equity and/or debt financing for clients despite the substantial costs or other onerous terms of that financing. By way of example, should a client require capital on an emergency basis, such as when that client is suffering substantial losses, the Adviser has the authority to agree to "rescue financing" on terms that are significantly favorable to the applicable counterparty.

The Adviser is expected to have conflicts of interest with respect to the determination of whether or not to enter into, and the terms of, a client's leverage and other financing arrangements (including with respect to any such rescue financing). In particular, the applicable financing counterparty could be an investor and/or other person with significant relationships with the Adviser and/or other related persons (*e.g.*, financing arrangements with and/or investments in certain other clients; investments by the Adviser and/or its related persons in any such persons; and/or trading, service, advisory, and/or other relationships). Notwithstanding the foregoing, the Adviser will make all determinations with respect to any such arrangement without notice to or the consent of a client or the underlying investors of a Fund client. Any such arrangement could have a material adverse effect on a client.

Derivative Instruments

Certain clients may make investments in derivative instruments, subject to any limitations imposed by the applicable Governing Document, by applicable law or regulation, and/or by counterparties and clearing brokers. Derivative instruments are financial instruments that derive their performance, at least in part, from the performance of an underlying asset, index, interest rate, or other reference instrument. Examples of derivative instruments include swaps, futures, forwards, options, warrants, options on futures, and swaptions.

Investments in or related to derivative instruments generally are highly speculative and involve various risks that are different in certain respects from, and are possibly greater than, the risks associated with

investing directly in the applicable underlying assets or reference instruments. Examples of various risks associated with derivative instruments include without limitation (a) market risk, (b) changes in interest rates, inflation, currency prices, credit spreads, and/or commodity prices, (c) complexity, (d) a high degree of leverage, (e) illiquidity, (f) the absence of reliable price quotes and/or a reliable trading market, (g) unstable correlation between a derivative instrument and the underlying asset or reference instrument, (h) volatility, (i) the inability to hedge related risks effectively or at all, (j) tax risk, (k) governmental intervention to influence prices, (l) fiscal and monetary policies, (m) political or economic events or instability around the world, (n) legal or regulatory uncertainty, (o) position limits or other trading restrictions, (p) insider trading and other forms of market manipulation by other market participants, and (q) non-performance of counterparties (including direct or central counterparties).

Because investing in derivative instruments often requires amounts of capital that are small relative to the instruments' notional value, any such investing is expected to result in leveraging effects for a client's overall portfolio. As a result, a decrease in the value of the derivative instruments held by a client of the Adviser could result in losses exceeding the capital allocated to them.

Investing in derivative instruments might deprive a client of certain tax benefits obtained from investing in the underlying assets or reference instruments and/or, with respect to over-the-counter derivative instruments, from investing in otherwise similar exchange-traded instruments.

Investing in options or warrants involves a risk of loss related to the premium for the option or warrant as well as a risk of loss related to the value of the underlying security or instrument, which loss in either case could be substantial. The writing of an uncovered option by a client could result in an unlimited loss within a relatively short period of time. In addition, options may be cash-settled, physically-settled, or settled by entering into a closing transaction, each of which entails certain risks, including that (a) closing auctions for cash-settled options are particularly susceptible to idiosyncratic events and/or manipulation; (b) the premium paid for entering into a closing transaction may exceed the premium received when the option was written; and (c) the market for any particular option may become illiquid, which may prevent a client from entering into a closing transaction. The realization of any such risks could result in material losses.

Trading in futures contracts and options on such contracts might be subject to limitations imposed by regulatory authorities and relevant exchanges that prevent a client from liquidating positions and could subject such client to substantial losses. Many derivative instruments, including forward contracts and options on forward contracts, are not traded on exchanges and generally are not regulated.

The regulation of derivative instruments is evolving, and changes in such regulation could materially adversely affect Investments in client portfolios. For example, several U.S. and non-U.S. regulatory authorities have adopted, and other regulators have proposed or considered, rules for oversight and/or regulation of the previously largely unregulated market in over-the-counter derivatives.

Portfolio Funds

Certain clients are expected to invest in "portfolio funds," which are investment vehicles (whether existing now or created in the future) that are managed, advised, and/or controlled by the Adviser and/or related persons. It is expected that each portfolio fund will have the authority to engage, directly or indirectly, in

any business or activities, whether related or unrelated to the activities outlined in this brochure, that it is permitted to carry on under applicable law. Currently, a significant majority (and up to substantially all) of certain clients' investment activities is conducted indirectly through portfolio funds.

The risks and conflicts of interest outlined in this brochure are expected generally to be applicable to the portfolio funds in which a client invests, even where not expressly stated. In certain cases, it is expected that an investment in a portfolio fund will expose a client and its underlying investors to risks and conflicts of interest greater than those outlined in this brochure, and that a client will have limited or no remedies available to it against any such portfolio fund.

There currently are portfolio funds with investments from multiple clients of the Adviser, and the Adviser and/or its related persons have the authority to permit clients and/or related persons (in each case, whether now existing or created in the future, and including DESCO Favorable Entities) to invest directly or indirectly in any portfolio fund, without notice to or the consent of the underlying investors in any client invested in such portfolio fund. In addition, the Adviser and/or its related persons have the authority, subject to the applicable portfolio fund's organizational document, at any time, (a) to permit one or more clients and/or other related persons to increase their investment (if any) in such portfolio fund and (b) to cause such portfolio fund to permit or require withdrawals by, and to make distributions to, any such client and/or related person; in the case of each of clauses (a) and (b), on such terms and conditions as the Adviser and/or any related person determines. Any such capital contribution, withdrawal, or distribution (x) is permitted to be made as of any date determined by the Adviser and/or its related persons, including as of the beginning of a month (as typically is the case for capital contributions), as of the end of a month (as typically is the case for capital withdrawals and distributions), and/or as of any other date, and (y) will be made based on the net asset value of the applicable portfolio fund as of the effective date of such capital contribution, withdrawal, or distribution, in each case as determined by the Adviser and/or its related persons in accordance with the provisions of such portfolio fund's organizational document. Such capital contributions, withdrawals, and distributions in fact are expected to occur from time to time (whether as of the beginning or end of a month or on an intra-month basis), and neither the Adviser nor any related person has any obligation to notify any person of any such transaction or to offer any underlying investor, client, other related person, or other person any similar contribution, withdrawal, or distribution rights in connection with any such transaction or otherwise to participate in any such transaction.

For the avoidance of doubt, the Adviser has the authority to pursue (or to cease pursuing) any investment strategy (or elements thereof) in any portfolio fund(s) that it determines, including by pursuing such investment strategy (or elements thereof) contemporaneously in multiple portfolio funds, and it is expected that certain portfolio funds will pursue multiple investment strategies (or elements thereof). In addition, the Adviser and/or its related persons have the authority (a) to determine the clients and other related persons that are permitted to invest in each portfolio fund and (b) to increase or decrease (in either relative or absolute terms) any client's and/or related person's investments in any such portfolio fund at any time.

The Adviser and/or its related persons will make all determinations with respect to (a) whether, when, under what circumstances, and in what manner to permit, require, and/or effect capital contributions and withdrawals by, and distributions to, the investors in any portfolio fund, and (b) the valuation of

Investments held by, and the net asset value of, the applicable portfolio funds in connection with any such transactions. Such determinations and transactions are expected to occur at certain specified times (*e.g.*, on a periodic basis in connection with the Adviser's typical capital allocation and/or risk management processes) as well as on an as-needed basis at certain other times (*e.g.*, to facilitate contributions or withdrawals by any such entity's direct or indirect investors, in connection with posting or receiving any required margin, and/or to respond to market or other events, in each case as determined by the Adviser and/or its related persons). Such parties have conflicts of interest in connection with making such determinations and effecting such transactions, including because certain portfolio funds and certain of such portfolio funds' direct or indirect investors currently are, or in the future are expected to become, (x) Significant Management Capital Entities that are beneficially owned by related persons that together hold twenty-five percent (25.0%) or more of the applicable entities' ownership interests and/or (y) other DESCO Favorable Entities. The Adviser and/or its related persons are expected to consider their own interests when making such determinations and effecting such transactions and, in certain cases, it is expected that consideration of such interests will cause them to make a different decision or to take a different action with respect to such determinations and/or transactions than they would have made or taken otherwise. Any such determination, transaction, decision, or action will be made without notice to or the consent of any underlying investors.

Further, any such determination and transaction will expose clients and underlying investors to significant risks, the realization of which could have a material adverse effect on such clients and/or their underlying investors. For example, with respect to a particular client invested in a portfolio fund, contributions or withdrawals by, or distributions to, other clients and/or related persons that are invested in a shared portfolio fund, as well as similar direct or indirect transactions by such particular client, could result in (a) such other clients and/or related persons in effect "underpaying" for their interests in such portfolio fund relative to such particular client's underlying investors (and thus diluting such investors), if such other clients and/or related persons subscribe for interests in, or the particular client withdraws from, such portfolio fund as of a date on which the value of certain of such portfolio fund's Investments cannot be computed accurately or is subject to significant volatility (*i.e.*, if such portfolio fund's Investments are undervalued in the aggregate at the time other clients and/or related persons increase their proportionate share of such portfolio fund relative to the particular client, whether the applicable transactions occur in connection with any ordinary course capital allocation and/or risk management processes or for any other reason), (b) such particular client's underlying investors in effect "overpaying" relative to other clients and/or related persons for their indirect interests in such portfolio fund if such particular client subscribes for interests in, or such other clients and/or related persons withdraw from, such portfolio fund as of such a date (*i.e.*, if such portfolio fund's Investments are overvalued in aggregate at the time a particular client's underlying investors increase their indirect proportionate share of such portfolio fund relative to such other clients and/or related persons, whether the applicable transactions occur in connection with any such ordinary course processes or for any other reason), (c) such portfolio fund having to liquidate Investments at a time and/or in a manner adverse to one or more clients to meet withdrawals by other clients and/or related persons, including in circumstances in which the market impact associated with such liquidation (and potentially similar liquidations by other clients and/or other investors with overlapping positions) could lead to a negative feedback loop resulting in progressively increasing losses, rapid deterioration in the liquidity of the affected positions, and unexpected adverse

correlations among various Investments, (d) such portfolio fund defaulting on, and/or otherwise failing to meet, one or more of its obligations as a result of withdrawals by or distributions to clients and/or related persons (*e.g.*, if such withdrawals or distributions result in such portfolio fund failing to pay required margin or breaching one or more net asset value or other covenants in its counterparty agreements), (e) such portfolio fund having a capital base that is too large or too small to allow it to achieve its investment objectives, (f) such portfolio fund holding a significant amount of cash, cash equivalents, and other highly liquid Investments in connection with one or more anticipated withdrawals by or distributions to other clients and/or related persons, which Investments would be expected typically to yield low or even negative returns, (g) a particular client's underlying investors being exposed to a greater proportion of less liquid Investments in such portfolio fund following a withdrawal by or distribution to other clients and/or related persons, which Investments might be, among other things, more difficult to price and/or more volatile, and to adverse selection risk more generally, and (h) a particular client being unable to obtain its desired (or any) exposure to the investment strategies (or elements thereof) deployed in such portfolio fund (*e.g.*, if the Adviser determines to decrease such client's share of such portfolio fund relative to one or more other clients and/or related persons (which is expected to occur from time to time), including in the event that the Adviser and/or such related persons determine to raise additional capital for the other clients invested in such portfolio fund, to launch one or more feeder funds for additional third-party investors to subscribe for interests in such portfolio fund, or to activate one or more capital commitment facilities and/or other similar structures or arrangements pursuant to which one or more investors are permitted or required to subscribe for interests in such portfolio fund, directly or indirectly).

The risks and conflicts of interest outlined in this section will be exacerbated (possibly materially) in instances in which the applicable portfolio fund and clients involved include, as is expected to be the case from time to time, (a) Significant Management Capital Entities that are beneficially owned by related persons that together hold twenty-five percent (25.0%) or more of the applicable entities' ownership interests and/or (b) other DESCO Favorable Entities. Moreover, such risks and conflicts of interest are expected to be exacerbated (possibly materially) to the extent that the applicable capital contributions, withdrawals, and/or distributions occur (x) on an intra-month basis and/or (y) during times of pronounced market volatility and/or negative performance in markets generally and/or of any particular client, the applicable portfolio funds, and/or the clients and/or related persons invested in such portfolio funds.

Credit-Related Investments

The Adviser is expected to cause certain clients to purchase, sell, hold, trade, structure, restructure, and/or otherwise acquire or dispose of direct or indirect interests in credit and/or credit-related investments, including without limitation loans, bonds, notes, guarantees, letters of credit, advances, debentures, bills, debt securities, hybrid securities, bond futures, structured debt investments, asset-backed securities, assets of the type underlying any such investments, credit-related exchange-traded funds, exchange-traded notes, other forms of indebtedness or liability, synthetic securitizations, venture debt, construction and/or development loans, royalties and royalty-related investments, and/or any other credit or credit-related instruments (collectively, "Credit-Related Investments").

The discussion in this section is based in part upon principles of U.S. federal and state laws. However, it is possible that a significant portion of a particular client's portfolio will be invested in or otherwise exposed to non-U.S. jurisdictions, and there may be no limit on the portion of such portfolio that can be invested in such Investments. With respect to any such Investments, there can be no assurance that the laws of certain non-U.S. jurisdictions (and/or the consequences of such laws) would not result in different or additional risks.

General Credit-Related Investment Risks; Default

In general, a client's Credit-Related Investments will be exposed to (a) various market risks (*i.e.*, the risk that certain market factors, including interest rates, rates of inflation, credit spreads, supply and demand imbalances, and general economic conditions, will cause the value of the applicable Credit-Related Investment to decline), (b) borrower-specific and issuer-specific risks (*e.g.*, the risk of non-payment, delayed payment, or pre-payment of interest and principal, the modification of key terms applicable to the underlying indebtedness, the risk that changes in borrower or issuer credit quality will cause the value of the applicable Credit-Related Investment to decline, and the risk of reputational harm), and (c) other risks, including those outlined in this section.

A client's Credit-Related Investments might be secured and/or unsecured and might be investment grade and/or sub-investment grade. Further, the Adviser may cause certain clients to invest, directly or indirectly, in instruments that currently are in default, previously were in default, and/or that might later experience events of default. Any default in payment, or modification of payment, under any instrument owned by a client of the Adviser could result in material losses to such client, including, in certain cases, losses that exceed the value of any such investment (*e.g.*, in the event of fraud or with respect to certain environmental liabilities).

Certain clients also may invest in pools of loans, which are expected to be subject to additional risks, such as high correlation of the performance of the loans in any such pool.

Secured Loans; Unsecured or Subordinated Loans

Certain clients of the Adviser may pursue direct and/or indirect investments in loans secured by property of the borrower, such as residential or commercial mortgage loans, advances, business loans (including small- and medium-enterprise loans), project finance loans, shipping and airline loans, and/or auto loans. Such loans are expected to be made to borrowers of varying degrees of creditworthiness and may be issued pursuant to limited underwriting standards.

Investments in secured loans are subject to the risk that some or all of the underlying collateral will decrease in value to an extent that the value of such collateral is insufficient to satisfy the borrowers' payment obligations under such loans in the event of a default. For example, investments in a large number of mortgage loans in a particular country or geographical region are subject to the risk of a general decline in property values throughout such region or country, which decline could be caused or exacerbated by various economic, social, political, and other factors. Measures taken by the Adviser to protect clients' interests in loans in which they may invest, including the validity or enforceability of such loans and the creation and maintenance of the anticipated priority and perfection of applicable security interests, could prove to be inadequate. There can be no assurance that any collateral would be sufficient

to cover the obligations being collateralized or the amount of a client's investment. Any collateral could decline in value; be subject to competing claims of creditors; be difficult to recover or sell due to legal, regulatory, or other reasons; or otherwise be inadequate to allow a client to recoup its investment.

Certain clients may pursue investments that will expose them to certain real estate-related risks, including in the event that any such client invests in loans collateralized by real estate and forecloses on and take title to such assets or in the event that any such client makes direct investments in real estate and/or related assets. Depending on the nature of the particular transactions, these risks could include (a) unfavorable changes in applicable laws and regulation, including environmental, labor, consumer protection, rent control, building and construction, zoning and usage, occupational safety, usury, and/or tax laws, (b) unfavorable changes in interest rates and/or the availability of financing, (c) labor costs and quality, (d) inflation, (e) illiquidity of the applicable Investment and/or its underlying collateral, (f) competition, (g) financial unreliability of mortgagors and/or tenants, (h) a lack of control and/or mismanagement of the applicable Investment or its underlying collateral, (i) *force majeure* events and climate related risks, (j) changes in housing, hospitality, and/or other consumer or commercial trends and preferences (*e.g.*, reduced demand for office space following the coronavirus pandemic that emerged in early 2020), and/or (k) reputational harm to the client and/or the Adviser. Such assets also could have known or unknown liabilities under various laws or regulations, such as environmental laws, labor laws, consumer protection laws, or privacy laws. For example, such client could become liable to a governmental entity or to third parties for costs relating to property damage, personal injury, investigation, and/or clean-up incurred by such parties in connection with environmental contamination or could be required to investigate or clean up hazardous or toxic substances or chemical releases at a property. The costs associated with investigation or remediation activities could be substantial. Moreover, if a client were to be the owner or former owner of a contaminated site, such client could be subject to common law claims by third parties based on damages and costs resulting from environmental contamination emanating from such property. Any such environmental liabilities or related costs could exceed (possibly materially) the value of such Investments and could have a material adverse effect on a client. Similar known and unknown liabilities, and a corresponding risk of a material adverse effect on clients, could exist with respect to Investments in other asset classes held by a client, such as equity securities.

The Adviser may cause certain clients to pursue investments in loans that are junior to more senior obligations of the applicable borrower (*e.g.*, loans secured with a junior priority interest or lien on collateral that is subordinated to senior secured obligations). Such loans are subject to a risk that the cash flow of the related borrower and the collateral securing such a loan (if any) could be insufficient to make scheduled payments after giving effect to any obligations in respect of the senior loans of the borrower. As a result, in certain situations little or no recovery will be available following a default with respect to such a loan. Such loans are also expected to be less liquid than senior secured loans. Such loans are intended to be senior in right of payment and priority to any unsecured obligations, but the priority of such loans could be challenged, whether in bankruptcy court or otherwise. Any successful challenge could have a material adverse effect on the value of the applicable Credit-Related Investment.

In addition, during a bankruptcy of the borrower, the claims of secured or senior creditors could exhaust some or all of the assets of such borrower before subordinated, unsecured, or general creditors can

participate in such assets, thus materially adversely affecting the value of the applicable Credit-Related Investment. Further, the holder of a junior priority interest or lien on collateral that is subordinated to senior secured obligations might be required in a bankruptcy proceeding to give advance consent to, among other things, any use of cash collateral approved by the first lien lenders; sales of collateral approved by the first lien creditors and the bankruptcy court, if the second liens continue to attach to the sale proceeds; and debtor-in-possession financings, including those secured by priming liens.

Finally, the Adviser may cause certain clients to invest, directly or indirectly, in various types of unsecured indebtedness (such as senior unsecured, subordinated, or general indebtedness) that would be junior in priority to the claims of secured creditors. Such instruments are subject to substantially similar risks as those applicable to the client's investments in loans that are secured with a junior priority interest or lien on collateral that is subordinated to senior secured obligations.

Lender Liability; Equitable Subordination; Fraudulent Conveyance

Credit-Related Investments could subject clients to claims of lender liability and/or may be subject to claims of equitable subordination or recharacterization. The risk of such claims may be exacerbated if a client holds a significant equity position and/or certain management positions (including representation on the board of directors) with respect to the applicable borrower. It is also possible that such claims could arise without the direct involvement of a client or the Adviser with the applicable borrower. Any successful claims of lender liability against a client or any equitable subordination or recharacterization of any Credit-Related Investment (which could result in the claims of a client being subordinated to the claims of certain or all other creditors) could have a material adverse effect on such Credit-Related Investment held by a client (possibly resulting in losses that exceed the value of such Credit-Related Investment) and thus on the client itself.

Credit-Related Investments also could be subject to claims of fraudulent conveyance if the borrower were insolvent or rendered insolvent. If such a claim is successful, a court could invalidate such indebtedness or the liens securing such indebtedness (if any) or impose other remedies, including recouping payments made to the lender with respect to the indebtedness. In addition, if a bankruptcy proceeding is commenced relating to a borrower, payments made by the borrower on a Credit-Related Investment may be subject to avoidance as "preferential payments" if made within a certain period of time (which may be as long as one year) prior to the commencement of such proceeding and while the borrower was insolvent. Any successful claims of fraudulent conveyance or preferential payment with respect to a Credit-Related Investment could have a material adverse effect on such Credit-Related Investment and, possibly, on a client, and the client and/or one or more of a Fund client's underlying investors could be required to return related payments and could experience losses that exceed the value of such Credit-Related Investments.

Credit-Related Investment Counterparties and Markets

Credit-Related Investments might be made on primary or secondary markets or might be negotiated with the applicable counterparty. In addition, Credit-Related Investments might involve transactions in which a client is the sole investor or one of multiple investors. Accordingly, clients are subject to significant counterparty risk with respect to the counterparties with which they transact or alongside which they invest (if applicable). The realization of any such risks could have a material adverse effect on the

applicable Credit-Related Investment and/or client. For example, certain Credit-Related Investments are subject to significant credit risk vis-à-vis the counterparty in the applicable transaction. Failure of such counterparty to perform its obligations, including in the event of such counterparty's insolvency, could have a material adverse effect on the applicable Credit-Related Investment and/or client. In addition, actual or anticipated financial difficulties experienced by potential counterparties, including as a result of market factors generally, would be expected to affect the pricing and availability of Credit-Related Investments.

Certain Credit-Related Investments also are subject to risks associated with the determinations made, and the information provided, by or on behalf of the applicable counterparty. For example, with respect to certain Credit-Related Investments, such determinations include determinations relating to (a) the inclusion or exclusion of particular underlying credits or exposures (*e.g.*, in a "blind pool" transaction), (b) applicable underwriting and servicing standards, (c) valuation, (d) the occurrence of any credit event with respect to an underlying exposure or credit, and (e) other matters. Additionally, the Adviser expects applicable clients to rely significantly upon representations and covenants made by their counterparties, and there can be no assurance that such representations will be accurate or complete, that such covenants will be complied with, or that any due diligence by the Adviser, whether before or after an Investment is made, would identify any misrepresentation, omission, fraud, or other wrongdoing. Any such misrepresentation, omission, breach, fraud, or other wrongdoing by a counterparty is likely to adversely affect the value of the applicable Credit-Related Investment. Further, clients generally will not have any direct legal or beneficial interest in, and generally will have no rights or remedies with respect to, the credits or exposures underlying certain Credit-Related Investments, and therefore a client will be reliant on its counterparty and/or other third parties to assert such rights. However, such counterparty and/or other third party would have incentives not to assert such rights, including a limited financial interest in doing so (*e.g.*, because a client might bear any related losses under the terms of the Credit-Related Investment), such counterparty's or third party's financial and other relationships with the applicable borrowers, the threat of potential counterclaims by such borrowers, and/or other reasons. Realization of any of the risks outlined in this paragraph could have a material adverse effect on a client and/or one or more of its Investments.

Certain Additional Credit-Related Investment Risks

Certain Credit-Related Investments in which a client may invest may be subject to additional obligations, including intercreditor agreements (pursuant to which certain creditors agree to restrictions on their rights) or future extensions of credit to the borrower. Such obligations could adversely affect the value of such Credit-Related Investment, such as by limiting the ability of the applicable client to exercise its rights under an applicable loan or other agreement or by increasing such client's exposure to the borrower.

Certain loans or other forms of indebtedness in which a client may invest might require the client to indemnify or reimburse the lead or agent bank for the loan for costs incurred by such bank. Such indemnification or reimbursement could cause substantial losses to the client and could be required in addition to any costs incurred directly by the client. In addition, lenders and other persons may seek to bring claims against the client for the acts or omissions of a lead or agent bank. Any such indemnification, reimbursement, or claim could have a material adverse effect on a client.

There is no clearinghouse for trading loans, bankruptcy claims, or certain other forms of Credit-Related Investments that may be held by a client, and in certain cases there may be no depository for custody of such Investments. The clearing, settlement, and custody procedures for loan assignments, participations, bankruptcy claims, and such other Investments are expected to be individually negotiated. Any such arrangements may create significant operational risks for a client, including the potential for delays and failures in confirmations and settlements, uncertainty as to the positions of a client or the terms of these positions, and the potential for counterparties to use operational uncertainty opportunistically to adversely affect a client. These risks, in turn, may expose a client to significant liability and substantial losses, which could have a material adverse effect on such client.

A client may make Credit-Related Investments that are or may become the subject of litigation, including in instances in which the client's investment strategy is expressly predicated on such litigation (*e.g.*, if the Adviser believes that the contractual arrangements governing the applicable indebtedness or other Investment are being breached or otherwise misapplied by the applicable issuer, borrower, or counterparty). Any such Investments would expose the applicable client to significant risks, including that the client would incur substantial costs in pursuing such litigation, possibly in excess of any recovery, and that such litigation would result in reputational harm, which in turn could make it materially more difficult for the Adviser to pursue the client's investment activities in one or more markets.

Credit Market Conditions

In the past, disruptions in credit markets have affected the price of, as well as participants' ability to make, certain types of Investments, and it is expected that similar disruptions will occur in the future. Any such disruptions could negatively affect a wide range of issuers and could increase the likelihood that such issuers will be unable to make principal and interest payments on, or refinance, outstanding debt when due. Moreover, the risk that such disruptions will affect an issuer's ability to pay its debts and obligations when due is enhanced if such issuer in turn provides credit to third parties or otherwise participates in the credit markets. In the event of a default by an issuer, the Adviser's clients could lose both the capital invested in, and anticipated profits from, any affected Investment. The reoccurrence of the events described in this paragraph, or other similar or dissimilar events, could have an adverse impact on the availability of credit to businesses generally and may lead to an overall weakening of the U.S. and other economies around the world. In addition, any disruptions of this kind likely would impair a client's ability to procure its own financing arrangements and/or the terms of any such arrangements.

Asset-Backed Securities; Asset Pools

The Adviser is expected to cause certain clients to invest directly or indirectly in asset-backed securities, which are structured securities collateralized or backed by another asset or assets, such as residential or commercial mortgages (including both agency-backed and non-agency mortgages), home equity loans, auto loans, student loans, installment sale contracts, credit card receivables, aviation-related instruments, maritime instruments, commercial loans (including small- and medium-enterprise loans), corporate loans, investment-grade or high yield debt, other asset-backed securities, or a mix of such assets. Asset-backed securities include instruments such as commercial mortgage-backed securities, residential mortgage-backed securities, collateralized mortgage obligations, collateralized bond obligations, collateralized debt obligations, collateralized loan obligations, credit risk transfer securities, whole

business securitizations, and enhanced equipment trust certificates, and may include synthetic structures that are backed by derivative instruments instead of by the relevant loans, bonds, or other assets themselves. Other types of asset-backed securities, including interest-only, inverse interest-only, and principal-only securities, may participate in only certain types of income streams generated by the underlying assets.

Asset-backed securities often are extremely complex and are subject to various material risks, including default, basis, illiquidity, lack of transparency, market, geographical concentration, servicer and other counterparty non-performance, legal, and operational risks. In addition, the values and returns of asset-backed securities may be subject to significant fluctuations as a result of relatively small changes in interest rates; the rates of prepayments, modifications, defaults, or late payments with respect to the relevant underlying assets; governmental regulation (*e.g.*, loan forgiveness or forbearance programs); or other factors.

The value of an asset-backed security also is highly dependent upon the performance of its underlying assets and upon the expected quality of the underlying assets. With respect to certain securities in which certain clients are expected invest, the credit quality of the underlying loans and other indebtedness may be low, as is the case, for example, with respect to securities with a high proportion of underlying “sub-prime,” “covenant-lite,” “high loan to value,” and/or “loan-only” indebtedness. Further, a client is exposed to the risk that the underwriting standards and practices of the third parties that issue the loans and other forms of indebtedness underlying a client’s asset-backed securities will be inadequate. In particular, deficiencies in any such standards and practices may result in higher-than-expected delinquencies and/or the inability to enforce payment obligations against the applicable borrowers.

Substantial leverage may be inherent in the structure of some asset-backed securities. Consequently, asset-backed securities may present a greater degree of risk than other types of fixed income securities and may be more volatile, less liquid, and more difficult to price accurately than less complex securities. Clients may enter into hedging transactions in certain circumstances to protect against interest rate movements, prepayment risk, defaults, or other factors, but there can be no assurance that such hedging transactions, if any are undertaken, would fully protect a client against such risks.

Asset-backed securities are typically separated into tranches representing different degrees of credit quality, with lower-rated tranches being subordinate to senior tranches. It is expected that the returns on the junior tranches of such securities would be especially sensitive to the rate of defaults in the collateral pool and would be subject to a substantially greater risk of non-payment than would senior tranches of such securities. There are no restrictions on the tranches in which clients may directly or indirectly invest.

Because mortgage-backed securities comprise pools of underlying loans, such securities are subject to risks similar to those applicable to investments in particular mortgage loans. Certain types of mortgage-backed securities contain highly complex interest-rate and cash-flow provisions and may be highly volatile with respect to yield, total return to maturity, and market value. For example, a mortgage-backed securities position may experience losses due to defaults in one or more underlying mortgage loans, but it may be difficult to assess the extent of such losses because the resolution of such defaults may occur only

after extended settlement negotiations, or after the foreclosure and subsequent liquidation of the underlying properties, which could take a significant period of time.

Asset-backed securities backed by other types of loans may be subject to similar risks. Even though assets typically support the underlying loans, full recovery of a loan in the event of default may not be possible due to litigation costs or delays, legal uncertainties, limited marketability or reduced valuations of the asset, and other similar or dissimilar factors. Accordingly, any defaults may materially adversely affect a direct or indirect investment in asset-backed securities. In addition, the quality of certain asset-backed securities in which clients of the Adviser may invest, directly or indirectly, is subject to the accuracy and completeness of representations made by the borrowers under the underlying loans. Accordingly, clients of the Adviser that invest in asset-backed securities are subject to the risk that originators of certain asset-backed securities fail to adequately verify such representations, whether because of defects in the verification systems used by such originators or otherwise.

Any Investments by a client in mortgage-backed securities on a forward pass through or “to be announced” basis (“Mortgage TBAs”) are expected to involve certain additional risks. For example, the settlement cycle for Mortgage TBA trades is unusually long. As a result, such trades involve risk that a client’s counterparty will not deliver the applicable instrument as promised or will otherwise fail to meet its obligations. Because the Mortgage TBA market is also highly interdependent, any such counterparty failure could have wide-ranging effects on pricing and liquidity across the market as a whole. Further, although the parties to a Mortgage TBA transaction typically agree on the key economic terms of the instrument at the time of the trade, the actual pool of assets underlying such instrument is not identified until shortly before the settlement date. To the extent that the actual pool has lower credit quality and/or worse payment characteristics than the expected pool, the underlying Mortgage TBA could be adversely affected.

Sovereign Debt

Certain clients of the Adviser are expected, directly or indirectly, to make investments in sovereign debt instruments. Certain sovereign issuers have in the past experienced substantial difficulties in servicing their external debt obligations, which has led to defaults on certain obligations and the restructuring of certain indebtedness. Countries in which clients of the Adviser may invest might experience high rates of inflation, high interest rates, exchange rate fluctuations and currency devaluation, large amounts of external debt, balance of payments and trade difficulties, political and/or social uncertainty and instability, international sanctions and/or other similar measures limiting economic and financial activity, and/or poor economic performance or conditions. Any of these factors, as well as other factors, could materially increase the risk of a total or partial default by such sovereign issuers and/or the risk of the restructuring of all or certain indebtedness of such sovereign issuers. In addition, certain countries could take actions that are intentionally designed, whether directly or indirectly, to cause the applicable sovereign issuer to default on its debt, whether for political, fiscal, strategic, and/or other reasons. Any total or partial default by a sovereign debt issuer, and any related restructuring of the applicable sovereign debt, could result in substantial losses for a client.

Stressed and Distressed Investments

The Adviser may cause certain clients to make direct or indirect investments in long and short positions in instruments issued by, or assets otherwise related to, companies that at the time of the applicable investment are experiencing, or subsequent to the applicable investment do experience, one or more forms of financial, business, operational, legal, and/or other stress, distress, or impairment, including companies involved in bankruptcy or other reorganization or liquidation proceedings (“Reorganization Proceedings”), as well as those emerging from Reorganization Proceedings and those seeking financial restructurings or reorganizations outside such proceedings. These Investments involve a high degree of risk that the value of the applicable Investment will be substantially or entirely lost.

The Adviser also may cause certain clients to seek to purchase from banks, other financial institutions, or other investors bank loans (whether through assignment or participation transactions) and/or other forms of direct or indirect indebtedness (including revolving loans and letters of credit) of stressed or distressed companies. Investments in loan participations would expose a client to risks related to the creditworthiness of the banks or other financial institutions issuing such participations. As a holder of participation interests or as a member of a loan syndicate, such client might not be able to assert any rights against the borrowers of the underlying indebtedness and might need to rely on the financial institutions issuing the participations or the lead or agent bank to assert such rights. These financial institutions and banks could have reasons not to assert their rights, whether due to a limited financial interest in the outcome, other relationships with the borrowers, the threat of potential counterclaims, or other reasons.

The Adviser also may cause clients to pursue Investments in bankruptcy claims (including trade claims), which are amounts owed to creditors of a distressed company. Investments in bankruptcy claims are difficult to value. Moreover, bankruptcy claims generally are illiquid and non-interest-bearing, and there can be no assurance that a company will be able to satisfy its obligations under a claim.

Sophisticated financial and legal analysis is required to invest successfully in stressed or distressed companies, and there can be no assurance that the Adviser will adequately perform such analysis. Among other things, the Adviser may not correctly determine the value of the collateral (if any) supporting the Investments held by a client or the prospects for a successful reorganization or similar action. Such Investments may be subject to additional risks, such as significant volatility in the value of the Investment; the involuntary exchange of such Investments for cash, financial instruments, or other property (including illiquid Investments) having substantially less value than the original Investment; and/or delayed or extended payment for such Investments.

In addition, Reorganization Proceedings, as well as other financial restructurings or reorganizations, are subject to a number of risks. For example, such proceedings (a) could be of uncertain duration; (b) could be subject to unanticipated and possibly lengthy delays; (c) could involve substantial legal, professional, and administrative costs to the reorganizing company and its investors; (d) typically are adversarial and beyond the control of the Fund and other debtholders; (e) could result in the Fund losing its ranking and priority (*e.g.*, if it is deemed to have taken over control of the reorganizing company); (f) could involve other factors that are beyond the control of the reorganizing company and its investors; and/or (g) could result in the liquidation of the reorganizing company. Further, the Adviser, on behalf of a client, has the

authority to become involved in the restructuring of a particular distressed company, including through appearing on behalf of such client in a Reorganization Proceeding, representation on creditors' or equityholders' committees or other groups (whether formal or informal), or participation in litigation or direct negotiations or other discussions with the company's management, each of which may involve special risks and/or conflicts of interest for a client.

Such risks and conflicts of interest include that (a) the client could owe fiduciary and other obligations to (and thus be exposed to potential liability with respect to) other debt and/or equity investors in the reorganizing company, (b) the client could be restricted from disposing of the applicable Investments or of other Investments in the applicable issuer (*e.g.*, if the client also holds equity interests in such company) including in the event that the Adviser and/or other related persons obtain access to sensitive non-public information, and/or (c) the client and the Adviser could suffer reputational harm as a result of their involvement in such Reorganization Proceedings. Certain of these risks and conflicts or interests also would be expected to arise in the event that, as is expected to be the case from time to time, one or more other clients of the Adviser and/or its related persons (including DESCO Favorable Entities) were to become involved in the restructuring of a distressed company in which such other clients were invested, particularly if such other clients were invested in a different part of the applicable company's capital structure. It is expected in any such circumstances that one or more of such other clients might take actions that, intentionally or unintentionally, benefit such other client's investment in the applicable company at the expense of the client's Investment (*e.g.*, by engaging in activities intended to increase the value of such other client's investment in such issuer, including by (i) joining the steering committee of a group of bondholders or lenders or a creditors committee in a bankruptcy or other Reorganization Proceeding, (ii) appearing on behalf of such other client in a Reorganization Proceeding, (iii) attempting to acquire control of the issuer, (iv) nominating a candidate for the board of directors of the issuer, (v) soliciting proxies with respect to the issuer, (vi) initiating formal discussions with company management or members of a creditors committee for the purpose of advocating or opposing a restructuring plan for an issuer, or (vii) initiating formal discussions with company management for the purpose of advocating or opposing material transactions and/or changes to an issuer's capital structure). Alternatively, the Adviser might determine to cause a client to abstain from taking actions that would benefit such client's Investment in order to avoid harm to such other clients or other related persons. The realization of any of these risks could have a material adverse effect on the value of the applicable Investment, on other Investments in the applicable issuer, and/or on the client's ability to dispose of or to act to protect the value of any such Investments.

Certain clients may acquire control positions in, or certain assets of, companies in various states of stress, distress, or impairment and, as a result, become involved in managing and/or operating such companies. This involvement might include creating business plans and/or choosing the management of such companies, in which case the Adviser may (a) retain existing management, notwithstanding the negative track record of such persons, and/or (b) install new management, who might not have experience with the activities of the company in question or a significant track record more generally.

Administrative costs related to Reorganization Proceedings generally are expected to be substantial and generally are paid from the reorganizing company's assets prior to any payments to creditors or equityholders. Certain other claims, including claims for taxes, have priority by law over claims of

creditors and equityholders. Such administrative costs and other claims could materially reduce the return to the Adviser's clients on a particular Investment.

To the extent that a client collaborates with one or more other parties in connection with any of the activities outlined in this section, such client, the Adviser, and/or other related persons could be exposed to the reputational and other risks described above as a result of actions taken by such parties, even if such client has limited or no ability to control such actions.

The realization of any of the risks outlined in this section could have a material adverse effect on the value of the applicable Investment and possibly on a client.

Low Creditworthiness Investments

There is no minimum credit standard for any of a client's Investments, and a (possibly substantial) portion of the Investments held in connection with certain of the Adviser's investment strategies (and/or the credits or other instruments underlying such Investments) might not be "investment grade" or might otherwise be low creditworthiness Investments (at the time of investment or thereafter), whether because any such Investment (and/or credit) is defaulted, because it is rated below "investment grade" by a credit rating agency, or because it is unrated but likely would be deemed to be below "investment grade" if it were in fact rated. Low creditworthiness Investments generally involve significantly greater risks than do investment-grade Investments. For example, the market values and yields of low creditworthiness Investments generally react more dramatically to certain changes, including changes in general economic conditions, the levels of interest rates, the financial condition and prospects of their issuers, investor perceptions, liquidity conditions, and certain other changes, than do the market values and yields of more highly rated Investments. During periods of economic downturn or rising interest rates, issuers of low creditworthiness Investments could experience, to a greater degree than issuers of more highly rated Investments, certain forms of financial stress that could materially adversely affect such Investments. Such issuers might be in early stages of development; might not have proven operating histories; might be operating at a loss or have significant variations in operating results; might be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence; might require substantial additional capital to support their operations, to finance expansion, or to maintain their competitive position; might be highly leveraged or, alternatively, might be unable to obtain leverage, whether on favorable terms or at all; or might otherwise have a weak financial condition.

Adverse publicity and investor perceptions, whether based on fundamental analysis, market rumors, stress or distress of related issuers, or other sources, could materially adversely affect such low creditworthiness Investments. Adverse effects on long positions in these Investments include without limitation the increased probability of default, the decreased value of any recovery in connection with a Reorganization Proceeding, decreased secondary market prices (if any) for these Investments, and general decreases in the liquidity of these Investments. Further, the market for low creditworthiness Investments is expected to be less liquid than the market for Investments that have higher ratings or are issued by non-distressed issuers. In addition, the lower liquidity of low creditworthiness Investments, as well as other factors outlined above, could exacerbate the risks of short positions in these Investments.

Certain forms of low creditworthiness Investments might be issued pursuant to note indentures, promissory notes, or other indicia of indebtedness that contain fewer debt covenants, rights, or remedies

compared to those afforded to lenders under a credit agreement. As a result, such Investments would be more sensitive to certain risk factors as compared to similar debt instruments with greater debt covenants, rights, or remedies. Moreover, the lack of certain financial covenants with respect to such Investments could result in a higher risk of loss and could hinder the ability of a client to restructure a problematic loan in order to mitigate its exposure to loss.

Credit Ratings

Certain of the securities, bonds, loans, or other forms of indebtedness in which a client of the Adviser may invest may receive ratings from Moody's, Standard & Poor's, Fitch, or another credit rating agency. No assurance can be given that ratings assigned by a credit rating agency will not be withdrawn or revised downward if, in the view of such credit rating agency, circumstances so warrant. Any such withdrawal or downward revision with respect to an Investment could have a material adverse effect on such Investment. Such ratings reflect only the views of those credit rating agencies, which views may prove inaccurate, and the Adviser is not obligated to, and generally is expected not to, obtain such ratings or to provide any such ratings to its clients (or, in the case of Funds, to underlying investors).

Energy-Related Investments

The Adviser is expected to make various energy-related Investments on behalf of certain of its clients. Energy markets operate in a politically charged environment and are subject to extensive regulation by various U.S. federal, state, and/or local and/or non-U.S. governmental authorities. These authorities directly or indirectly set, approve, or accept certain rates and contracts; establish or amend import and export controls; encourage or discourage capital projects; oversee energy transmission and distribution infrastructure; regulate energy markets and/or their participants; and otherwise govern matters relating to energy. The political environment and the high degree of regulation increase uncertainty with respect to pricing, supply, transmission, and/or delivery in energy markets, could subject a client and/or one or more related persons to licensing and/or other regulatory requirements, could result in adverse reputational consequences for the client and/or one or more other related persons (*e.g.*, if such client were seen to be profiting from excessive consumer energy costs), and could materially adversely affect any applicable client.

Often there is only limited price information available in markets for trading energy and other energy-related Investments, and certain of this price information could be unreliable, including because it might reflect illiquidity, regulatory intervention, and/or improper behavior by market participants, including possible market manipulation. Many of these markets also suffer from high volatility and a lack of transparency, and data from these markets may not prove useful when creating or applying quantitative trading strategies. In addition, many of these markets function or are regulated in isolation. These factors may result in limited coordination among markets and market participants and limited usefulness of various data.

Investment strategies deployed by the Adviser might not be based upon reliable data and might be deployed based upon the available data without correction. Also, applying models based upon data from other markets or earlier time periods might prove unprofitable as a result of the limited applicability of these models across markets or time periods. Investments based upon the data described herein could have a material adverse effect on a client of the Adviser, particularly because such Investments might be

made on the basis of quantitative investment analysis and certain risk models that depend on reliable historical information for their successful development and implementation.

The markets for trading energy and energy-related Investments are affected by the number and type of market participants, which have varied significantly over time. Risks associated with illiquidity and volatility of energy markets may be exacerbated during periods in which many participants exit the market or significantly reduce their trading activities, or in which trading decreases generally due to market redesign or regulatory or other changes. In other periods, the depth and liquidity of such markets may change depending upon the mix of market participants such as suppliers, distributors, end users, and “financial” investors. Regulatory authorities or market participants may respond to any actual or perceived uncertainty by changing the available products or services, the accessibility of markets, regulation, or other matters relating to the industry. Any such change could have a material adverse effect on a client of the Adviser.

Many regulators or operators of energy markets in which the Adviser may participate have the authority to impose price caps, price restrictions, retroactive price changes, position limits, “circuit breakers,” and other mechanisms to address volatility or manage supply and/or demand in such markets. Various authorities may intercede in markets to exercise this authority. Such interventions may be difficult to predict and may significantly affect the markets in which the Adviser operates or hopes to operate. Any form of price cap, price restriction, or other mechanism implemented to try to control or adjust pricing, supply, or other market variables could have a material adverse effect on any client on whose behalf the Adviser deploys energy-related strategies.

One or more clients of the Adviser may also invest in emissions allowances, which may include emissions allowances of any type in any country under the jurisdiction of any regulatory authority.

Commodities

The Adviser is expected to cause certain clients to invest in commodities, commodity futures contracts, and other instruments, interests, or property relating to or commonly regarded as commodities, along with rights and options, including puts and calls, with respect to any of the foregoing (collectively, “Commodity Interests”), which could include Investments in energy-related commodities, such as natural gas, electricity, coal, oil, and oil products; weather; metals; minerals; agricultural products; livestock; emissions allowances and other environmental commodities; and/or other types of Commodity Interests.

The prices and/or liquidity of Commodity Interests are expected to be highly volatile at times and will be influenced by a multitude of factors, including supply and demand relationships; interest rates; international trade; rates of inflation; governmental regulation (including import and export controls) and taxation; monetary and exchange control policy; policies of commodities exchanges; and environmental, social, political, or economic events. Any such volatility is expected to be magnified by commodities investors’ use of leverage, including leverage resulting from low margin deposits required with respect to certain types of Commodity Interests. Many of a client’s Investments in Commodity Interests are expected to be highly leveraged, and as a consequence relatively minor price changes in such Investments could result in immediate and substantial losses to the applicable client.

In addition, the Adviser's ability to trade successfully in certain commodities markets on behalf of its clients may be undermined by limited or unreliable price information and/or improper behavior of market participants, including price fixing, market manipulation, and other predatory practices.

There might be no actively traded market for certain Commodity Interests, which could impair the ability of the Adviser to sell or to realize, on behalf of its clients, the full value of Investments in such Commodity Interests.

Commodity Interests and/or commodity markets generally are subject to complex and stringent laws, as well as extensive and, in certain cases, evolving regulations imposed by applicable governmental agencies or exchanges. The Adviser's clients could bear substantial costs complying with such laws and regulations, and any actual or alleged violation of such laws or regulations could involve civil or criminal penalties; expose such clients to lawsuits from public and private parties; and/or cause such clients to incur material legal, contractual, settlement, reputational, or other costs. In addition, changes in such laws or regulations might increase uncertainty among market participants, undermine contractual or market expectations of such clients and other market participants, increase compliance costs, and/or adversely affect liability of market participants (including such clients).

The Adviser does not expect that any of its clients will be required to make or take physical delivery of any commodities underlying its Commodity Interests. However, it is possible that such a client could be required to make or take such delivery in certain situations, including in the event of an extended shut down of a commodity exchange on which such Commodity Interests trade or in any other situation that severely limits the liquidity of any Commodity Interests. A client may also make or take physical delivery of commodities if the Adviser determines such client should do so. Making or taking physical delivery of commodities would result in additional risks and costs to a client, including those associated with acquiring, storing, transporting, hedging, insuring, and reselling such commodities. In addition, such client might lack necessary licenses or approvals to make or take delivery of such commodities, and such delivery could expose such client to additional laws and regulations that would not otherwise apply to such client's trading of Commodities Interests. The realization of any such risks could have a material adverse effect on such client.

Investments in Small, Midsized, and/or Early-Stage Companies

Certain Investments held by the Adviser's clients are expected to be issued by, or otherwise involve, companies that are small or midsized and/or that are at a relatively early stage of their development; such companies may include private and/or public enterprises. Investments in and/or related to any such small, midsized, and/or early-stage companies generally are subject to substantially greater risks than comparable investments in and/or related to larger and/or more established companies. Among other things, small, midsized, and early-stage companies are expected (a) to have limited operating histories; (b) to rely on unproven business models; (c) to have limited product lines and/or distribution channels; (d) to rely on a limited number of technologies or other innovations, which in turn might not be successfully developed or which could be subject to intellectual property or other claims that would delay, inhibit, or prevent their development entirely; (e) to engage in rapidly changing businesses with products subject to a substantial risk of obsolescence; (f) to experience unexpected issues in the areas of manufacturing, marketing, financing, product development, and general management, which, in some

cases, cannot be adequately resolved; (g) to have unstable or unreliable revenue and limited financial and other resources; (h) to operate at a loss and/or to have a weak financial condition generally; (i) to require substantial capital to support their operations, to maintain their competitive position, and/or to finance expansion; (j) to face intense competition with respect to the markets in which they operate as well as with respect to important resources, such as high-quality personnel, capital, and financing; (k) to experience financial, operational, legal, and/or other stress or distress to a greater degree than larger and/or more established companies, whether during periods of economic downturn or otherwise; (l) to be at a disadvantage relative to larger and/or more established companies with respect to sales or distribution resources, operational and financial controls, or other economies of scale; (m) to be particularly susceptible to adverse publicity and investor perceptions, whether based on fundamental analysis, market rumors, or other reasons; (n) to be highly dependent on certain employees and other key persons; (o) to be highly leveraged; and/or (p) to be susceptible to irregular accounting and/or other fraudulent practices. In addition, Investments in and/or related to companies that are small or mid-sized and/or that are at a relatively early stage of their development generally are less liquid and exhibit more price volatility than comparable investments in and/or related to larger and/or more established companies. There can be no assurance that an Investment in or related to any such company will be profitable, and the realization of any of the foregoing risks could have a material adverse effect on the applicable Investment and/or the applicable client.

Illiquid Investments; Inability to Transact

The Adviser is expected to cause clients to make investments characterized by varying degrees of liquidity, including without limitation investments for which there exists no actively traded secondary market and which are thus highly illiquid and/or for which there is an absence of readily ascertainable market values. Any illiquidity with respect to the Investments recommended by the Adviser may or may not be anticipated and/or may vary over time. Further, certain types of instruments and certain Investments held by a client might be liquid initially but subsequently might become illiquid due to market or other factors. Any such illiquidity could last for a long period of time (possibly indefinitely) and could adversely affect the value of such instruments and Investments. To the extent that any such instruments or Investments are critical to the ability of the Adviser to carry out its investment strategy, such persistent illiquidity could preclude a client from trading in such instruments or Investments and would have a material adverse effect on such client.

Illiquid Investments may constitute a substantial portion of a given client's assets managed by the Adviser and often involve significant transaction costs when they are purchased or disposed of, whether because of substantial legal, consulting, finders, and other fees or costs required to identify, diligence, negotiate, and close lengthy and/or complex transactions, adverse price movements (whether related to liquidity or otherwise), increased spreads between quotes and dealer mark-ups (if an Investment is traded on an exchange or other market), and/or other transaction costs.

Unless otherwise specified in the applicable Governing Document, the Adviser has the authority to choose not to liquidate any Investment (quickly or otherwise), whether private or public, if it believes that (a) such liquidation is not warranted by market conditions or other considerations, including price "slippage" and other transaction costs, and/or (b) liquidating such Investment prematurely could result in a client's forgoing one or more profitable investment opportunities. Accordingly, in the event that

withdrawals have been requested by underlying investors in a Fund, the Fund may not have sufficient cash available to fund such withdrawals, and, rather than liquidate certain or any Investments, the Adviser may suspend or delay withdrawals and/or choose to distribute certain Investments in kind.

Alternatively, the Adviser has the authority to choose to liquidate such Investments (quickly or otherwise) if it believes that such liquidations are (a) warranted by market conditions or other considerations, (b) necessary or desirable in connection with leverage incurred by a client (*e.g.*, to repay such leverage and/or in connection with any actual or anticipated increase in margin or other collateral requirements), and/or (c) necessary or desirable in order to wind down the operations of a Fund. Any rapid and substantial liquidations that might be initiated by the Adviser likely would result in substantial liquidity-related losses and would be expected to reduce (possibly materially) the value of the applicable client's Investments. The selection of the Investments (if any) that would be liquidated (in whole or in part) under such circumstances would be made by the Adviser and could include private and/or public Investments. If the Adviser were to liquidate more liquid Investments in order to fund withdrawals, the client (or, in the case of a Fund, the remaining non-withdrawing underlying investors in such Fund) would be disproportionately exposed to less liquid Investments that likely would be, among other things, more difficult to price and/or more volatile.

Certain of the Investments of one or more clients are expected to be (or to become) subject to resale restrictions due to regulatory, statutory, contractual, and/or other similar requirements that limit the ability of the Adviser to liquidate such Investments. For example, it is generally expected that any Investment acquired by a client prior to the applicable issuer's initial public offering will be subject to a "lock-up" for a period of time after such issuer becomes publicly traded. Similarly, a client's ability to liquidate any public securities that it acquires in a private offering (*i.e.*, any "PIPE" securities) will depend on the issuer's filing of an appropriate registration statement with the SEC, which could be delayed or otherwise unavailable. Such restrictions could prevent clients from liquidating the applicable Investments, disadvantage clients relative to other investors in the applicable issuer, cause liquidity-related losses, result in exposure to unhedged positions, and have other material adverse effects on clients.

With respect to Investments for which a secondary market does exist, a client of the Adviser could suffer material losses were it unable to open or liquidate positions, whether due to changes or instability in market conditions, trading halts due to regulatory limits (such as daily-price-fluctuation limits), emergency trading bans, counterparty actions, and/or other factors. In addition, the agreement governing any particular over-the-counter instrument held by a client of the Adviser could provide such client's counterparty with discretion as to whether a particular position may be opened or closed under the agreement, regardless of the interests of such client. Unless otherwise specified in the applicable Governing Document, there is no limitation on the portion of a client's portfolio that can consist of such over-the-counter instruments.

Premia-Related Risks

Certain investment strategies deployed by the Adviser on behalf of certain clients are expected to involve seeking exposure to certain premia. Examples of premia that a client might pursue include without limitation "technical" premia (such as "momentum" and "volatility" premia), "fundamental" premia (such

as “value” and “quality” premia), and “payout” or “carry” premia, in each case as the Adviser defines such premia, although a client may pursue all, some, or none of these premia and may pursue any other premia or potential premia identified by the Adviser.

As a result, applicable clients are expected to be subject to various premia-related risks, including without limitation the following: (a) the pursuit of technical premia involves investing in instruments that have attractive non-fundamental characteristics compared to their peer group (*e.g.*, strong price appreciation), which might expose a client to assets with certain risk characteristics (*e.g.*, volatility) that might perform poorly in certain market environments; (b) the pursuit of value premia involves identifying assets with prevailing prices that are attractive relative to their intrinsic metrics, but there can be no assurance that the Adviser will identify such assets correctly or consistently or that any predicted price increases will in fact occur or be captured by the client; (c) the pursuit of quality premia involves identifying issuers with higher-quality management, capital efficiency, and/or profitability relative to their peer group, but there can be no assurance that the Adviser will identify such assets correctly or consistently or that any such characteristics will lead to price appreciation that can be captured by the client; (d) payout and carry premia typically involve the client receiving a premium for bearing certain risks (*e.g.*, the risk of non-repayment of principal in the case of interest-bearing instruments), and the realization of any such risks, whether due to market stress generally or idiosyncratic factors, could result in substantial losses; (e) premia-related Investments in general are exposed to the risk that, at the time of investment, the client may have missed the opportunity to capture all or a substantial portion of the applicable returns; (f) certain premia might be cyclical in nature and/or subject to decay (*e.g.*, as their existence becomes well known to other market participants), which makes it difficult to differentiate between temporary cyclical changes and permanent changes to such premia; and (g) premia-related Investments could be particularly susceptible to changes in market structure, other unusual market activity, and/or market stress, any of which could cause the applicable premia spreads to increase and the client to incur (possibly material) losses.

More generally, there can be no assurance that the Adviser will be able to identify attractive premia, that any such premia that are identified will persist, or that the Adviser will be able to successfully exploit any such premia. In addition, certain premia may entail greater risks than certain other premia.

Insurance- and Reinsurance-Related Investments

The Adviser may cause certain clients to purchase, sell, hold, trade, structure, restructure, and/or otherwise acquire or dispose of instruments that offer direct or indirect exposure to insurance, reinsurance, and insurance- and reinsurance-related risks, including insurance-linked or catastrophe-linked securities, such as catastrophe bonds, catastrophe options, catastrophe futures, and industry loss warranties; insurance-linked, catastrophe-linked, and other derivatives; instruments having a value or return that is explicitly tied to the occurrence (or non-occurrence) of economic, political, legal, natural, technological, bankruptcy, default, and/or other events; and/or securities in other public or private entities (insurance- or reinsurance-related or otherwise) (collectively, “Insurance-Related Investments”).

Insurance-Related Investments generally are characterized as having values that are directly or indirectly tied to the occurrence or non-occurrence of catastrophic or other natural or human-made events, such as storms, floods, earthquakes, fires, explosions, accidents, economic events, legal events, political events,

and terrorist events, as well as other types of risks that are traditionally the subject of insurance, such as gaming, contest, mortality, or longevity risks. Should any such event occur, the applicable Insurance-Related Investments are subject to the risk of total loss or significant reduction of principal and/or income and could expose a client to liability that substantially exceeds any premium or other consideration received.

Insurance-Related Investments can be long (*i.e.*, positions that generally decrease in value on the occurrence of specified events) or short (*i.e.*, positions that generally increase in value on the occurrence of such events). In the event of gains for the client associated with a short Insurance-Related Investment, the client might be adversely affected by negative public perception associated with such a position earning profits from the occurrence of catastrophic events. Any such perception could have a material adverse effect on, among other things, the client's ability to make additional Insurance-Related Investments, whether short or long.

The success of a client's Insurance-Related Investments is dependent largely on the ability of the Adviser to forecast the probabilities and risks of various events. However, such probabilities and risks are difficult to forecast accurately, and any such forecasts will require subjective judgments. In addition, models that seek to forecast such probabilities and risks with respect to the type, frequency, and severity of such events are frequently inaccurate and/or inadequate, and such inaccuracy and/or inadequacy is expected to be exacerbated by climate change. Errors or inaccuracies in such forecasts could have a material adverse effect on Insurance-Related Investments that were based in whole or in part on such forecasts. In addition, it is expected that the occurrence of the insured risks (*e.g.*, natural disasters or other catastrophic events) would result in potentially material losses for a client, even in the absence of errors or inaccuracies in such forecasts.

Often there is only limited price information available in markets for Insurance-Related Investments, and there is not an active secondary market for many Insurance-Related Investments. Where a secondary market does exist, there can be no assurance that it would have a sufficient number of participants to provide efficient or even adequate pricing or liquidity. As a result, Insurance-Related Investments generally are highly illiquid and their prices can be highly volatile, thus resulting in an increased risk of material losses. This illiquidity and price volatility could be particularly pronounced during certain seasons or around the time of a specific weather-related event, even in cases where a particular Insurance-Related Investment has only a limited apparent connection to any such season or event.

Short Sales and Leveraging Effects

Certain investment strategies deployed by the Adviser on behalf of its clients involve the execution of "short sales." In a short sale, an investor borrows securities from a lender and sells such securities to another person while retaining an obligation to return to the lender an equivalent quantity of the borrowed securities at a later date. Short selling allows an investor to profit from declines in a security's value.

Although short sales might be useful under certain circumstances in the pursuit of potential profit opportunities and/or the mitigation of certain forms of risk, they could result in an unlimited loss of capital within a relatively short period of time, whether due to price changes, recalls sought and penalties imposed by lenders of the borrowed securities, short squeezes, unavailability of the securities at the time

the Adviser desires to close out the short position, actions taken by the issuers of the borrowed securities that, intentionally or unintentionally, adversely affect such short positions, or other causes. Purchasing securities to close out a short position can itself cause the price of such securities to rise, further exacerbating any associated loss. Financing methods employed or derivative transactions recommended by the Adviser might involve the economic equivalent of short positions in various Investments, which could have economic consequences substantially similar to those caused by the execution of short sales.

Further, the Adviser may in certain circumstances make use of the proceeds of short sales to support an increase in the client's positions in various Investments, resulting in leveraging effects for the client's overall portfolio. It is anticipated that, over the long term, the success of certain investment strategies deployed by the Adviser will be materially affected by the leveraging effects associated with short selling, and applicable clients may employ leveraging effects up to the maximum amount permitted by applicable law and regulation and by such clients' counterparties. Although such leveraging effects would have the effect of increasing returns experienced by such clients in the event of favorable investment results, returns experienced by such clients will be reduced by the cost of borrowing, and investment losses and other losses will be exacerbated by such leveraging effects (possibly causing substantial losses). Such leveraging effects could increase the volatility of the investment performance of such clients' Investments and, as a result, the returns experienced by such clients.

A number of countries from time to time have imposed restrictions or outright bans on short sales and related transactions in certain types of securities or instruments (such as equity securities in a particular sector), making it difficult or impossible for many market participants (including participants employing investment strategies similar to the investment strategies deployed by the Adviser) either to continue to implement their strategies or to control the risk of their open positions. In addition, short sales historically have been, and continue to be, subject to certain restrictions under U.S. federal securities laws. Other countries also have adopted or may adopt short-selling restrictions and short-position reporting requirements. Any ongoing or future regulatory limitations on short selling, or any ongoing or future requirement to disclose short sales or short positions, may materially adversely affect the Adviser's ability and willingness to implement strategies based on or involving short sales on behalf of clients.

Digital Assets

The Adviser may cause certain clients to make Investments in or related to virtual currencies, "cryptocurrencies," other digital assets, other assets utilizing blockchain, distributed ledger, or other decentralized finance (or "DeFi") technologies, and/or derivatives or other instruments the value of which is related to the value of one or more of the foregoing (collectively, "Digital Assets"). The Investments described in this paragraph may be made with the aim of taking advantage of one or more potential profit opportunities and/or hedging certain risks.

General Digital Asset Risks

In recent years, many Digital Assets have faced periods of extreme volatility and/or periods of illiquidity, have been the subject of cybersecurity breaches, have attracted regulatory scrutiny, and/or have been the subject of fraud and manipulation claims. In addition, organizations providing financial services related to Digital Assets, including exchanges, custodians, lenders, and investment management firms representing a meaningful fraction of Digital Asset trading, have been the subject of fraud and

manipulation claims, adverse regulatory actions, and insolvency proceedings, which have contributed to price volatility in, and have negatively impacted the liquidity of, the Digital Assets industry. Any investing activity by a client in any Digital Asset would be subject to considerable volatility, valuation, price, liquidity, cybersecurity, custody, legal, and regulatory risk. The realization of any such risks could cause such client to suffer material losses on any Investment related to Digital Assets, cause any such Investment to become illiquid, or otherwise have a material adverse effect on such client.

Due to the relatively limited history of Digital Assets and the rapidly evolving nature of the Digital Asset industry, it is not possible to identify all of the risks involved in Digital Asset Investments, and new risks could emerge at any time.

Volatility; Valuation; Liquidity

In many cases, the price of a Digital Asset is based entirely on the perceived value of such Digital Asset and thus is highly sensitive to changes in investor sentiment. To date, there has been a wide range of views among market participants regarding the value of Digital Assets, which has made the prices of such investments highly volatile. Such extreme price volatility has resulted, and in the future could result, in rapid and significant losses for market participants.

Digital Assets can be traded through privately negotiated transactions or through numerous Digital Asset exchanges and intermediaries around the world. The lack of a centralized pricing source poses a variety of valuation challenges to clients and other market participants. The valuation methodologies and pricing sources utilized by the Adviser when valuing Investments in or related to Digital Assets (a) are expected to change from time to time (*e.g.*, if a pricing source ceases to permit trading or to publish pricing information in the relevant Digital Asset and/or the Adviser determines that another valuation method and/or source of pricing information is more reflective of the fair value of any such Investment), and (b) could differ from the method used by counterparties of a client to determine payments to and/or fees paid by such client related to such Investments. The use of different valuation methodologies by different parties and/or at different times would result in (possibly significant) variations in the valuation of such Investments and could result in losses, if, for example, such an Investment is converted to traditional fiat currency through an intermediary that ascribes a lower valuation to such Investment than the Adviser does.

In addition, certain market makers that provide liquidity in Digital Assets are expected to have conflicts of interest, including economic incentives to provide such liquidity, that could have an effect on the prices at which they are willing to transact in such Digital Assets. Further, the dispersed liquidity for Digital Assets could limit a client's ability to exit any of its Digital Asset positions quickly or at a favorable price, particularly during periods of market stress.

Cybersecurity; Technological and Operational Considerations

The relatively new and rapidly evolving technology underlying Digital Assets introduces unique risks, such as those outlined in this section.

Digital Assets and related "wallets" or spot exchanges are subject to significant cybersecurity risks, such as hacking vulnerabilities, the risk that publicly distributed ledgers could be changeable, the risk that consummated transactions could be reversed, or, conversely, the risk that it might be impossible to reverse transactions made in error or as a result of a hack or cybersecurity incident. Malicious actors could launch

attacks to steal Digital Assets or to compromise a client's ability to hold or trade Digital Assets, which could involve attacking the relevant network source code, exchange servers, third-party platforms, and/or "cold" or "hot" storage locations. Malicious actors also might be able to steal or compromise Digital Asset Investments by obtaining sufficient control of the governance of a relevant protocol (*e.g.*, by obtaining control of more than 50% of the processing power of a network or influencing core developers) or by exploiting poorly designed or faulty programming. The software utilized for blockchain and DeFi protocols typically is open source, and it is likely that there will not be a known set of software developers responsible for identifying, evaluating, and correcting errors in such software. Further, such software often does not undergo the rigorous testing associated with proprietary third-party software. In addition, obtaining, transferring, accessing, and using Digital Assets requires a client, either directly or through an intermediary, to have access to the Internet, and thus any Digital Asset Investments are at risk from any event that compromises such Internet access. Any cybersecurity or hacking event, use of faulty or malicious code, or loss of access to the Internet could result in a substantial, immediate, and potentially irreversible loss for a client to the extent that it, directly or indirectly, trades or holds Digital Assets on, or otherwise uses, a blockchain or DeFi protocol. In addition, even a minor cybersecurity event relating to a particular Digital Asset is likely to result in downward price pressure on such Digital Asset and potentially on other Digital Assets.

Digital Asset balances generally are maintained as an entry on the applicable digital ledger or blockchain and accessed through one or more private keys (often in addition to a public key), which could be held directly by a client (or its agents), by a market participant, and/or by a custodian. Although Digital Asset transactions typically are publicly available on a blockchain or distributed ledger, the public address does not identify the controller, owner, or holder of the private key, and Digital Asset exchanges and custodians that hold Digital Assets do not always identify the owner of such Digital Assets. The opaque underlying or spot market poses asset verification challenges for a client, other market participants, regulators, and auditors and gives rise to an increased risk of manipulation and fraud, including the potential for Ponzi schemes, "bucket shops," and "pump-and-dump" schemes, the realization of which could have a material adverse effect on a client. In addition, the loss, theft, or destruction of a private key could result in an irreversible loss of the relevant Digital Asset.

The ability to participate in "forks" (*i.e.*, modifications to a Digital Asset's code or protocol that result in permanent or temporary divergences from the previous version of the blockchain or distributed ledger) or "airdrops" (*i.e.*, issuance of a new Digital Asset to holders of another Digital Asset) also could have implications for investors in Digital Assets. For example, a client could be adversely affected if it holds a Digital Asset position through an exchange or custodian that does not allow its customers to participate in a fork or airdrop, or conversely that requires its customers to participate in such fork or airdrop, in each case that results in the creation of a new Digital Asset (such new Digital Asset, an "Incidental Asset"). There could be legal, tax, regulatory, operational, and other considerations that limit or prevent a client from realizing a benefit from any Incidental Assets. Accordingly, the Adviser could determine that there is no safe or practical way to custody an Incidental Asset, that doing so might pose an unacceptable risk to such client, or that the costs of holding an Incidental Asset exceed the benefits of holding such Incidental Asset. Moreover, it could be illegal to sell or otherwise dispose of an Incidental Asset, or there could be no suitable market into which an Incidental Asset could be sold (immediately after the relevant fork or airdrop, or ever).

Many Digital Assets allow market participants to offer “miners” or “validators” (*i.e.*, parties that process transactions and record them on a blockchain or distributed ledger) a fee, sometimes referred to as “gas” or “transaction fees.” Such fees generally are necessary to ensure that transactions are promptly recorded on a blockchain or distributed ledger. The amounts of these fees are subject to market forces, and it is possible that such fees could increase substantially over time, particularly during periods of stress. In addition, Digital Asset exchanges, wallet providers, and other custodians may charge high fees relative to custodians in many other financial markets. To the extent that fees are paid in Digital Assets, increases or volatility in the prices of the relevant Digital Assets can increase these fees and/or make them hard to predict. Such transaction and other fees might reduce the returns of a client’s Investments in Digital Assets and/or deter a client from pursuing otherwise attractive Digital Asset investments. Further, Digital Asset mining operations associated with “proof of work” networks consume significant amounts of electricity, which could have a negative environmental impact and/or give rise to public opinion against the use of electricity for Digital Asset mining operations or against Digital Assets more generally. In addition, miners could be forced to cease operations during an electricity shortage or power outage, or if electricity prices increase where such mining activities are performed.

Certain Digital Asset networks permit owners of such Digital Assets to participate in the maintenance of the relevant blockchain by “staking” positions (*i.e.*, committing to maintain such positions and validate transactions on the blockchain). A client may elect to participate in such staking activity either directly or through an intermediary and may earn fees, dividends, or other similar payments (often paid in kind) for doing so. Participating in staking involves risks, including the risks of technological or operational failure and the risk that a staked position may be confiscated or “slashed” for failure to validate transactions, failure to follow relevant protocols, or other reasons. Conversely, a client may elect not to stake any Digital Asset position and thereby forego potential gains or incur losses in such position.

Digital Asset exchanges, as well as other intermediaries, custodians, and vendors used to facilitate Digital Asset transactions, are relatively new and largely unregulated in both the United States and many non-U.S. jurisdictions. Regulations under the Advisers Act concerning the custody of client funds and securities limit the types of custodians that are available to hold certain Digital Assets in which a client might invest and the exchanges through which a client may trade in such Digital Assets. Such limits might prevent a client from pursuing potentially profitable opportunities or cause a client to pursue such opportunities through more expensive or higher risk means than it could in the absence of such limits.

Digital Asset exchanges generally purchase Digital Assets for their own account on the public ledger (or cross orders within their own liquidity pools) and allocate positions to customers through internal bookkeeping entries while maintaining exclusive control of the applicable private keys. Under this structure, Digital Asset exchanges collect large amounts of customer funds for the purpose of buying and holding Digital Assets on behalf of their customers. The opaque underlying spot market and lack of regulatory oversight creates a risk that a Digital Asset exchange might not hold sufficient Digital Assets and/or funds to satisfy its obligations and that such deficiency might not be easily identified or discovered. Many Digital Asset exchanges have experienced significant outages, downtime, and transaction processing delays and are expected to have a higher level of operational risk than regulated futures or securities exchanges. In addition, certain exchanges and other intermediaries have filed for bankruptcy protection in recent years, and, in some cases, customer assets held by such intermediaries have been treated as assets of such intermediaries; customers of such exchanges were not entitled to a return of their Digital Assets in

bankruptcy and instead had general, unsecured claims against the relevant exchange. If a client's Investments in Digital Assets, if any, are traded or held through an exchange, intermediary, or custodian, these risks may result in the loss or seizure of all or a portion of such Investments and/or the client's not being able to purchase or sell such Investments at times it otherwise would have, which could cause the client to suffer losses.

Regulation of Digital Assets

Digital Assets, exchanges and custodians for Digital Assets, and market participants trading and investing in Digital Assets currently face an uncertain regulatory landscape in the United States and many non-U.S. jurisdictions. In the United States, there has been, and continues to be, intense regulatory and legislative scrutiny of Digital Assets; their creation, offering, and trading; the platforms through which they are held and traded; and various protocols on which they may be used (including DeFi protocols).

Certain regulators have applied existing laws to Digital Assets. For example, certain Digital Asset derivative instruments are regulated by the U.S. Commodities Futures Trading Commission ("CFTC"), and the SEC has taken the position that many Digital Assets fall within the definition of a "security" under, and therefore are subject to, U.S. securities laws, including the requirement that initial offerings of such Digital Assets be registered with the SEC or qualify for an exemption from registration. The U.S. Financial Crimes Enforcement Network has issued guidance categorizing convertible Digital Asset administrators and exchanges as money services businesses, and the U.S. Department of Treasury is aware that Digital Assets and exchanges through which they are traded have been, and may in the future be, used by criminal and sanctioned actors to "launder" proceeds of their criminal activity in violation of anti-money laundering laws and sanction requirements.

One or more jurisdictions could adopt laws, regulations, or directives (or apply and/or interpret existing laws, regulations, or directives in a manner) that materially and adversely affect Digital Assets, exchanges and custodians for Digital Assets, and/or market participants trading and investing in Digital Assets. Such laws, regulations, or directives (and/or the application and/or interpretation thereof) could impact the price of Digital Assets and their acceptance by users, merchants, and service providers, as well as a client's ability to trade Digital Assets. If such laws, regulations, or directives have retroactive effect or the application or interpretation of existing laws is novel or otherwise unforeseen, market participants trading or holding Digital Assets (including a client) could be fined or otherwise penalized. In addition, if an exchange or custodian through which a client trades or holds Digital Assets or a market participant with which a client trades is subject to an enforcement or regulatory action, it could result in such exchange or custodian being unable to process trades in Digital Assets and/or such market participant being unable to effect its transactions with such client, and such client may be unable to access its Digital Asset Investments (if any) while such action is pending, or at all.

Due to uncertainty about the application of existing laws and regulations to Digital Assets and the developing nature of Digital Asset regulation, current participants in Digital Asset markets might not benefit from investor protections that exist in more mature markets. For example, many Digital Asset intermediaries combine custody, exchange, and broker-dealer services that typically are segregated in traditional securities markets, and such intermediaries and/or their affiliates may also trade as principals on their own exchanges. Another example is the ability of miners or validators to order or structure transactions added to a blockchain to extract maximum fees for such parties, potentially increasing

transaction costs and slippage for traders of Digital Assets, in a manner that likely would be considered impermissible front-running if pursued by a broker-dealer in securities markets. As a result of limited and/or developing investor protections, a client will be exposed to greater risk of fraud and/or manipulative trading with respect to its Digital Asset Investments than with respect to other asset classes, and a client's recourse to regulatory or private remedies for such conduct is expected to be limited. Such risks could result in adverse effects on Digital Asset Investments, including substantial or total loss of their value.

Certain Additional Risks

Certain types of Digital Asset Investments are expected to be subject to additional risks. With regard to Digital Asset derivatives in particular, the initial margin for such instruments could be set as a percentage of the value of a particular contract, which means that margin requirements for long positions can increase if the price of the contract rises. In addition, some futures commission merchants could impose restrictions on customer trading activity in such instruments, for example by requiring additional margin, imposing position limits, prohibiting naked shorting, or prohibiting give-in transactions. Further, the rules of certain designated contract markets impose trading halts that may restrict a market participant's ability to exit a position during a period of high volatility.

In addition to investing directly in Digital Assets, a client could make one or more Investments (a) that are purchased with Digital Assets and/or (b) in one or more companies in the Digital Asset industry (*e.g.*, exchanges, intermediaries, custodians, vendors, or other persons operating in such industry). Any such Investment generally would be subject (directly and/or indirectly) to the risks outlined above and might present certain additional risks.

The realization of any of the risks outlined in this section could have a material adverse effect on a client.

Hedging Transactions

It is expected that from time to time certain clients will invest in positions that are intended (in whole or in part) to hedge one or more perceived sources of market or other risk, including by investing in one or more derivative or other instruments, provided that, subject to the terms of the applicable Governing Document, the timing, manner, and extent to which a client engages in such activities (if at all) will be determined by the Adviser. For example, it is expected that certain clients generally will endeavor to be "market-neutral" with respect to certain equity market risks. However, there can be no assurance that such hedging techniques will be employed, will be effective if they are employed, or will result in higher or more stable returns than would have been the case had they not been employed. Moreover, such hedging techniques are expected to result in costs and/or losses that limit (and could exceed) any profits from the Investments being hedged. Similarly, there can be no assurance that profits (if any) resulting from such hedging techniques will exceed any losses resulting from the hedged Investments.

It should be noted that any hedging techniques employed by the Adviser would be intended to reduce a client's exposure to certain risks under certain circumstances and not to reduce all forms of risk. There can be no assurance, however, that any such techniques would be successful and that exposure to such risks would in fact be reduced. Further, the Adviser generally will not be required to hedge any particular form of risk in any particular situation and generally may, without notice to or the consent of the applicable client (or, in the case of Funds, the underlying investors), cause such client to assume any risk as the Adviser may determine. Moreover, from time to time all or a portion of a given client's portfolio is

expected to have (possibly extensive) unhedged exposure, whether intentional or unintentional, to various market movements, style factors, and other sources of risk anywhere in the world, whether known or unknown. Such sources of risk, which could be extensive, include without limitation changes in the levels and/or volatility of interest rates, currency prices, commodity prices, sovereign credit spreads, corporate credit spreads, equity prices, and other markets, as well as correlations between any such risks.

Under certain circumstances, hedging techniques intended to reduce certain forms of risk would actually increase risk, whether due to the unintended market impact of hedging transactions, leverage effects associated with hedging positions, unexpected adverse price movements of a hedging instrument relative to the hedged instrument (*i.e.*, adverse changes in the “basis” between the hedging and hedged instrument), lower liquidity of the hedged and hedging positions relative to an unhedged position, the general risks related to the use of derivative instruments, or other factors. In addition, even where the Adviser seeks to hedge a particular risk, a suitable hedging transaction might not be identified by the Adviser, might not be available to the applicable client, might be unreasonably expensive, and/or might not be successfully executed.

Portfolio Turnover

Certain investment strategies that are expected to be deployed by the Adviser are based at least in part on short-term considerations and thus are characterized by rapid portfolio turnover. Such rapid turnover is expected, among other things, to cause clients to experience substantial brokerage fees, commissions, and/or commission-equivalents, and/or increased aggregate liquidity costs (or price “slippage”), any or all of which could have a material adverse effect on the performance of the Adviser’s investment strategies.

Buffers; Cash and Cash Equivalents

Certain clients are expected to establish (possibly significant) buffers of cash and/or cash equivalents to support such clients’ activities; alternatively, clients might hold limited (or no) buffers. Any buffers that are established are expected generally to be held in cash, cash equivalents, and/or liquid instruments (such as money market instruments, money market mutual funds, and government-issued fixed-income securities, whether short- or long-dated) and/or to be deployed in connection with the client’s cash management activities more generally. Any such buffers may be held for any purpose, including in connection with investment, financing, or hedging activities and/or, subject to the terms of the applicable Governing Document, to pay (or establish reserves for) operating costs, Management Fees, or other expenses, obligations, and/or operating needs of a client. Subject to the terms of the applicable Governing Document, there are no limits on how large or small any buffers that are established may be, and the size of any such buffers would be expected to change (possibly materially) from time to time. There can be no assurance, however, that any buffers that are established will be sufficient for their intended purposes.

Certain clients have held in the past (and are expected typically to hold in the future) cash, cash-equivalent, and similar buffers in an effort to manage investment risk. In general, and all else being equal, the existence of such buffers would be expected to reduce the magnitude of returns (whether positive or negative), and thus the volatility of those returns, experienced by a client relative to the returns that would have been experienced by such client in the absence of such buffers. However, this reduction in the magnitude and volatility of returns might not occur to the extent that such buffers are maintained

in connection with an increase in the leverage employed by such client. In addition, if such reduction does occur, it might cause a client (and thus, with respect to a Fund client, its underlying investors) to forgo an opportunity to recover earlier losses or to benefit from potentially attractive future returns.

Although cash, cash-equivalent, and similar buffers may be maintained in connection with derivative positions or leverage facilities that might contribute substantially to the returns (whether positive or negative) of a client, cash holdings and investments in cash equivalents are themselves generally expected to yield low or even negative returns, and any positive returns might not exceed the direct and indirect fees and expenses, including any Management Fee and operating costs, that are borne by such client. On the other hand, it is expected that the Adviser will seek to cause certain clients to hold higher-yielding cash equivalents or other instruments from time to time, whether on a temporary or long-term basis. Such instruments generally are subject to greater risks than lower-yielding cash equivalents and could result in material losses for the client. In addition, a client might not be able to hold its desired amount of certain such cash equivalents or other instruments due to regulatory or other limits, triggers, and/or thresholds.

Non-Financial Considerations

Subject to applicable law (including the Advisers Act and ERISA) and the terms of the applicable Governing Document, it is expected that, from time to time, the Adviser will take into account various environmental, social, governance, political, ethical, reputational, and/or other non-financial considerations (collectively, “Non-Financial Considerations”) in making certain decisions and pursuing certain actions on behalf of one or more clients and in connection with the Adviser’s activities more generally, and in fact the Adviser has done so in the past. The consideration of specific Non-Financial Considerations may be expressly included in a client’s investment objectives and Governing Documents, or such consideration may be undertaken on an *ad hoc* basis at the discretion of the Adviser, subject to applicable law and each client’s applicable Governing Documents. Such Non-Financial Considerations are expected to include considerations applicable to one or more clients, one or more underlying investors of Fund clients, one or more related persons, and/or any other persons determined by the Adviser.

Notwithstanding the foregoing, except to the extent provided in the applicable Governing Documents, the Adviser is not obligated to take into account any Non-Financial Considerations in connection with any client, any portfolio fund, or any aspect of the Adviser’s activities. In addition, the Adviser expects to be limited or prohibited from taking into account some or all Non-Financial Considerations when rendering services to certain clients, whether due to applicable law and/or the terms of applicable Governing Documents. The Adviser has no obligation, and generally does not expect, to notify the clients or the underlying investors of Fund clients of the manner in which, or the extent (if any) to which, Non-Financial Considerations are taken into account, whether in any particular instance or more generally.

Further, subject to applicable law, the Adviser is permitted (a) to exercise proxy voting authority in furtherance of one or more non-financial objectives, including those related to diversity, equity, and inclusion, regardless of whether doing so would be contrary to or otherwise inconsistent with the recommendation of the proxy advisory or other firms (if any) retained by the Adviser or its affiliates, and/or (b) to engage or to refrain from engaging certain counterparties or service providers based on their ownership or business practices, or on other Non-Financial Considerations.

In any given instance, it might be difficult to determine whether or to what extent the Adviser is in fact taking Non-Financial Considerations into account, including because many Non-Financial Considerations will have closely related financial aspects or ramifications for a client that also factor into the Adviser's decision-making process. For example, the Adviser might determine that bad publicity relating to an issuer, or an issuer's poor environmental record, could harm that issuer's financial performance. By way of another example, the Adviser might determine that reputational harm to the Adviser could also harm one or more clients over the short term and/or long term, including by prompting investor withdrawals, limiting a client's access to investment opportunities, increasing the cost of maintaining counterparty relationships, and/or increasing the difficulty of attracting and retaining key employees. Nonetheless, in certain cases, where permissible, Non-Financial Considerations will cause the Adviser to make a different decision or to pursue a different action on behalf of a client, and/or with respect to the Adviser's activities more generally, than it would have if it had disregarded such Non-Financial Considerations or had weighed Non-Financial Considerations and financial, economic, operational, and legal considerations differently. Certain such decisions or actions are expected to affect a client's performance (*e.g.*, by causing it to experience lower returns than it would have experienced if such Non-Financial Considerations had not been taken into account), and any such decision or action could have a material adverse effect on a client. Conversely, the failure of the Adviser to take into account one or more Non-Financial Considerations, or to evaluate any such Non-Financial Consideration appropriately, could have a material adverse effect on a client, whether with respect to the performance of a particular Investment, because of the effect on the Adviser's activities more generally, or otherwise. In any event, there can be no assurance that the Adviser will be successful in furthering any objective, or avoiding any adverse outcome, with respect to any Non-Financial Consideration.

The Adviser has certain conflicts of interest in determining whether and to what extent to take into account Non-Financial Considerations in connection with a client's activities and Investments. For example, the acquisition or continued holding of an Investment that itself might have positive expected economic value for a client could result in adverse publicity for the Adviser and/or one or more related persons, and such publicity in turn could have the potential to damage such persons' reputation, diminish the ability of such related persons to attract and retain key employees, raise and retain capital from investors, access investment and other opportunities, and/or maintain relationships with commercial counterparties (in each case whether in connection with a client's activities, the activities of one or more other clients (including DESCO Favorable Entities), or otherwise). In such a circumstance, and in connection with the applicable client's activities and Investments more generally, the Adviser is expected typically to consider the interests of the Adviser and its related persons when deciding whether and to what extent to take into account Non-Financial Considerations when making investment and other decisions. In certain cases, consideration of such interests will cause the Adviser to make a different decision or to pursue a different action than it would have made or pursued otherwise, and any such decision or action could have a material adverse effect on a client.

Subject to applicable law and the applicable Governing Documents with respect to each client, the Adviser has the authority to make a separate determination regarding the extent (if any) to which it takes into account Non-Financial Considerations in any particular case. The Adviser might make different determinations in this regard from time to time, whether the applicable circumstances are different or identical, including in connection with different clients and/or investment strategies holding positions in

the same or similar instruments. For example, Non-Financial Considerations could be taken into account with respect to one or more investment strategies that are primarily discretionary in nature while not being taken into account with respect to one or more investment strategies that are primarily systematic in nature, or *vice versa*. For the avoidance of doubt, subject to applicable law and the applicable Governing Documents with respect to each client, when a particular client and one or more other clients hold Investments in the same or related instruments and/or in the same issuers, the Adviser will be permitted to take (or not to take) Non-Financial Considerations into account in connection with Investments of one or more clients in a manner that differs from how such Non-Financial Considerations are taken (or not taken) into account in connection with the Investments of one or more other clients. As a result, certain clients might take actions that differ from or conflict with actions taken by other clients.

In connection with any of the foregoing, the Adviser is permitted to rely on data and/or ratings provided and/or developed by the Adviser, its affiliates, or one or more third parties. There can be no assurance, however, that any such data or ratings will be reliable or consistent with each other, and their use by the Adviser could have unintended or adverse consequences for a client.

ERISA-Related Limitations and Other Considerations

Currently, one or more of the Adviser's separately managed account clients are subject to ERISA, and one or more of the Adviser's Fund clients are deemed to include "plan assets" for purposes of ERISA and/or Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "IRS Code"). (Such separately managed account clients and Fund clients are referred to in this section as "plan assets clients.") Certain risks related to ERISA and such plan assets status are outlined below; however, this outline is not a comprehensive or complete disclosure of all such risks. Further, the provisions of ERISA and Section 4975 of the IRS Code are subject to change and differing interpretation, possibly on a retroactive basis.

Any plan assets client will be subject to investment limitations and/or prohibitions that would not otherwise apply. For example, the issuers of certain types of securities in which a client may invest, including certain asset-backed securities, mortgage-backed securities, participations, collateralized loan obligations, and other similar instruments, are expected to place limitations (or outright prohibitions) on investment in such securities by plan assets clients, which may prevent a client from investing in such securities. In addition, compliance with certain of these limitations is likely to be complex, and accordingly it is expected that the Adviser and/or its related persons will decide in certain cases to avoid investing in certain of these asset classes and/or types of Investments altogether.

Further, it is expected that, from time to time, the Adviser will agree with one or more benefit plan investors in a plan assets client that is a Fund (a) to restrict the plan assets client from investing in any "qualifying employer securities" related to the applicable benefit plan investor and/or in securities of certain related persons (*e.g.*, securities of fiduciaries of the applicable benefit plan investor and/or of such fiduciaries' affiliates, clients, portfolio companies, and/or other related persons) and/or (b) to otherwise restrict the plan assets client from making certain other Investments; in each case without notice to or the consent of any underlying investor. It is expected that certain of the limitations or prohibitions outlined in this paragraph will relate to instruments that the Adviser otherwise would expect to trade on behalf of such a Fund. Accordingly, to the extent that such limitations and prohibitions constrain the Adviser's

ability to deploy a client's investment strategy, such limitations and prohibitions could have a material adverse effect on such client.

In addition to limitations and prohibitions on the instruments in which a plan assets client may invest, it is also expected that the plan assets client will be subject to certain other types of investment limitations. For example, it is expected that, from time to time and without notice to or the consent of any investor, the Adviser will permit the indirect ownership interests of one or more benefit plan investors in a plan assets client that is a Fund to reach or exceed a ten percent (10.0%) ownership threshold, as detailed in the applicable Governing Document. During any time in which such threshold has been exceeded, the relevant plan assets client would be prohibited (under ERISA and/or pursuant to agreements entered into with benefit plan investors) from entering into certain transactions with the fiduciaries of such benefit plan investors and/or with affiliates of such fiduciaries. Certain such fiduciaries or fiduciary affiliates may be clearing, settlement, brokerage, custody, financing, and other transaction counterparties through which, or with which, the plan assets client would otherwise directly or indirectly trade. As a result, any such prohibition could have a material adverse effect on the plan assets client, including by leading to higher trading costs, worse execution prices, and/or greater concentration of the client's counterparty exposure. Similar prohibitions are also likely to apply with respect to a fiduciary and its affiliates to the extent that such fiduciary advises multiple benefit plan investors that constitute, in the aggregate, a significant portion of the capital base of a plan assets client that is a Fund, or to the extent that such fiduciary advises a separately managed account client that is a plan assets client. ERISA also includes various other rules regarding the types of transactions into which plan assets clients are prohibited or restricted from entering. For example, plan assets clients generally are subject to legal or practical limitations on their ability (a) to engage in securities lending transactions; (b) to enter into principal, cross, or other transactions involving related persons; and/or (c) to extend credit to fiduciaries and fiduciary affiliates of benefit plan investors that exceed the ten percent (10.0%) ownership threshold described above (which, in turn, restricts the plan assets client from investing in certain credit-related instruments sponsored by such fiduciaries or fiduciary affiliates). Any such prohibitions or restrictions could have a material adverse effect on the Adviser's ability to deploy its investment strategy.

With respect to any plan assets client, the Adviser will not be permitted, unless covered by one or more exemptions, to enter into any transaction or engage in any activity if such transaction or activity is prohibited by Section 406 of ERISA or Section 4975 of the IRS Code. In order to qualify for any such exemption, however, the Adviser will rely on the representations, warranties, acknowledgments, and agreements of, and on information provided by, the relevant plan assets client and/or benefit plan investors in a plan assets client that is a Fund. If such a plan assets client or benefit plan investor breaches its agreement with the Adviser or fails to provide accurate or timely information (*e.g.*, regarding the identity of its fiduciaries and/or their affiliates as well as any changes thereto), the Adviser could inadvertently effect a prohibited transaction. Prohibited transactions also could occur in the event that the Adviser fails to properly collect such information, monitor the ownership interest of one or more benefit plan investors in a plan assets client that is a Fund, enforce any of the limitations or prohibitions outlined in this section, and/or interpret its obligations under ERISA. The consequences of effecting any prohibited transaction can include regulatory sanctions for the Adviser, the plan assets client (and/or, for a plan assets client that is a Fund, its underlying investors), and/or the plan assets client's counterparties; the imposition of excise taxes on the disqualified person (which will also be a party in interest);

indemnification and other similar liabilities for a client in favor of one or more trading and other counterparties; the persons involved in the transaction having to rescind the transaction and pay an amount to a benefit plan investor for any losses realized by such investor or profits realized by such persons; disqualification of any individual retirement account involved in the transaction with adverse tax consequences to the owner of such account; and other liabilities that can have a material adverse effect on such persons. As a result, any prohibited transaction, and any limitations and/or prohibitions related to prohibited transaction considerations that are imposed on a plan assets client by the Adviser and/or by one or more benefit plan investors or other third parties, could have a material adverse effect on the plan assets client and/or, for a plan assets client that is a Fund, on one or more underlying investors.

The Adviser faces conflicts of interest with regard to the matters outlined in this section, including with respect to the determination of whether or not (a) to permit a Fund client to become a plan assets client, (b) to permit the ownership interest of one or more benefit plan investors of a Fund client to reach or exceed the ten percent (10.0%) ownership threshold described in this section, and (c) to agree to restrict a plan assets client that is a Fund from investing in “qualifying employer securities” or from making certain other Investments. The Adviser generally does not expect to provide notice of any such determinations or of any changes to the plan assets status of a Fund to the underlying investors in such Fund.

Reliance on Technology; Cybersecurity; Back-Up Measures

The Adviser’s investment activities and strategies are dependent upon various computer and communications technologies, many of which are provided by or are dependent upon third parties such as data feed, data center, communications, or utility providers. The successful deployment, implementation, and/or operation of such activities and strategies, and various other critical activities of the Adviser on behalf of its clients, could be severely compromised by system or component failure, communications network or platform failure, power loss, a software-related system crash, unauthorized system access or use (such as hacking, ransomware attacks, or other cybersecurity breaches), computer viruses and similar programs, fire or water damage, human errors in designing, using, and/or accessing relevant systems, or various other events or circumstances. Such events or circumstances could affect the Adviser directly and/or could affect one or more other related persons and/or third parties (including Arcesium and/or any third-party administrator to a Fund) that provide services to the Adviser and/or its clients.

It is not possible to provide comprehensive protection against all such events and circumstances, and no assurance can be given about the ability of the Adviser, its related persons, and/or third parties to continue providing applicable services. Any event or circumstance that affects the Adviser’s, another related person’s, or a third party’s computer and/or communications systems or operations (including systems or operations at co-location sites or other locations not controlled by the Adviser or its related persons) could have a material adverse effect on the Adviser’s clients, including by preventing the Adviser from establishing, trading, modifying, liquidating, and/or monitoring its clients’ Investments. In addition, such events could cause reputational damage for the Adviser, a related person, and/or any client, and could subject the Adviser, a related person, and/or any such client to regulatory fines or penalties, financial losses (including losses related to ransomware payments), reimbursement or other compensation costs, and/or additional compliance costs. A client may also incur substantial costs for cybersecurity risk management in order to prevent any such events in the future. A client could be adversely affected as a result of such events. Similar risks are present for third parties involved in the

trading and/or holding of Investments, including issuers, borrowers, brokers, custodians, and counterparties; the realization of such risks could result in material adverse consequences for such third parties and a client, including because one or more Investments may lose value. Moreover, any unauthorized access to the information systems of the Adviser, a related person, or a third party could result in the loss, disclosure, and/or improper use of (a) tangible or intangible property of a client, the Adviser, and/or any of its related persons, (b) information relating to Investments, and/or (c) personally identifiable and/or other information of clients, underlying investors in the Funds, such investors' beneficial owners and/or other related persons, the counterparties related to one or more Investments, and/or other persons. Such persons also are subject to the risk of loss, disclosure, and/or improper use of such property and/or information from disclosures that might be made, whether inadvertently or otherwise, by personnel of the Adviser, its related persons, and/or third parties. Any such loss, disclosure, and/or improper use could have a material adverse effect on any such persons.

The Adviser maintains back-up electronic books and records at its disaster recovery site. In the case of events that interrupt the Adviser's computer and/or communications systems or operations, the Adviser would hope to resume establishing, trading, modifying, liquidating, and/or monitoring its clients' Investments relatively promptly, subject to any circumstances that are outside the control of the Adviser. In the case of severe business disruptions (*e.g.*, regional power outage or loss of personnel), the Adviser might not resume such activities for an extended period of time because (among other things) such resumption is dependent on other critical business constituents, such as brokers and exchanges, and on the nature of the disruption. Although the foregoing reflects the Adviser's objectives and/or plans, no assurance can be given that these objectives and/or plans will be realized, or that, in particular, the Adviser would be able to resume operations following a business disruption, and any such disruption could have a material adverse effect on the Adviser's clients.

Brokers; Custodians; Other Counterparties

The brokerage, custody, and other counterparty arrangements utilized by the Adviser and/or its related persons on behalf of clients will expose clients to significant risks, the realization of which could have a material adverse effect on such client.

General Counterparty Risks

Clients may determine (or might be able) to engage only a limited number of counterparties to provide clearing, settlement, brokerage, custody, financing, and/or any other services, thereby creating a concentration of exposure to such counterparties. Moreover, the successful deployment of the investment strategies deployed on behalf of certain clients is expected to be particularly dependent on one or more counterparties and replacing any such counterparties might not be possible or might be difficult and/or expensive, which could prevent a client from taking advantage of profitable investment opportunities identified in connection with such investment strategies. Notwithstanding the foregoing, the Adviser may alter or terminate the relationship with any counterparty without notice to or the consent of any client or underlying investor of any Fund client.

Each client generally will hold its assets in bank, brokerage, and/or custodial accounts at various U.S. and/or non-U.S. financial institutions. However, cash and other Investments held in accounts with such financial institutions typically will not be held in segregated accounts for the exclusive benefit of such

client, and return of such Investments to such client therefore will be subject to credit risk associated with a financial institution's ability and/or willingness to repay the client. If any such financial institution were to default on its obligations, it is likely that the applicable client would become an unsecured creditor of such financial institution and that the applicable Investments might become temporarily inaccessible or permanently lost. Such risk will be heightened to the extent that a client holds its Investments in accounts with a limited number of financial institutions.

Although assets held in an account with a U.S.-registered broker-dealer generally are subject to various client protection rules, clients are not required to maintain all or any of their assets with such persons. In addition, there can be no assurance that such rules will be effective or that any of a client's counterparties will comply with such rules in all cases.

To the extent that assets of a client are maintained in accounts at non-U.S. financial institutions, such assets will be subject to certain additional risks, including without limitation risks related to the imposition of significant taxes, greater difficulty in enforcing contractual obligations, less reliable clearance and settlement procedures, and less favorable insolvency laws in the event of the insolvency, bankruptcy, receivership, or conservatorship of the applicable counterparty.

In addition, one or more financial institutions (including broker-dealers, futures commission merchants, and banks) with or through which a client trades, invests, or obtains financing are expected from time to time to experience financial difficulties (including decreased lending capacity) that could directly or indirectly result in the forced liquidation of substantial portions of a client's Investments, impair a client's ability to borrow (whether on favorable terms or at all), or otherwise impair the operational capabilities or the capital position of such client. Any financial difficulty experienced by a counterparty of a client could expose the client to significant additional risks, including credit risks resulting from such counterparty's failure to meet its financial obligations and/or legal risks resulting from the insolvency, bankruptcy, receivership, or conservatorship of such counterparty or from the changed characterization of a transaction or such counterparty's legal capacity to enter into a financial contract. Client assets deposited as margin in a trading account with a broker-dealer could be used or rehypothecated by such broker-dealer as a part of its general business activities (without restrictions imposed by such client). In the case of the insolvency, bankruptcy, receivership, or conservatorship of a counterparty (including a broker-dealer, exchange, clearinghouse, or bank) with or through which a client has dealings, the client might not be able to recover any of its assets held, or amounts owed, by such person, even where such property is specifically traceable to the client. To the extent that such assets or amounts are recoverable, the client might only be able to recover a portion of such property, and any such recovery could take a significant period of time. Prior to receiving any recoverable amount of its property, the client might be unable to determine whether particular positions are held by the affected counterparty, to trade any positions held by such counterparty, or to transfer any positions and/or cash held by such counterparty on behalf of a client, in each case potentially resulting in substantial losses.

Further, brokerage, custody, and/or other counterparties of various clients have made errors in connection with the services they provide to the Adviser and/or certain clients, including in connection with trading activities, and errors by such counterparties are expected to occur in the future. Such errors might include, for example, trade settlement failures, the provision of inaccurate or otherwise flawed data, notification failures (such as failure to notify the Adviser or its related persons regarding a corporate

action), and/or other types of human or technological errors. Any such error might be difficult to detect, might not be detected for a significant period of time, and could have a material adverse effect on a client. Any losses related to such errors generally will be borne by a client and, indirectly, by the underlying investors of a Fund client.

Considerations similar to the foregoing would apply with respect to trading and other activities conducted by a client with parties other than financial institutions. A client will be exposed to the risk of counterparty non-performance to the extent it engages in activities in certain non-financial markets. Although the counterparty risks in such markets generally are expected to be similar to the risks described above, certain risks are expected to be more pronounced or qualitatively different due to different circumstances in such markets or of such counterparties. The realization of any such risks could have a material adverse effect on a client.

In addition, one or more of the financial institutions and other counterparties that are expected to transact or otherwise engage with clients and/or the Adviser are expected to have other relationships, unrelated to the applicable clients, with the Adviser and/or one or more of its affiliates. Certain of these other relationships are expected to be significant, and any of them could be more significant than any relationships related to a particular client. Such other relationships create incentives for the Adviser and/or its affiliates to use and/or otherwise transact with such financial institutions and/or other counterparties in connection with a client, to agree to less competitive fee and other terms with such financial institutions and counterparties, and to take or refrain from taking one or more actions in relation to such financial institutions or other counterparties in a manner that would privilege the interests of the Adviser and/or its related persons over the interests of one or more clients, including by refraining from pursuing litigation or taking other remedial action against such financial institutions or other counterparties even if such action would be in the interests of a client.

Obligations of Clients; Collateral Requirements

Any counterparties that are expected to extend credit or otherwise provide leverage to a client generally are entitled to receive margin or other collateral to secure such leverage. In addition, such counterparties are expected to impose certain financial and non-financial covenants or other obligations on any such client, the violation of which would permit the applicable counterparties to pursue various remedies against the client, even when such violations result from withdrawals by, or other actions of, other clients (including DESCO Favorable Entities), if any, that are invested alongside a given client. For example, if a client's net asset value declines below a specified threshold or if a client fails to comply with an intra-day minimum equity requirement, counterparties are expected to have the authority to require additional collateral, prohibit new Investments under the applicable counterparty agreements, close out one or more positions, and/or terminate credit lines or derivatives contracts. In addition, in certain cases a counterparty could have the right to take one or more such actions even absent a violation of a covenant or other agreement, possibly with little or no notice.

Although certain clients are expected from time to time to allocate a portion of their available cash to act as buffers to cover additional collateral requirements, the Adviser might determine not to do so (and might have incentives not to do so), and any amount that is so allocated might not be sufficient to meet any additional collateral requirements imposed by the counterparties providing leverage or warranted by

market conditions. A client may be materially adversely affected if (a) it fails to meet any collateral requirements, whether as a result of increased requirements imposed by any such counterparties or as a result of market fluctuations affecting the value of collateral or of the associated Investment; (b) some or all of its Investments are liquidated in order to meet such increased requirements or in response to a violation of a covenant or other agreement; (c) its credit lines (if any) are terminated; (d) leverage otherwise becomes unavailable or difficult or expensive to maintain, including in the event a client obtains funding on an emergency basis at significant cost or subject to other onerous terms; or (e) short positions become difficult or expensive to maintain. The adverse effects of liquidating Investments would be exacerbated when the applicable Investments are illiquid.

More generally, losses experienced by a client and/or by investors (including one or more DESCO Favorable Entities and/or other clients of the Adviser) holding positions that overlap with those of a client could lead to the imposition of increased collateral requirements, which could in turn require the liquidation of certain positions by a client and/or by such investors, which liquidations might occur at disadvantageous times and/or more quickly than would otherwise be desirable. The market impact associated with such liquidations could in turn lead to further losses by a client and/or by such investors, potentially leading to a negative feedback loop that could result in progressively increasing losses to the client. Such events also could lead to a rapid deterioration in the liquidity associated with the affected positions as well as unexpected adverse correlations among various Investments held by a client, thus further exacerbating the adverse effects on the client. Any of the foregoing could have a material adverse effect on a client. Further, to the extent any of the foregoing occurs in a portfolio fund in which one or more clients invest alongside each other, such portfolio fund could require capital on an emergency basis, which would be expected to give rise to or to exacerbate certain conflicts of interest.

In the event of a default by a client under one of its derivatives agreements, the applicable counterparty could, among other things, unilaterally terminate Investments governed by such agreements and require the client to pay the replacement cost of the terminated Investments based on prices determined by such counterparty, which likely would be materially less favorable than market prices. Such agreements also typically include payment or valuation provisions that require determinations by a calculation agent or a valuation agent, which typically will be the client's dealer counterparty. If the Adviser and/or any of its related persons is unable to negotiate favorable terms for such provisions or rights to dispute such determinations, the counterparty likely will have rights to make determinations that materially adversely affect the applicable Investments. There can be no assurance that any terms negotiated by the Adviser and/or any of its related persons would be effective in mitigating such adverse actions by a counterparty.

In addition, many counterparty agreements are expected to include cross-default provisions that could be triggered in the event the client breaches one of its other counterparty agreements. For example, breach of a net asset value covenant in a prime brokerage agreement could also be a breach of one or more of the client's other agreements with the applicable broker-dealer or its affiliates; any such breach also could affect a client's agreements with other counterparties. As a result, the adverse impact on a client of the breach of any counterparty agreement would be magnified by the existence of such cross-default provisions.

Various trading strategies or hedging techniques could involve the use of instruments that have different settlement cycles or delivery requirements. Mismatches between cash outflows and inflows could arise

regardless of collateral requirements. In addition, although a client generally is expected to be required to post collateral with its counterparties, various counterparties could be unwilling to post collateral with the client, could have higher thresholds to posting collateral than the client, and/or could generally have less onerous collateral requirements than are imposed on the client, in each case whether because of perceptions about the client's creditworthiness or other similar or dissimilar reasons. The disparity between collateral posted and collateral received by a client might create funding problems, resulting in the client's not having cash to fund collateral requirements or settlement amounts even when its trades are profitable.

The documentation for trading by a client (if any) could be inconsistent among its counterparties. As a result, when a client enters into ostensibly offsetting trades with different counterparties, the client's rights and obligations could be inconsistent under the agreements governing those trades. Any such inconsistencies could have a material adverse effect on a client. In addition, even if one of a client's custodians or counterparties defaults under an agreement with a client, the client generally will not be excused from performance on any of its own obligations under such agreement.

Non-Exchange-Based Markets and Privately Negotiated Transactions

Certain clients are expected to effect transactions directly with counterparties on non-exchange-based markets, such as over-the-counter, interdealer, and private markets, which often have fewer regulatory or other protections than exchange-based markets, as well as in privately negotiated transactions. Transacting in any of these ways will expose a client to significant operational and other risks, delays in acquiring or liquidating the applicable Investments, and/or losses arising from, among other things, (a) substantial transaction costs, including brokerage fees, commissions, commission equivalents, and/or price "slippage," and the fees of attorneys, consultants, and other service providers; (b) an inability or refusal to perform (or a delay in performance) by a counterparty with which a client transacts, whether such inability, refusal, or delay results from a counterparty's insolvency or bankruptcy or from other causes, including a failure to return collateral posted by a client in a timely fashion; (c) the potential for delays and failures in closings, confirmations, and settlements; (d) the potential for counterparties to use operational uncertainty opportunistically in a manner that adversely affects a client; (e) a decline in the value of the applicable Investments or any related collateral during the period in which a client seeks to realize such Investments or enforce its rights with respect to such Investments or collateral; (f) expenses of enforcing such rights; (g) the need to re-margin or re-post collateral in respect of transferred, assigned, or replaced positions; (h) reduced levels of income and lack of access to such income during the period during which a client seeks to enforce its rights against the counterparty; and (i) legal uncertainty, including uncertainty concerning the enforceability of certain rights under swap and other derivative agreements and possible lack of priority against collateral posted under such agreements. The occurrence or realization of any of the foregoing events or risks could subject a client to substantial losses. In addition, certain of the risks outlined in this paragraph may be more pronounced in connection with transactions with counterparties or in markets located outside of the United States.

Participants in non-exchange-based markets or direct negotiations typically enter into transactions only with those counterparties that they believe to be sufficiently creditworthy, and such participants might not deem a particular counterparty creditworthy even where such counterparty provides margin, collateral, letters of credit, or other credit enhancements. There can be no assurance that a client will be able to

establish and maintain the counterparty relationships necessary to complete such transactions, and any inability to establish or continue such relationships could limit a client's activities. Moreover, the counterparties with which a client seeks to establish such relationships will not be obligated to extend new credit to the client, might not be contractually obligated to maintain any existing credit lines extended to the client, and might in certain cases be able to reduce or terminate such credit lines at their discretion and without advance notice.

Position Limits; Trading Restrictions; Reporting Requirements; Categorization as a U.S. or Non-U.S. Person

Position Limits; Trading Restrictions

Positions in certain types of securities, futures contracts, money market instruments, and other assets that the Adviser expects to recommend for certain of its clients are subject to limits, triggers, and/or other thresholds. Such thresholds have been imposed (and additional thresholds are expected to be imposed in the future) by (a) U.S. and non-U.S. governments, regulators, and self-regulatory bodies, (b) counterparties, financial intermediaries, and/or other third parties, and/or (c) policies adopted by the Adviser and/or one or more related persons of the Adviser.

In addition, certain positions owned, held, or controlled by related persons (such as the Adviser, its affiliates, or one or more of their clients) are expected to be aggregated for purposes of determining whether such thresholds have been reached or exceeded. As a result of such aggregation rules, a client's ability to own, hold, or control certain instruments is expected to be constrained by the investment activities of its related persons.

For example, the CFTC, U.S. commodities exchanges, certain non-U.S. regulators, and certain other exchanges have established limits referred to as "speculative position limits" or "position limits" on the maximum net long or short positions that any person or group of persons may own, hold, or control in certain futures or options on futures contracts; such rules generally require aggregation of the positions owned, held, or controlled by certain related persons. Under such rules, a client's positions in certain futures contracts, along with certain linked futures, options on futures, and/or swaps contracts, would be required to be aggregated with economically equivalent positions held by other clients in applying such limits on net long or net short positions in such contracts. By way of another example, in 2020, the CFTC adopted position limit rules for futures contracts on twenty-five agricultural, energy, and metal commodities, along with certain linked futures and options on futures contracts, as well as economically equivalent swaps on the foregoing.

Each client, the Adviser, and any other applicable related person of the Adviser may take any actions that it determines in respect of any such limit, trigger, and/or other threshold, including (a) limiting trading in the relevant instruments, (b) selling or otherwise disposing of the relevant instruments, (c) exceeding a threshold that triggers a reporting requirement, or (d) waiving policy requirements imposed by related persons of the Adviser, in each case for any reason (*e.g.*, to avoid reaching, or to fall below, any such threshold) or no reason.

The Adviser and/or applicable related persons have the authority to allocate or re-allocate among such persons capacity to own, hold, and/or control the relevant instruments in any manner, including by

allocating a disproportionate amount (or the entirety) of the available capacity to one or more related persons of the Adviser other than the Adviser's clients, which could require one or more clients to limit their use of the applicable instruments and/or to liquidate their positions. Any such allocation determination also could affect a client's trading activities in other instruments (*e.g.*, if a futures instrument would have been used in connection with hedging a particular position and the Adviser and/or the applicable related person elects not to trade such position given its lack of capacity to hold such futures instrument). Other related persons of the Adviser currently share capacity with one or more clients to own, hold, and/or control certain instruments that are subject to a limit, trigger, and/or other threshold, and it is expected that, from time to time, one or more clients will own, hold, and/or control less than their desired amount of one or more such instruments by virtue of such arrangement. Further, the allocation and other determinations outlined in this paragraph give rise to certain risks and potential conflicts of interest, including risks and conflicts that are substantially similar to those outlined in "Shared Strategies and Shared Tools" below. Notwithstanding the foregoing, all such determinations, any of which could have a material adverse effect on a client, will be made without notice to or the consent of a client or the underlying investors of a Fund client.

In addition, exceeding any threshold outlined in this section could have a material adverse effect on a client, including by (a) affecting the ability of the Adviser and/or the client to engage in certain transactions or activities, (b) subjecting the Adviser and/or the client to regulatory scrutiny, sanctions, and/or other punitive measures, (c) requiring the client to liquidate a particular Investment at an inopportune time, (d) limiting short-term trading profits, and/or (e) triggering filing and other requirements (including additional reporting requirements imposed in the future on the client and/or the Adviser) that could result in additional costs to the client and/or delay its ability to trade, or to respond in a timely manner to changes in the markets with respect to, the applicable instrument. The regulatory regimes outlined above are expected to change over time, and any such changes could materially adversely affect a client.

The CFTC also has adopted rules and rule amendments requiring, among other things, that a person aggregate its positions in all commodity futures pools or accounts that have substantially identical trading strategies. This requirement applies if a person holds positions in more than one pool or account with substantially identical trading strategies or controls the trading of such positions without directly holding them, notwithstanding the availability of any exemption. In the event that a separately managed account client or an underlying investor in a Fund client (or any affiliate of an underlying investor) were to be subject to these aggregation requirements (and/or any other aggregation requirements imposed under U.S. or non-U.S. law or regulation) with respect to its investment with the Adviser, it is not expected that the Adviser would make any change to its management of the applicable Investments or to its investment approach in order to permit such person to comply with such requirements. Moreover, the Adviser generally is not expected to provide information to such person about any of its clients' particular positions to which such requirements might be applicable. Any such lack of information would hinder such person's ability to comply with such requirements. Clients and underlying investors in a Fund are responsible for complying with this requirement in connection with investments managed by the Adviser and any of its other investments and should consult with their own legal advisors with respect to this requirement.

Reporting Requirements

The Adviser is expected to engage in activities, or to cause a client to engage in transactions or activities, that, as a result of ownership of a security or other instrument by such client, another client, or for other reasons, would require filings with a governmental authority, public disclosure, and/or compliance with other regulatory requirements, such as beneficial ownership reporting, antitrust notification, foreign ownership filings and approvals, licensing and other registration, mandatory takeover offers, and/or certain restrictions on trading or other client or Adviser activities. Any failure to comply with such regulatory requirements could have a material adverse effect on a client, including by affecting the ability of the Adviser and/or such client to engage in the applicable transactions or activities and/or subjecting the applicable persons to regulatory scrutiny, sanctions, and/or other punitive measures. In addition, the Adviser might be restricted (by law or by its or its affiliates' internal policies) in its ability to trade a particular Investment or may determine to limit or prohibit the participation of the client in a particular Investment or to cause a client to liquidate a particular Investment at an inopportune time. Compliance with filing and other requirements (including additional reporting requirements imposed in the future on the Adviser and/or its clients) could result in additional costs to a client and/or delay its ability to trade, or to respond in a timely manner to changes in the markets with respect to, the applicable security or other instrument. The regulatory regimes outlined above are expected to change over time, and any such changes could materially adversely affect one or more clients.

Categorization as a U.S. or Non-U.S. Person

Each client will be categorized as a U.S. person or a non-U.S. person for purposes of (a) CFTC futures regulations, (b) CFTC swap regulations, and (c) SEC swap regulations. Such categorizations will be based on, among other factors, the level of investment in such client by U.S. investors, and, with respect to CFTC and SEC swap regulations, the principal place of business relevant to such client. It is expected generally that most (or potentially all) clients will be categorized as U.S. persons, although such categorization may change from time to time. Categorization as a U.S. person for purposes of CFTC futures regulations could limit a client's ability to participate in certain non-U.S. futures, and categorization as a U.S. person for CFTC and/or SEC swap regulations could affect the manner in which a client participates in certain swap transactions. Any such categorization could have a material adverse effect on a client.

Publicly Available Information; Disclosures to Clients and Underlying Investors

Certain information regarding clients of the Adviser and/or their Investments is likely to be required to be made publicly available, which could have a material adverse effect on such clients and/or the value of, or the Adviser's plans with respect to, such Investments. Further, changes in law or regulation could increase the number and frequency of required disclosures applicable to the Adviser and/or its clients and/or the types or amounts of information required to be disclosed. In addition, the Adviser is expected to have clients that are (or whose underlying owners are) required under applicable law (including without limitation freedom of information laws or ERISA) to make publicly available certain information provided by (or on behalf of) the Adviser to any such client (*e.g.*, any Investment-related information reported by benefit plan investors on IRS Form 5500).

Moreover, the Adviser, its clients, its related parties, and/or service providers or agents of any of the foregoing may from time to time be required or may determine, each in its sole discretion, that it is necessary or desirable to disclose certain documents and/or information related to a client, one or more of its underlying investors, and/or any underlying investor's beneficial owner(s) and/or other related parties, including some or all of the Investments held by a client and the names and level of beneficial ownership of such client, to (a) courts or governmental, regulatory, or other authorities of certain jurisdictions that have or assert jurisdiction over the disclosing party or in which such client directly or indirectly invests and/or (b) any existing or prospective counterparty, financial intermediary, legal representative, or agent of, and/or any existing or prospective consultant or service provider to, the Adviser, its clients, or any related person of the Adviser. Such disclosures also could occur due to (x) unauthorized access to the information systems of the Adviser, related person of the Adviser, or third party and/or (y) inadvertent or unauthorized disclosures by personnel of the Adviser and/or its related persons. Further, any separately managed account client, underlying investor of a Fund client, or other person with access to information described in this section (or other information regarding the Adviser, its related persons, a client, its underlying investors, and/or its Investments or investment strategies) could disclose such information, including pursuant to freedom of information laws, ERISA, or similar disclosure requirements, or in violation of such party's confidentiality obligations to the client, the Adviser, any/or other related person of the Adviser.

Because various aspects of the Adviser's investment strategies are based upon quantitative trading methods or other proprietary information, any of the foregoing disclosures of information would increase the already material risk that other market participants will seek to use such information to their advantage (such as by reverse engineering the Adviser's investment strategies, by competing with clients for the most desirable investment opportunities, by seeking to adversely affect the prices of the Investments recommended by the Adviser to its clients, by "frontrunning" a client's Investments, by taking actions that in turn might cause a client to liquidate Investments prematurely, and/or by taking other actions), which could have a material adverse effect on one or more clients.

The risks described above will be exacerbated for clients deploying a given investment strategy to the extent that the Adviser or a related person deploys an identical or similar strategy in one or more separately managed account(s) for individual clients (which such parties currently do with respect to certain strategies and may do at any time with respect to any strategy), as a separately managed account client generally would have complete information about the positions and trading in such account. Moreover, the risks described above would be further exacerbated by any decision by the Adviser to provide direct or indirect investors of any Fund client with detailed information regarding such client and/or its Investments.

Competition; Common Investor Risk

Changing, evolving, and maturing markets, as well as an increase in the number of market participants employing strategies similar to or otherwise in competition with the Adviser's investment strategies, could make it significantly more difficult to identify and/or participate in profitable investment opportunities. Certain of these market participants are expected to possess competitive advantages over the Adviser or any of its clients, which could include without limitation greater expertise, experience, or resources; superior access to investment opportunities or information; lower cost of capital; fewer regulatory

constraints; superior technology; and/or higher risk tolerances. Further, competition with other market participants also is expected to decrease (possibly substantially) the profitability of certain Investments pursued by clients and to adversely affect the terms on which a client is able to make such Investments. With respect to certain Investments, one or more clients are expected to be able to compete with other market participants only by adopting less stringent due diligence, underwriting, and/or other standards. Alternatively, a client may determine not to adopt less stringent standards, which decision would be expected to result in fewer Investments. It is expected that one or more clients' portfolios could include a disproportionate number of less attractive Investments, including because competitive pressures may result in the most attractive Investments being made by market participants other than clients. There can be no assurance that any effort by the Adviser to minimize any competitive disadvantages will be successful.

The Adviser and its clients also are expected to face other competitive challenges, whether due to regulation, limited liquidity, crowded markets, increased competition for personnel, or other similar or dissimilar factors. Competition and its challenges could have a material adverse effect on the Adviser and/or its clients.

In addition, a substantial number of other market participants deploy quantitative tools and/or investment strategies that overlap to varying degrees with the Quantitative Tools and/or elements of the investment strategies that the Adviser deploys on behalf of certain clients. The activities of such other market participants could have a material adverse effect on such clients. For example, market events such as the "flash crash" of May 6, 2010 illustrate how the behavior of one or a small number of market participants can cause dramatic movements in the prices of individual securities and/or the market as a whole. The systematic nature of certain elements of the investment strategies deployed by the Adviser on behalf of certain clients and the resulting trading activity is expected to make such clients' portfolios susceptible to such movements, which could have unforeseen effects on one or more elements of such investment strategies and/or on the interactions among such elements. Further, to the extent that such overlapping quantitative tools and investment strategies react in similar ways to economic or other market events, it will be more difficult or expensive to purchase or dispose of particular Investments than it would be otherwise. Similarly, events such as the "quant crisis" of 2007 demonstrate the ways in which liquidations of overlapping positions can create a negative feedback loop (exacerbated by leverage) that results in progressively increasing losses to such client, rapid deterioration in the liquidity of the affected positions, and unexpected correlations among various Investments held by such client's portfolio. The common investor risks outlined in this paragraph are particularly acute with respect to forecasts or models that relate to well-known phenomena (*e.g.*, those that have been widely covered in publicly available academic or competitor research).

Third-Party Litigation; Regulatory Actions

The activities of the Adviser and its clients subject them to the risk of becoming involved in claims or assertions of liability by third parties, whether in connection with one or more of the Investments, the operation of a Fund, and/or the operations of the Adviser or its related persons. The risk of such claims will be heightened (a) in the event that a client or a particular Investment sustains losses, (b) in the event that certain types of Investments experience gains (*e.g.*, in the case of Insurance-Related Investments), and (c) in circumstances in which the Adviser exercises management and/or other control of, or

significant influence over, a particular Investment. Conversely, the Adviser and/or one or more related persons have the authority to bring claims or assert liability against third parties in connection with the activities of a client (*e.g.*, in the event of non-performance by one or more of the client's investment or other counterparties). One or more related persons have in fact been involved in litigation in the past (whether as plaintiffs, defendants, or otherwise), and it is expected that they will be involved in litigation from time to time in the future, in each case with respect to one or more Investments and/or otherwise with respect to the activities of clients.

Moreover, the activities of the Adviser and its related persons are subject to various legal and regulatory regimes around the world. The regulatory environment in which the Adviser and such other persons operate has in past years become increasingly complex in terms of both the number of regulatory regimes to which such parties are subject and the scope and complexity of such regimes, and this trend is expected to continue. Such increasing scope and complexity in turn increase the risk of regulatory investigations and enforcement actions involving the Adviser, its affiliates, and/or its clients. Such actions might arise out of routine or targeted examinations, be prompted by particular events or allegations (including events in which the Adviser has no involvement) or be brought for other reasons.

In the event that any related person of the Adviser is involved in a legal dispute, a regulatory investigation (whether routine or targeted), a regulatory enforcement action, or any other similar matter, whether or not related to the Adviser or its clients, various related persons of the Adviser could incur substantial losses and/or costs, including amounts payable under any judgments or settlements and the costs of legal counsel and other professional experts in investigating relevant facts, contesting allegations, and pursuing defenses. Losses from and/or costs of any such matter could exceed the value to a client of any Investment or activity that gave rise to such matter. In addition, various related persons of the Adviser could devote a substantial amount of their time and attention to defending such matter, which might reduce their effectiveness in managing client assets. Moreover, an adverse outcome in or a settlement of any such matter (as applicable) could impose substantive limitations on the activities of one or more clients, the Adviser, or related persons, including limitations on any such persons' ability to deploy a particular investment strategy, invest in particular markets or types of Investments, raise capital in certain jurisdictions or from certain types of investors, or use or continue using certain services or licensed intellectual property.

Under the applicable Governing Documents, the Adviser and/or its related persons may be entitled to indemnification by the client in connection with certain of the matters described in this section. In addition, where applicable, operating costs are expected to include costs associated with any actual or potential litigation, arbitration, mediation, investigation, examination, information request, proceeding, or other similar matter. Accordingly, the Adviser and/or related persons could have the authority to allocate to a client, directly or indirectly, the losses and costs related to such matters, including amounts paid pursuant to settlements, judgments, fines, or penalties.

The public disclosure of a legal or regulatory matter involving any related person of the Adviser, whether or not such person has any involvement with the particular investment and whether or not an adverse decision or settlement is reached, could have a material adverse effect on the Adviser, its affiliates, and/or its clients. Such a disclosure could result in adverse publicity for the Adviser and/or one or more related persons, which in turn could diminish the ability of such parties to attract and retain key employees, to

raise and retain capital from investors, to access investment and other opportunities, and/or to maintain relationships with commercial counterparties (in each case whether in connection with the activities of clients (including DESCO Favorable Entities), or otherwise). In addition, the involvement of a client, the Adviser, and/or one or more of its related persons in a legal dispute, a regulatory examination, investigation, or enforcement action, or any other similar matter could result in disclosure of confidential and/or competitively sensitive information (*e.g.*, to other litigants through litigation-related discovery, to courts and/or regulatory authorities, and/or to the public). Such disclosure could have a material adverse effect on one or more underlying investors of a Fund client, one or more of the Adviser and its related persons, a client, and/or its Investments. It is expected that the Adviser and/or its related persons will settle (or not pursue) certain matters in circumstances in which they believe that such disclosures may be required, even if pursuing such matters could result in a monetary recovery for a client.

These risks, as well as the prospective losses and costs associated with legal and regulatory matters, could provide an incentive for the Adviser and/or any related person to settle rather than contest a particular matter, even if it believes that the claims, assertions, investigations, or actions against it are unfounded and/or that its defenses are meritorious. Similar considerations also could provide an incentive for such parties not to pursue claims against third parties on behalf of themselves or a client, even if doing so could result in a monetary recovery for, or otherwise benefit, a client. Conversely, the Adviser and/or a related person might determine to contest rather than to settle any particular matter, even if contesting such matter might result in significant losses and costs and/or would risk an adverse outcome that is worse than a proposed settlement. The Adviser and/or the applicable related persons generally will have complete discretion relating to the matters described in this section, including when determining whether and how to pursue, to settle or otherwise resolve, and/or to take any other action with respect to any such matter, in each case without notice to or the consent of any client or underlying investor of a Fund client. In certain circumstances, the exercise of such discretion is expected to give rise to conflicts of interest between the Adviser and/or its related persons and clients.

International Investments

The Adviser is expected to cause one or more of its clients to pursue Investments in markets and/or issuers both in the United States and outside the United States, including in certain developing or emerging markets. International investing and trading involve special risks not typically associated with investing and trading in or related to markets and/or issuers, and/or with counterparties, in each case that are located solely in the United States.

General Risks Associated with International Investments

Depending on the particular countries and Investments involved and on the nature of the particular transactions executed outside of the United States, these special risks are expected to include without limitation (a) changes in exchange rates and exchange control regulations, (b) downgrades in sovereign credit ratings, (c) devaluations or non-convertibility of non-U.S. currencies, (d) failures or disruptions in central banks, banking systems, markets, or financial exchanges, (e) changes in monetary policies, interest rates, or interest-rate policies, (f) political, social, and economic instability and/or related popular unrest, (g) ethnic, racial, religious, and/or other similar conflict, (h) hostile relations with neighboring countries and/or other adverse diplomatic developments, (i) changes in government, (j) investment and

repatriation restrictions, (k) the nationalization and/or expropriation of assets, (l) governmental intervention in the private sector and/or involvement in or control over the country's economy, (m) default by public and private issuers on their financial obligations (and limited recourse in connection with such defaults), (n) the imposition of significant taxes, and/or (o) restrictions on foreign investment and other forms of discrimination against foreign investors. In addition, relative to similar Investments or transactions in the United States, such special risks are also expected to include (i) less liquid markets, (ii) less information, (iii) higher transaction costs (including costs associated with alternative financing, structuring (including the use of tax blockers), and exit strategies), (iv) greater difficulty in enforcing contractual obligations, (v) fewer or different rights for creditors and/or investors generally, (vi) more uncertain procedures and precedents (if any) for Reorganization Proceedings and other legal proceedings, (vii) different or less-developed laws regarding fiduciary duties of officers and directors, the protection of investors, and the enforcement of contractual obligations, (viii) slower resolutions of foreclosure and other debt collection-related matters, (ix) less information regarding legal and regulatory risks, (x) less uniform, less detailed, and less prescriptive accounting and auditing standards, (xi) greater price volatility, (xii) different or less reliable clearance and settlement procedures, (xiii) more onerous regulatory requirements for private investment funds, and/or (xiv) less governmental supervision of exchanges, brokers, market intermediaries, issuers, and other markets and market participants. Further, one or more clients and/or related persons might need to obtain a license or other governmental or regulatory approval in order to engage in certain types of trading, investing, lending, and/or other activities in certain non-U.S. jurisdictions, which could subject such parties to substantive limitations, reporting obligations, direct or indirect costs, and/or a greater risk of regulatory examination. Moreover, the Adviser and its related persons have the authority to establish (and, in certain cases, have established) operations in one or more non-U.S. jurisdictions with respect to which certain clients are expected to pursue Investments, for example by opening offices and/or hiring employees in such jurisdictions. Any such operations would be expected to expose the Adviser or such related persons and/or one or more clients to risks similar to those outlined in this section, as well as certain additional risks related to such employees, any intellectual property maintained in any such non-U.S. jurisdiction, and/or other aspects of such operations.

Investments by a client in portfolio funds operating or organized outside the United States are expected to involve similar risks.

Moreover, individual non-U.S. economies may differ favorably or unfavorably from the U.S. economy in various respects, such as pace of economic growth, rate of inflation, amount of capital reinvestment, degree of resource self-sufficiency, dependence on exports, and balance of payments position. For example, inflation and rapid fluctuations in inflation rates have had and could continue to have very negative effects on the economies and markets (both public and private) of certain countries in which the Adviser may invest or to which a client may have exposure, and therefore could have a material adverse effect on the Adviser's investment strategies.

Certain clients have the authority to trade, directly or indirectly, on exchanges and/or to use clearinghouses or clearing firms located outside the United States. Some non-U.S. exchanges, in contrast to domestic exchanges, are "principals' markets" in which performance is solely the responsibility of the individual member with whom the trader has entered into a contract and not that of an exchange or its

clearinghouse. Clients thus could be subject to the risk of the inability of, or refusal by, a counterparty to perform with respect to any such contract. Moreover, as there may be less government supervision and regulation of non-U.S. exchanges, clearinghouses, and clearing firms than of those in the United States, clients also could be subject to greater risk of failures of the exchanges on which their positions trade and/or failures of such exchanges' clearinghouses or clearing firms than they would be in the United States.

The foregoing risks are likely to be more pronounced in connection with any Investments in one or more countries with developing or emerging markets.

Market Manipulation; Improper Influence

Many markets have been affected by alleged or actual price manipulation, insider trading, and other forms of market abuse engaged in by certain market participants, notwithstanding the high degree of regulation that may be imposed on them. Aside from possible outright fraud, manipulation, and direct abuse, prices in certain markets may be subject to improper influence as a result of the price-setting process or other reasons. Consequently, market participants could have the ability to improperly influence such prices. In addition, market participants and/or other persons could interfere with the Adviser's attempts to purchase, sell, hold, trade, structure, and/or restructure Investments. Such interference could take the form of exerting improper influence over one or more counterparties, service providers, and/or other persons as well as over any administrative, regulatory, legislative, judicial, or other process relevant to the applicable Investment. There can be no assurance that the Adviser will be able to predict, detect, or act to avoid any such improper influence.

Any fraud, price manipulation, market abuse, or improper influence in the future could have a material adverse effect on a client. Moreover, there can be no assurance that any redress would be available to, or would be practical for, a client to pursue with respect to any particular fraud, price manipulation, market abuse, or improper influence.

Anti-Money Laundering, Embargo, Sanction, and Similar Requirements

The Adviser and certain related persons are subject to applicable U.S., international, and/or other anti-money laundering, embargo, sanction, and similar laws, regulations, treaties, conventions, requirements, and regulatory policies, in each case whether or not with force of law and whether imposed by a governmental or other person in the United States or another jurisdiction, as well as related disclosure and compliance policies of existing or prospective counterparties, financial intermediaries, service providers, and/or other persons (all of the foregoing, collectively, "Requirements"). Requirements have increased significantly in number, complexity, and scope over time. Further, Requirements or the interpretation thereof may change at any time (with little or no warning), and there can be no assurance that the interpretation of a Requirement by the Adviser or any related person will be regarded as compliant by the relevant governmental or other person or will be consistent with the interpretation adopted by such governmental or other person. There can be no assurance that the Adviser or any related person will have or be able to procure all the information that is (or will otherwise take all of the actions that are) necessary or desirable to comply with a Requirement. Certain Requirements could have a (possibly material) adverse effect on one or more clients, including when such Requirements comprise

sanctions, embargoes, or similar laws, rules, or requirements that prohibit such client from acquiring, holding, or disposing of certain Investments or types of Investments. In addition, any failure to comply with a Requirement could have a material adverse effect on a client, including by affecting the ability of such client to conduct activity in a particular jurisdiction, with a particular counterparty or group of counterparties, involving a particular Investment or type of Investment, or at all, and by subjecting the client to penalties or other punitive measures.

Force Majeure Events; Climate Change

Force majeure events, such as (but without any implied limitation) terrorist attacks, acts of war, insurrections, epidemics or pandemics, or natural disasters, typically cannot be predicted, and it is not expected that a client's portfolio would be hedged or insured against any such event.

Similarly, risks created by climate change and/or extreme or unpredictable weather conditions (which could be more frequent and/or severe as a result of climate change) could materially adversely affect a client, a client's counterparties, and/or the Adviser. Such persons will be subject to risks arising out of the physical impacts of climate change, which could include rising sea levels; extreme temperatures; changes to sunshine, precipitation, and/or wind levels or patterns; more frequent and/or severe droughts; a reduction in the availability or quality of natural resources; an increase in the frequency or severity of hurricanes and tropical storms; and/or other extreme weather conditions. Such physical impacts could in turn lead to loss of life, property damage and other forms of direct or indirect financial loss, economic and operational disruptions, and/or geopolitical conflict. Further, clients, their counterparties, and/or the Adviser will be subject to additional risks related to climate change, such as changing regulatory requirements, changes in or the cessation of certain business operations, and/or litigation related to the foregoing. Such persons also could experience adverse reputational, commercial, and/or other consequences if they are seen as having a negative impact on the climate or environment. However, there can be no guarantee that any such person will attempt to mitigate such effects or that any such attempt would be successful.

The possibility or occurrence of any of the events or phenomena outlined above could (a) materially adversely affect the personnel and/or operations of the Adviser, (b) result in material disruptions to and/or increased regulation of the markets in which a client directly or indirectly participates, including by materially increasing volatility in certain such markets, and/or (c) otherwise have a material adverse effect on a client, any of its Investments, and/or any issuer in which it invests.

Changes in Law; Governmental Intervention

The investment and other activities of clients, the Adviser, and related persons are subject to extensive and complicated legal and regulatory requirements, and any changes to such requirements or their interpretation and/or any related governmental intervention would expose such persons to significant risks, the realization of which could have a material adverse effect on a client and/or the underlying investors of a Fund client.

General Risks

Changes in securities, tax, banking, broker-dealer, investment adviser, reorganization, insolvency, lender liability, consumer protection, borrower protection, data privacy, regulatory capital, and other laws,

regulations, rules, or policies, as well as changes in accounting standards, changes to exchange and self-regulatory organization rules, governmental intervention in markets generally, and other similar factors (any of which could have a retroactive effect), could decrease the number of investment opportunities that are available for the Adviser's clients or that the Adviser is willing to pursue; eliminate such opportunities altogether; decrease returns associated with certain Investments or strategies; increase the complexity and cost of a client's activities; expose a client, its Investments, and/or the Adviser or its related persons to greater risk of regulatory scrutiny and sanction; reduce the availability of financing and/or a client's ability to access any financing that is available; create additional conflicts of interest between clients, on the one hand, and the Adviser and its related persons, on the other hand; necessitate or otherwise prompt amendments to the organizational documents of one or more Fund clients; reduce the information that is made available to a client or the underlying investors of a Fund client by the Adviser; result in the Adviser and/or related persons determining to restrict or eliminate side letter and/or other accommodations they offer; and/or result in other changes to a client's operations. Any such changes could have a material adverse effect on a client and/or the underlying investors of a Fund client.

In addition, the Adviser and/or its related persons have the authority to take any actions that they determine in connection with actual or anticipated changes in such laws, regulations, rules, policies, or standards (or in connection with other actual or anticipated governmental intervention or any of the other matters outlined in this section), including actions intended to reduce, eliminate, or modify the applicability or impact of any such actual or anticipated changes, governmental actions, or other matters. For example, such actions could include a determination by the Adviser not to purchase (or to liquidate) one or more Investments or not to deploy (or to cease deploying) one or more available investment strategies or Portfolio Management Tools. However, the Adviser and/or its related persons are expected to have conflicts of interest with respect to any determination they make with respect to such actions, and there can be no assurance that they will in fact take such actions, that any actions that they do take will be effective, or that any actions that they take will not primarily benefit one or more related persons. In addition, there can be no assurance that any such anticipated changes, governmental actions, or other matters will in fact occur, whether in the manner anticipated by such persons or at all. Any such actions (or the failure to take any such actions) and/or any such changes, governmental actions, or other matters instead could have a material adverse effect on a client.

In general, the Adviser believes that there is a high likelihood of significantly increased regulation in the future. It is impossible to predict the impact on the financial services industry, the Adviser, any clients, any client's investment strategies, and/or the underlying investors of any Fund client of such increased regulation, any new legislation or other requirements, the heightened interest generally in regulation and oversight of private investment funds and their managers or other market participants, or additional temporary or permanent government restrictions. Legislative and/or regulatory changes generally, and the focus on private investment funds and their advisers in particular, may prove to be disruptive to the financial services industry and/or to the Adviser, the Adviser's clients, or the underlying investors of Fund clients, and, consequently, could have a material adverse effect on the Adviser's clients and/or one or more of such underlying investors.

In addition, financial, economic, and societal events over the past several years, including the coronavirus pandemic that emerged in early 2020, have caused pervasive and fundamental disruptions in the global

financial markets, leading to extensive governmental intervention, both temporary and permanent. Such intervention could, in isolation or together with other factors, cause such markets to exhibit higher volatility, less liquidity, greater correlation within such markets, and/or greater correlation (or increased negative correlation) of certain markets with other markets than would be the case in the absence of such intervention. Further, such intervention has, in certain cases, been implemented on an “emergency” basis or otherwise with limited notice (as in the case of the sanctions on certain investments related to Russia that were implemented in 2022, the ban on trading securities of certain companies affiliated with the Chinese military that took effect in 2021, and the short-sale bans that were implemented in several European jurisdictions in early 2020), suddenly hindering or eliminating market participants’ ability to implement certain investment strategies or to manage the risk of their outstanding positions. These interventions have at times been unclear in scope and application, resulting in confusion and uncertainty that in turn have been materially detrimental to the efficient functioning of the markets as well as of previously successful investment strategies. The apparent inconsistency that characterized such governmental actions caused severe losses for a number of market participants and contributed to uncertainty in and resulting illiquidity of the markets. Similar dynamics and effects might occur in the future, which could have a material adverse effect on the Adviser’s investment strategies.

Further, the regulatory and tax environment for derivative instruments is evolving, and changes in the regulation or taxation of derivative instruments could adversely affect the value of derivative instruments held by a client and the ability of the client to pursue its investment strategies. Similarly, because elements of the Adviser’s systematic trading strategies are expected to include executing a significant number of trades and/or orders, the introduction of a transaction or similar tax in one or more jurisdictions or the introduction of order-to-trade ratio limits, fees, minimum order resting periods, or new registration or market-making requirements related to such ratio limits could have a material adverse effect on the applicable client. A number of regulators have adopted or proposed certain rules, and might engage in additional rulemaking, relating to market structure that could create barriers to certain types of trading and forms of execution and could affect the use of “dark pools,” “sponsored access,” high frequency trading, and algorithmic trading strategies. Similarly, certain regulators have adopted, and other regulators have proposed or considered, regulations requiring particular record-keeping related to automated trading strategies, the adoption of certain policies or procedures related to the creation, modification, and implementation of computer code controlling such strategies, and/or disclosure of such code to regulators. Moreover, the SEC has proposed rules that would have a meaningful impact on U.S. equity securities trading and market structure, including rules relating to best execution obligations of broker-dealers, “tick size” and other matters relating to Regulation NMS, and “payment for order flow.” The adoption of any such regulations, rules, or taxes could increase the cost and decrease the expected returns of the Adviser’s trading strategies, limit the flexibility of the Adviser to deploy or modify such trading strategies, and/or result in the disclosure of confidential information about such trading strategies that could allow competitors to reverse engineer or mimic such strategies and thereby diminish the returns of such strategies. More generally, regulators appear to be applying heightened scrutiny to sophisticated trading technology and execution methods, which may be in part a response to extreme volatility events in the equities and futures markets around the world.

Further, governmental authorities in certain jurisdictions have recently adopted or proposed various borrower protection rules (including rules related to loan forbearance, forgiveness, termination, and

foreclosure; lender registration; required disclosure to borrowers; permissible interest rates; and abusive terms) as well as rules governing the use and disclosure of personally identifiable information (including rules applicable to persons to whom a client could provide financing directly or indirectly). It is also possible that regulations may develop to restrict “shadow banking” and the provision of credit by non-bank entities such as clients. Any such laws, regulations, rules, or policies could have a material adverse effect on a client and/or the underlying investors of a Fund client. In addition, certain of the Adviser’s investment strategies (or elements thereof) are expected to be particularly sensitive to changes to regulatory capital and other similar requirements (including related calculation methodologies) applicable to banks and other financial institutions (*e.g.*, requirements based on the framework established by the Basel Committee on Banking Supervision). Any such change could adversely affect the market for a client’s investment activities, including by decreasing the number of such opportunities (or eliminating them entirely) and/or decreasing returns associated with such investments, any of which could have a material adverse effect on the applicable client.

Legal and Regulatory Developments in the United States

The regulatory environment for private investment funds is evolving rapidly in the United States. In particular, the SEC recently has proposed a number of rules that, if adopted in their proposed form, would impose significant new obligations and restrictions on private funds and their advisers. These proposed rules cover a wide range of topics, including performance and expense reporting to investors in private funds, preferential treatment of investors in private funds, prohibited activities of private fund advisers, the use of predictive analytics, cybersecurity, short sale disclosure, securities lending, beneficial ownership reporting, Form PF reporting, proxy voting and disclosure, registration of certain private funds as “dealers,” ESG-related disclosure, safekeeping of client assets, and due diligence and monitoring of certain service providers. The SEC’s “Private Fund Advisers” rule, in particular, is expected to fundamentally alter the terms and operations of private funds, including certain of the Adviser’s clients. Such rule, which is scheduled to take effect in large part beginning in September 2024, will (among other things) prohibit private fund advisers from engaging in certain activities and practices (even if disclosed and consented to by investors), as well as prohibit or otherwise discourage private fund advisers from entering into side letters and granting other accommodations to investors.

It is not possible to predict whether any of the proposed rules outlined in this section, or any rules that may be proposed in the future, will be adopted in their proposed form (or adopted at all). If adopted, however, any such rules could have material adverse effects on the Adviser, related persons, clients, clients’ Investments, and/or one or more the underlying investors of a Fund client, including by (a) altering the investment strategies that the Adviser is able and/or willing to deploy on behalf of clients, (b) imposing material additional operating costs on Fund clients, (c) limiting the number and/or type of investors that the Adviser is able and/or willing to accept as investors, (d) limiting or eliminating the accommodations that the Adviser is able and/or willing to offer, whether in side letters or otherwise, (e) limiting or eliminating the disclosure of certain types of information to clients and/or the underlying investors of a Fund client, (f) resulting in amendments to Governing Documents that are materially adverse to clients and/or the underlying investors of a Fund client, including with respect to operating costs, Management Fees, and/or Performance Charges, and (g) creating additional conflicts of interest

between the Adviser and related persons, on the one hand, and clients and/or the underlying investors of a Fund client, on the other hand.

Similarly, additional requirements could be imposed on a client due to other activities of various related persons or as a result of the investment in a client by certain investors or types of investors (such as investors subject to ERISA, investors that are registered as investment companies under the Investment Company Act or that are affiliates of such investment companies, natural person investors, and/or investors based in certain jurisdictions).

Legal and Regulatory Developments in Other Countries and Regions

Likewise, regulatory developments in Europe have altered, and are expected to continue to alter, the financial and investment landscape for private investment funds. For example, the European Union's Alternative Investment Fund Managers Directive (the "EU AIFMD") currently is the subject of an ongoing review by legislative bodies in the European Union. Such review is expected to culminate in material changes to various aspects of the EU AIFMD, although negotiations between the European Commission, Council of the European Union, and the European Parliament have not concluded as of the date of this brochure, and the precise nature of such changes therefore remains uncertain.

In addition, ongoing regulatory initiatives in the European Union and the United Kingdom have resulted, and are expected to continue to result, in more onerous regulation of private investment funds and their managers than was the case in the past; for example, the European Commission has proposed a review of the European Market Infrastructure Regulation, which could result in additional regulation. The Markets in Financial Instruments Directive II and accompanying legislation at both the European Union and member-state level (a version of which was retained in United Kingdom law after the United Kingdom exited the European Union) imposed a range of additional regulatory burdens on financial services firms and has resulted in changes to financial market structure in the European Union and the United Kingdom. Similarly, the Central Securities Depositories Regulation has imposed stricter settlement standards that have led to increased operational complexities and costs on market participants. Further, the European Union's Sustainable Finance Disclosure Regulation and related regulations impose on certain market participants within the European Union transparency requirements related to sustainable investing. Similarly, the United Kingdom is developing its own sustainability disclosure regime, although the requirements, application, timing, and other elements of the regime have not been finalized and therefore are uncertain. If a client were to become subject to any such sustainability regulations (*e.g.*, if such client were registered for marketing in any European Union member state in connection with the EU AIFMD), its investing activities would be subject to additional regulatory scrutiny, it could be required to make extensive filings and/or additional disclosures, and it could incur other potentially significant costs. These and other similar developments have the potential to increase the costs of the Adviser's activities in Europe, alter the manner in which the Adviser conducts investment activities, reduce the expected returns from (or even preclude) certain types of investment activities, and otherwise adversely affect the Adviser and/or its clients.

Additional and/or Different Investment Strategies and Activities

Subject to the terms of the applicable Governing Document, the Adviser has the authority to invest certain clients' assets in strategies, companies, portfolio funds, asset classes, regions, and/or markets in addition

to or instead of those outlined in this brochure. Such investment decisions will be based on one or more factors that the Adviser deems relevant, including liquidity constraints and the availability of opportunities that it deems attractive. The Adviser is permitted to invest certain clients' assets directly or indirectly in (a) strategies and/or portfolio funds that have investment styles, investment returns, leverage, hedges, asset classes, and/or associated risks that are in addition to and/or materially different from those outlined in this brochure; (b) strategies, companies, portfolio funds, asset classes, regions, and/or markets with or in which the Adviser has limited or no experience; and/or (c) companies and/or portfolio funds with limited or no operating histories.

Because investment activities involving such strategies, companies, portfolio funds, asset classes, regions, and/or markets might, among other things, be more difficult to evaluate and/or monitor, such activities would be expected to expose clients to greater risk and lower returns than investment activities with which the Adviser has more extensive experience. In addition, if such activities involve new or developing asset types, regions, and/or markets, they might be particularly subject to certain risks and potential conflicts of interest outlined in this brochure, including volatility and legal, regulatory, and market uncertainty. There can be no assurance that any decisions outlined in this section will be successful or will not have a material adverse effect on a client.

Item 9: Disciplinary Information

On September 29, 2023, the SEC issued a settled order finding that language in certain employment-related agreements used by DESCO LP raised impediments to employees' participation in the SEC's whistleblower program in violation of Rule 21F-17(a) of the Securities Exchange Act of 1934 (the "Exchange Act"). In the order, DESCO LP, without admitting or denying the findings, agreed to a censure, to cease and desist from committing or causing any violations and any future violations of Rule 21F-17(a), and to pay a \$10 million penalty. The SEC's order acknowledged that DESCO LP took a number of steps dating back to 2017 to affirm employees' whistleblowing rights, including by sending a firmwide email emphasizing those rights and adding specific whistleblower protection language to the firm's policy materials; however, similar whistleblower protection language was not included directly in DESCO LP's employment agreements until April 2019 or in its form of separation release until June 2023. DESCO LP remediated the relevant language in all applicable employment-related agreements prior to the issuance of the SEC's order.

In April 2014 and June 2014, DESCO LP submitted notifications of net short positions in the shares of a Swedish issuer to the Swedish Financial Supervisory Authority (the "SFSA") pursuant to the European Union short-selling regulation (the "Regulation") after the next-day notification deadline in the Regulation. In each case, the delay in the submission of the net short position notification was the result of unintentional human error, and DESCO LP submitted the required notification promptly upon its own discovery of such error. In January 2015, the SFSA imposed penalty fees of approximately US \$1,150 (in the case of the April 2014 notification) and US \$10,500 (in the case of the June 2014 notification) on DESCO LP for failure to report within the time period prescribed by the Regulation. The fines became effective in April 2015 and were paid by DESCO LP in May 2015.

In November 2012 and October 2013, certain entities in the D. E. Shaw group advised by certain of DESCO LP's Relying Advisers unintentionally violated a position limit applicable to natural gas futures

traded on the New York Mercantile Exchange (“NYMEX”) and ICE Futures U.S., Inc. (“ICE”). In each case, the violation was discovered prior to the open of trading on the day after which it occurred, and corrective trades were placed soon thereafter to bring the applicable positions into compliance. With respect to each violation, DESCO LP submitted to NYMEX a settlement offer in which DESCO LP agreed to pay a fine of \$25,000 (in the case of the November 2012 violation) and \$75,000 (in the case of the October 2013 violation). NYMEX entered orders effective on May 1, 2014, accepting the settlement offers. ICE issued a warning letter to the D. E. Shaw group for the November 2012 violation. With respect to the October 2013 violation, DESCO LP entered into a settlement agreement with ICE, effective January 16, 2015, in which DESCO LP agreed to pay a fine of \$20,000 and to cease and desist from such position limit violations.

DESIM believes there are no other legal or disciplinary events that are material to a client’s or prospective client’s evaluation of its advisory business or the integrity of its management.

Item 10: Other Financial Industry Activities and Affiliations

Certain management persons of DESIM are registered representatives of D. E. Shaw Securities, L.L.C. (“Securities LLC”), which is a related person of DESIM and a broker-dealer registered under the Exchange Act and a member of the Financial Industry Regulatory Authority, Inc.

DESIM and certain of its related persons are currently registered as commodity pool operators (each, a “CPO”) pursuant to the Commodity Exchange Act (the “CEA”) and are members of the National Futures Association (the “NFA”). Certain other of DESIM’s related persons have been listed with the CFTC as commodity pools and will be operated as “exempt pools” in accordance with Commodity Futures Trading Commission Rule 4.7. DESIM is also registered as a commodity trading advisor with the CFTC. Certain management persons of DESIM are registered with the NFA as associated persons of DESIM and each of DESIM’s related persons that is registered as a CPO.

Related Persons

The Adviser is part of an international financial services firm. The Adviser acts as managing member and/or manager for certain of its related persons, and this activity may be considered to be separate from the provision of investment advice. For purposes of this brochure, the Adviser does not consider itself to be engaged in the business of its related persons.

The Adviser provides investment advice to certain Funds in its capacity as their managing member or manager and also acts as investment adviser to other clients.

Subject to applicable law, the Adviser may use for clients, or suggest or recommend to clients, placement agent services offered by the Adviser’s related person, Securities LLC. It is expected that Securities LLC will not be compensated by clients for such services.

The Adviser’s related person, DESCO LP, is registered with the SEC as an investment adviser under the Advisers Act, is registered as a CPO pursuant to the CEA, and is a member of the NFA. The Adviser licenses certain intellectual property from DESCO LP and utilizes certain assets and resources of DESCO LP or the Adviser’s other related persons (including without limitation certain employees of DESCO LP or such other related persons) in connection with its own investment advisory activities. All of

the persons treated as the Adviser's employees in this Form ADV are employees of DESCO LP or such other related persons; may share their time among the Adviser, DESCO LP, such other related persons, and/or affiliates of the foregoing; and receive compensation and other benefits from DESCO LP, such other related persons, and/or such affiliates. Certain such persons devote a significant portion (and in some cases substantially all) of their business time and attention to the conduct of the Adviser's activities generally. The Adviser makes all determinations regarding whether, when, how, and to what extent to deploy such persons and the intellectual property licensed from DESCO LP; accordingly, any such deployment will be subject to the overall supervision of the Adviser. Moreover, DESCO LP has no portfolio management, investment advisory, or fiduciary responsibilities with respect to any client of the Adviser, and DESCO LP does not manage, monitor, or oversee any trading decisions, compliance with applicable investment objectives, or any other aspects of the portfolio management activity of any such client. In addition, as agreed between the entities, the Adviser may reimburse DESCO LP for certain expenses and DESCO LP may reimburse the Adviser for certain expenses.

The Adviser's related person, D. E. Shaw & Co. (London), LLP ("DESCO London") has received permission from the U.K. Financial Conduct Authority under Part 4A of the Financial Services and Markets Act 2000, authorizing it to engage in certain regulated activities in the United Kingdom. Pursuant to that authorization, DESCO London provides investment management and other services to the Adviser that ultimately are for the benefit of certain of the Adviser's advisory clients; the Adviser or DESCO LP (on behalf of the Adviser) compensates DESCO London for those services. DESCO London may utilize certain of the Adviser's employees in connection with its own investment management activities. In addition, as agreed between the entities, the Adviser may reimburse DESCO London for certain expenses and DESCO London may reimburse the Adviser for certain expenses. Chris Zaback, Bethan Hughes, Kevin Krist, and Eoin Ward are Management Committee members of DESCO London. Mr. Zaback joined DESCO LP in 2008 and is a Managing Director of DESCO LP. Mr. Zaback graduated from the University of Notre Dame with a degree in accounting and received his M.B.A. with honors from Columbia University's Graduate School of Business. Ms. Hughes, who joined the D. E. Shaw group in 2006, received her B.A. from King's College London and her M.Sc. from Birkbeck University. Mr. Krist, who joined the D. E. Shaw group in 2010, received his B.A. and B.S. with high honors from the University of California, Berkeley and his J.D. from New York University School of Law. Mr. Ward, who joined the D. E. Shaw group in 2007, received his B.Comm and M.B.S. from University College Dublin.

The Adviser's related person, D. E. Shaw & Co. (Asia Pacific) Limited ("DESCO AP") is licensed with the Securities & Futures Commission in Hong Kong to engage in certain regulated activities, pursuant to which DESCO AP provides asset management and other services to the Adviser that ultimately are for the benefit of certain of the Adviser's advisory clients; the Adviser or DESCO LP (on behalf of the Adviser) compensates DESCO AP for those services. DESCO AP may utilize certain of the Adviser's employees in connection with its regulated activities. In addition, as agreed between the entities, the Adviser may reimburse DESCO AP for certain expenses and DESCO AP may reimburse the Adviser for certain expenses. The directors of DESCO AP are Chris Zaback and Kevin Patric. Please refer to the preceding paragraph for the education and business background of Mr. Zaback. Mr. Patric, who joined the D. E. Shaw group in 2003, received his B.S. from the University of Pennsylvania.

Certain Conflicts of Interest

The Adviser, its related persons, and its and their directors, partners, officers, and employees have actual and potential conflicts of interest with respect to the Adviser's clients, certain of which are outlined in this Item 10. Such conflicts arise from, among other things, (a) the management and operation of any particular client, (b) other activities that are unrelated or only partly related to the business and affairs of any particular client (*e.g.*, but without implied limitation, advising or managing other clients) that are pursued by the Adviser and/or by other related persons ("Other Activities"), (c) the allocation of resources and opportunities among clients and/or other related persons, (d) the existence of positions held by certain clients and/or related persons that are the same as or related to, or that conflict with, positions held by other clients, (e) the incurrence of operating costs on behalf of one or more Fund clients and, more generally, the allocation of expenses among clients and/or other related persons, (f) principal, cross, and other transactions involving a client and one or more other clients and/or other related persons, and (g) access to and use of sensitive non-public information.

As noted in Item 6, certain clients and related persons currently qualify as DESCO Favorable Entities and/or Significant Management Capital Entities, including Significant Management Capital Entities that are beneficially owned by related persons that together hold twenty-five percent (25.0%) or more of the applicable entities' ownership interests. The conflicts of interest outlined in this Item 10 are expected to be particularly acute with respect to such entities. Moreover, in the future, (a) the Adviser's and/or its related persons' ultimate beneficial ownership of a Significant Management Capital Entity may increase and/or (b) the Adviser or its related persons may receive more favorable terms with respect to a DESCO Favorable Entity, thus further exacerbating the conflicts of interest outlined in this brochure. Clients and prospective clients should note that Significant Management Capital Entities and/or other DESCO Favorable Entities invest in various asset classes in which other clients also invest and, in certain cases, pursue Investments and/or investment strategies (or elements thereof) that are substantially the same as, or similar to, one or more of the investment strategies pursued by clients that are not DESCO Favorable Entities.

Although this section outlines certain conflicts of interest, it does not purport to identify or describe all such conflicts. Disclosures regarding conflicts of interest and their resolution generally will be contained in the applicable Governing Document, this brochure, and/or another document. Other documents, such as financial or periodic reports, furnished to clients or investors also may contain disclosure regarding conflicts of interest.

Any of the conflicts of interest outlined below and/or in the Governing Document for the applicable client, as well as any other conflicts of interest that are not identified, could result in material losses to such client and/or the underlying investors of a Fund client and/or otherwise could have a material adverse effect on a client, some or all of its Investments, and/or one or more such underlying investors. Moreover, certain such conflicts of interest could interact with and/or exacerbate each other, which could significantly increase the resulting losses and/or other adverse effects on a client, such Investments, and/or such underlying investors.

It should be noted that many of the conflicts of interest outlined under one caption or heading are applicable to one or more other captions and headings.

The Adviser and its related persons have policies to address certain of the conflicts of interest outlined in this Item 10 and elsewhere in this brochure. However, any such policies will not necessarily eliminate the effects of such conflicts. Moreover, in certain instances the application of such policies is likely to result in an economic benefit to certain clients (including Significant Management Capital Entities or other DESCO Favorable Entities) or to the Adviser's related persons and not to other clients and/or an economic harm to one or more clients. No assurances can be given that any of the matters outlined in this Item 10 or elsewhere in this brochure, or any decision made by the Adviser and other related persons with respect to such matters, would not benefit one or more clients and/or related persons and/or would not materially adversely affect one or more clients and/or one or more particular underlying investors of a Fund client.

The Adviser and other related persons will make all determinations with respect to any actual or potential conflicts of interest, including whether and how such conflicts of interest will be mitigated or resolved. Subject to applicable law, such determinations will be made without notice to or the consent of any client or the underlying investors of any Fund client.

Conflicts Arising from Management and Operations of Clients

Various conflicts of interest arise from the management and operations of the Adviser's clients, certain examples of which are outlined in this Item 10 or elsewhere in this brochure.

For example, for clients from which the Adviser or its related persons receive a Performance Charge, the existence of such Performance Charge, along with the absence of provisions requiring the Adviser or such related persons to absorb an equivalent percentage of any cumulative losses (other than as specified in the relevant provisions outlined in the applicable Governing Documents), creates an incentive for the Adviser and/or such related persons to make decisions and/or investments on behalf of a client that are riskier and/or more speculative than those that would be made in the absence of a Performance Charge.

Another example of such conflicting incentives relates to the authority of the Adviser and its related persons to value each client's portfolio and to make determinations about a client's Management Fee and/or Performance Charge. Because such valuations and such determinations affect the amount of the Management Fee and/or Performance Charge payable or allocable by a client to the Adviser and its related persons, the Adviser and its related persons have an incentive to overvalue a client's Investments.

Similarly, the Adviser and its related persons have incentives to secure a large capital base in order to increase the amount of the Management Fee and to increase the potential amount of any Performance Charge. However, a large capital base could make it difficult to generate returns for a client as attractive as those that could be generated if the client had a smaller capital base.

The Adviser and/or its related persons have incentives to allocate expenses to a Fund to the extent that doing so would reduce the amount of expenses that would be borne by the Adviser or such related persons (either directly or, for example, indirectly through their ownership of other Funds). Such conflicts arise in a variety of scenarios, including in determining which expenses relate to the general operations of a Fund and/or to the acquisition, holding, monitoring, maintenance, or disposition of actual or potential Investments, in which case they will be deemed to be "operating costs" and will be borne by the relevant Fund, and which expenses relate to other clients (which may or may not permit reimbursement of such expenses) or are solely costs of the Adviser or its related persons that should not be borne by the relevant

Fund. In addition, the breadth of the definition of “operating costs” creates an incentive for the Adviser or its related persons to incur greater expenses than such entities would incur if such expenses would not be borne by a Fund.

Such conflicts are also expected to arise when determining which portions of operating costs are allocable to clients of the Adviser or its related persons that have different expense reimbursement provisions according to their respective Governing Documents. In particular, a given Fund might have more generous expense reimbursement provisions (including with respect to reimbursement of compensation and rent, other occupancy costs, and/or other overhead costs associated with services provided to the applicable Funds by personnel of one or more of the Adviser or its related persons) than another Fund, which would give the Adviser or its related persons an incentives to (a) deploy more resources (including the services of such personnel) on behalf of the original Fund and/or (b) allocate a greater portion of any shared expenses to the original Fund. The incentives described in this paragraph could lead to decisions or actions by the Adviser or its related persons that have a material adverse effect on a Fund.

The Adviser and its related persons also have conflicting incentives with respect to (a) their determinations of whether, when, under what circumstances, and in what manner to permit, require, and/or effect any contributions, withdrawals, and distributions to or from, as applicable, any client or portfolio fund, and (b) their valuation of Investments in connection with any such transactions; in the case of each of clauses (a) and (b), whether such transactions involve one or more third parties, clients, and/or other related persons and whether they are effected on an intra-month basis or otherwise. Among other reasons, such conflicts are expected to arise from the fact that (x) in the case of transactions involving clients and related persons, one or more such clients and/or related persons are expected to include DESCO Favorable Entities, and (y) in the case of transactions involving third parties, one or more such third parties are expected to have other relationships with the Adviser and/or other related persons (*e.g.*, investments in certain of the Adviser’s clients; investments by related persons in any such parties; and/or trading, service, and/or advisory relationships). Accordingly, the Adviser and related persons have incentives to favor certain other clients, related persons and third parties in connection with any such transactions and valuations, and such transactions and valuations could have a material adverse effect on a client and/or its underlying investors, including (w) by causing a client and/or the underlying investors of any Fund client, directly or indirectly, in effect to overpay for Investments in connection with any such transactions (thereby benefiting one or more third parties, other clients, and/or other related persons, including such DESCO Favorable Entities, at the expense of such client and any such underlying investors), (x) by allowing such other clients, related persons and/or third parties, directly or indirectly, in effect to underpay for Investments in connection with any such transactions at the expense of such client and any such underlying investors, (y) by reducing a client’s access to, and/or its ability to deploy, one or more profitable investment opportunities and/or investment strategies (and/or elements thereof), and/or (z) by requiring the liquidation of Investments more rapidly than otherwise would be desirable and/or at inopportune times, including during times of pronounced market volatility and/or negative performance in markets generally and/or of the relevant portfolio funds or clients.

Conflicts Arising from Other Activities

The Adviser and its related persons (including various DESCO Favorable Entities) currently engage in a range of Other Activities, including Other Activities pursued, directly or indirectly, by such persons on

their own behalf and for their own benefit (whether in whole or in part), and there are no limits on the nature or the extent of the Other Activities in which they may engage in the future. Such Other Activities in many cases produce or will produce greater economic or other benefits for such persons than certain clients produce for such persons. As a result, Other Activities create or will create incentives for such persons to favor Other Activities over the applicable clients in various ways, and conflicts of interest are expected to arise with respect to existing and future Other Activities.

Examples of Other Activities that currently are pursued by the Adviser and/or its related persons (including Significant Management Capital Entities) include without limitation (a) providing investment advice and/or operational or other services to various clients (including DESCO Favorable Entities) or other persons generally in exchange for Management Fees, other asset-based fees, and/or other forms of compensation; (b) serving as general partner or manager of, or holding a limited partner, shareholder, member, or other ownership interest in, other clients (including DESCO Favorable Entities), investment vehicles, or businesses, including in exchange for Performance Charges, other fees, and/or other forms of compensation; (c) engaging in other investment, trading, lending, or financial businesses and activities (including through the use of proprietary capital for the applicable related person's own account); and (d) engaging in technology-related or other businesses and activities.

Considerations Relevant to Other Activities Generally

The Adviser and its related persons will make all determinations with respect to any actual and potential conflicts of interest involving a client, any underlying investors of a Fund client, and any Other Activity. No assurances can be given that any of the matters outlined in this section (or elsewhere in this brochure), or any decision made by any such person with respect to such matters, would not materially adversely affect the applicable client, one or more particular underlying investors of a Fund client, and/or the underlying investors of a Fund client generally and/or would not benefit one or more related persons or other clients (including DESCO Favorable Entities) at the expense of such client, one or more particular underlying investors of a Fund client, and/or the underlying investors of a Fund client generally. Notwithstanding the foregoing, clients and underlying investors of a Fund client typically will not be notified of or given the opportunity to consent to any such matters or decisions, except to the extent required by applicable law, and neither the client nor any underlying investor of a Fund client will have any right to participate in or to receive the benefit of any Other Activity. In addition, because related persons are likely in the future to expand the number, variety, and/or breadth of their Other Activities, conflicts of interest (whether or not outlined in this brochure) are expected to become more frequent and/or pronounced over time.

The Adviser and certain related persons currently serve (and/or are expected to serve in the future) as investment advisers to and/or fund managers of one or more DESCO Favorable Entities and/or clients of the Adviser or such related persons that pursue investment strategies that are substantially the same as, or similar to, one or more of the investment strategies (or elements thereof) pursued by one or more other clients of the Adviser or such related persons. Certain of such DESCO Favorable Entities or clients may be given preferential access relative to other such clients to make certain investments. Accordingly, a client could be unable to obtain its desired (or any) exposure to any such investments. Further, in certain cases, such DESCO Favorable Entities and/or clients would be expected to participate in certain "co-investments" alongside a particular client, directly or indirectly, even if such particular client were to

possess sufficient desire and capital to make such investments entirely on its own. Conflicts of interest are expected to arise in connection with any such co-investments, including because the interests of such clients and such other entities are expected to diverge from time to time. In addition, subject to applicable law, certain clients are expected, directly or indirectly, to purchase Investments from and/or sell Investments to one or more such DESCO Favorable Entities or other clients of the Adviser or such related persons from time to time. Certain such clients (including DESCO Favorable Entities) will also each require substantial resources and attention from the Adviser and/or its related persons.

In addition, as outlined in each Fund's Governing Documents, the Adviser and/or its applicable related persons have the authority to determine the financial institutions and other counterparties, if any, that will, directly or indirectly, (a) hold the Fund's assets and/or be used for each transaction executed on behalf of the applicable Fund; (b) buy Investments from or sell Investments to the Fund; (c) co-invest with the Fund or enter into other joint transactions with or related to the Fund; (d) provide financing, goods, services, and/or technology in connection with the Fund's activities; (e) subscribe for interests, directly or indirectly, in one or more Funds; or (f) otherwise transact or engage with the Fund and/or the Adviser. Such financial institutions and other counterparties (or their affiliates or other related persons) are expected to have other relationships with the Adviser and/or one or more of its related persons. Examples of such relationships include without limitation (i) investments by such financial institutions or other counterparties or their clients, affiliates, or other related parties in certain Funds and/or other affiliated entities (including DESCO LP, DESCO LLC, Arcesium, and certain entities in which any of them invest from time to time); (ii) investments by the Adviser's related persons in, with, or alongside such financial institutions, counterparties, or their affiliates or other related parties; (iii) placement agent, capital introduction, investment banking, underwriting, investment, consulting, accounting, auditing, legal, tax, administrative, or other service or advisory relationships; (iv) transactions between such financial institutions, counterparties, or their affiliates or other related parties and certain clients and/or other related persons of the Adviser (including one or more DESCO Favorable Entities), including transactions involving the purchase or sale of securities or other assets; (v) the provision of financing or insurance; and (vi) the provision of brokerage, custody, and/or other financial services. Certain of these relationships are expected to be significant (possibly more significant than any relationships between such financial institutions, counterparties, or their affiliates or other related parties and a given client and the Adviser), and such relationships create incentives for the Adviser to use and/or otherwise transact with such financial institutions and/or counterparties in connection with a client, to agree to less competitive fee and other terms with such financial institutions and counterparties, and to take or refrain from taking one or more actions in relation to such financial institutions or counterparties in a manner that would privilege the interests of related persons over the interests of the applicable client. The Adviser will make the determinations contemplated by this paragraph without notice to or the consent of any underlying investor of a Fund, and any such determinations could have a material adverse effect on such Fund and/or its underlying investors.

Other Activities generally will benefit persons other than a particular client or the underlying investors of a Fund client, including without limitation (a) other clients and their investors, (b) the Adviser itself or its related persons (such as when the Adviser or another DESCO Favorable Entity pursues an investment opportunity for its own benefit and not for the benefit of a client), and/or (c) the person performing the activity (such as when employees of the Adviser or a related person thereof conduct trading or other

investment activities for their own accounts, including with respect to investments of the type that are expected to be pursued by one or more clients). Further, the interests of the Adviser and its related persons engaging in Other Activities diverge from the interests of the Adviser's clients and/or such clients' investors. For example, as noted in Item 6, the Adviser and/or its related persons (x) hold investments in DESCO Favorable Entities that are larger, whether in percentage or absolute dollar terms, than investments they hold in certain other clients and/or (y) provide services to DESCO Favorable Entities that generate higher compensation (*e.g.*, in the form of Management Fees, Performance Charges, and/or other amounts), whether in percentage or absolute dollar terms, than the compensation generated by certain other clients. As a result, the Adviser and/or its related persons have incentives to deploy more profitable investment strategies (including investment strategies with higher returns and/or Sharpe ratios) on behalf of, or to allocate more profitable investment opportunities to, such DESCO Favorable Entities instead of other clients, and have in fact done so on behalf of certain DESCO Favorable Entities (including Significant Management Capital Entities) and expect to continue doing so in the future. Deployment or allocation of such investment strategies or opportunities to a DESCO Favorable Entity decreases the number and quality of investment strategies and opportunities available to such other clients. Further, the Adviser and its related persons have incentives to increase the capital invested by such persons in Significant Management Capital Entities, even if such increase would exacerbate the conflicts of interest described in this paragraph. More generally, the divergent interests of DESCO Favorable Entities, on the one hand, and other clients and/or the underlying investors of Fund clients, on the other hand, create incentives for the Adviser and certain of its related persons to devote more time and resources to such DESCO Favorable Entities rather than to other clients.

Currently, the Adviser and its related persons devote only a portion of their working time and effort to the business and affairs of any particular client of the Adviser, and it is expected that they will devote a substantial (and probably a greater) amount of their working time and effort to Other Activities (including the business and affairs of DESCO Favorable Entities). Moreover, any information learned, or expertise developed, by the Adviser or a related person that performs work on behalf of a client is expected also to be used on behalf of one or more Other Activities, including in ways that decrease the utility of such information or expertise to such client (as when, for example, such information or expertise is used in connection with Other Activities that compete with such client, as outlined in the next paragraph). In addition, Other Activities expose the Adviser and/or its related persons to risks independent of those associated with any particular client, and such risks could materially adversely affect the Adviser and/or such related persons and their ability to perform work that benefits the Adviser's clients.

Other Activities (including Other Activities pursued by DESCO Favorable Entities) could, and in certain cases currently do, compete with one or more clients for (a) the purchase, sale, trading, structuring, restructuring, and otherwise acquiring or disposing of Investments and investment opportunities; (b) the deployment of new investment strategies; and/or (c) the use of Shared Strategies (as defined below) or Shared Tools (as defined below).

Certain Other Activities also make use of certain intellectual property of DESCO LP or certain of its related persons that is also used on behalf of clients of the Adviser, and it is expected that such shared use will continue in the future. No assurances can be given that such shared use would not materially adversely affect the Adviser's clients. Further, DESCO LP and/or its subsidiaries (other than DESIM) own

or otherwise have the right to use all intellectual property that the Adviser deploys in connection with its business. Accordingly, DESCO LP makes all determinations with respect to (a) which intellectual property (*e.g.*, which models, forecasts, trade ideas, investment strategies, and Quantitative Tools) will be made available to DESIM as well as (b) the extent to which such intellectual property may be used by DESIM. For example, DESCO LP is expected to permit the Adviser to deploy models, forecasts, trade ideas, investment strategies, and Quantitative Tools that are capacity constrained, but to do so subject to one or more restrictions and/or only to a limited extent. The Adviser, in turn, makes all determinations with respect to whether and to what extent to deploy any such intellectual property in connection with the activities of its clients (including clients that pursue investment strategies that are substantially the same as, or similar to, all or certain elements of the investment strategies pursued by one or more other clients). In making any of the foregoing determinations, both DESCO LP and the Adviser have incentives to deploy more profitable intellectual property in connection with the activities of DESCO Favorable Entities instead of one or more other clients, and have in fact done so on behalf of certain DESCO Favorable Entities (including Significant Management Capital Entities) and expect to continue to do so in the future. Any such deployment is expected to decrease the number and quality of investment strategies and opportunities available to a given client. Moreover, even if profitable intellectual property is deployed initially in connection with the activities of a client, it is expected that DESCO LP and/or its related persons will determine from time to time to deploy such intellectual property in connection with the activities of one or more DESCO Favorable Entities (including Significant Management Capital Entities) instead, thereby depriving any such client of one or more potentially profitable investment strategies or opportunities. DESCO LP has no portfolio management, investment advisory, or fiduciary responsibilities with respect to any of the Adviser's clients, nor does DESCO LP have any obligation to take into account the interests of any such client (or the underlying investors in a Fund) in connection with any of the determinations outlined in this paragraph, and such clients and underlying investors will have no recourse against DESCO LP with respect to any such determinations.

In addition, related persons have the authority to enter into (and in the past have entered into) transactions or other arrangements in connection with Other Activities that will limit (or in fact have limited) the activities of clients. For example, it is expected that, from time to time, one or more related persons will serve on the board of directors of a publicly traded company (including in connection with investments made by related persons in which a particular client has no interest), which likely would limit a client's trading activities with respect to certain issuers. By way of another example, one or more related persons (including DESCO Favorable Entities) are expected from time to time to enter into "non-compete" or similar arrangements or agreements in connection with their investment or other activities that limit such related persons and/or their affiliates from engaging in certain business practices or pursuing certain commercial or other opportunities; it is expected that certain such arrangements or agreements would apply, directly or indirectly, to clients, thereby limiting such clients' ability to pursue certain types of Investments and/or to engage in certain types of activities. The applicable related persons have conflicts of interest in determining whether to enter into any such transactions or other arrangements, and any resulting limitations on a client's activities could have a material adverse effect on such client. The applicable related persons will make all such determinations without notice to or the consent of any client or any underlying investors in a Fund.

Other Activities create additional incentives for the Advisers and/or its related persons to take actions with respect to a client that they might not otherwise take if they were to consider solely the interests of the client. In particular, it is expected that, from time to time and subject to applicable law and the applicable Governing Document, the Adviser will take into account various Non-Financial Considerations in making certain decisions and pursuing certain actions on behalf of a client and in connection with the Adviser's activities more generally, and in fact the Adviser has done so in the past. For example, the acquisition or continued holding of an Investment that itself might have positive expected economic value for a client could result in adverse publicity for the Adviser and/or one or more related persons, and such publicity in turn could have the potential to damage the Adviser's and/or its related persons' reputation, diminish the ability of the Adviser and/or its related persons to attract and retain key employees, raise and retain capital from investors, access investment and other opportunities, and/or maintain relationships with commercial counterparties (in each case whether in connection with the activities of one or more other clients (including DESCO Favorable Entities), or otherwise). In such a circumstance, the Adviser may take such Non-Financial Considerations into account in deciding not to acquire, or to dispose of, such Investment so as to avoid such adverse publicity. The Adviser could do so when deciding whether and to what extent to cause a client to make or divest from Investments, to exercise proxy voting authority, to engage or to refrain from engaging certain counterparties or service providers, and/or to take any other actions on behalf of the applicable client and in connection with the Adviser's business more generally. When making such determinations, the Adviser is expected typically to consider the interests of the Adviser and its related persons. In certain cases, taking Non-Financial Considerations into account and/or considering such interests will cause the Adviser to make a different decision or to pursue a different action than it would have made or pursued had it taken into account only financial, economic, operational, and legal considerations or weighed such considerations and Non-Financial Considerations differently, and any such decision or action could have a material adverse effect on a client.

Certain Additional Examples of Other Activities

Arcesium is an additional Other Activity pursued by a related person. As outlined in Item 5, Arcesium is a related person of the Adviser that is a joint venture between a subsidiary of DESCO LP and certain third-party investors that hold minority stakes. These third-party investors are also affiliated with certain investors in certain Funds that are clients of the Adviser and/or its related persons and have other relationships with related persons of the type described in the third paragraph under "Considerations Relevant to Other Activities Generally" above. As co-owners of Arcesium, such subsidiary of DESCO LP and such third-party investors will share in income attributable to fees and/or other consideration paid to Arcesium with respect to certain clients of the Adviser and by other clients to which Arcesium provides products and services. This creates an incentive for clients of the Adviser to retain Arcesium to provide post-trade technology and services, even if such technology and/or services are of lower quality or offered on less competitive terms than a third-party alternative. Further, fees and/or other consideration paid to Arcesium by other clients of Arcesium are expected to be greater (whether on an absolute or relative basis) than fees and/or other consideration paid with respect to applicable clients of the Adviser, which creates an incentive for Arcesium to devote greater time and resources to such other clients than to the applicable clients of the Adviser.

Deployment and Modification of Investment Strategies and Tools; Exclusive Access; Shared Strategies and Tools; Preferential Access

DESCO LP, the Adviser, and/or certain of their related persons have developed, and expect to continue to develop, various investment strategies. Such investment strategies may be distinguished by, among other things, asset class, instrument type, industry sector, geography, data inputs, time horizon, and/or investment approach. Each investment strategy may in turn comprise multiple elements, each of which may reflect one or more distinct investment theses that attempt to identify trading opportunities based on various quantitative and/or qualitative factors. The risks described in this brochure with respect to investment strategies as a whole generally apply to individual elements of such investment strategies as well. The trading and other investment opportunities identified by each investment strategy are evaluated by the Adviser or its applicable related person on behalf of each client that participates in such investment strategy.

Moreover, DESCO LP, the Adviser, and/or certain of their related persons have developed, and expect to continue to develop, portfolio optimization tools, price forecasting methods, risk management approaches, low latency trading approaches, transaction cost minimization techniques, and/or other tools (including Quantitative Tools) (each, a “Portfolio Management Tool”) to help execute trades and manage portfolios on behalf of relevant clients.

As outlined in this Item 10, the Adviser and its related persons face conflicts of interest in deciding how to allocate resources and opportunities among clients and/or other related persons (including DESCO Favorable Entities).

Deployment and Modification of Investment Strategies and Tools; Exclusive Access

With respect to any particular client, the Adviser and its related persons have the authority to deploy one or more available investment strategies or Portfolio Management Tools (a) on behalf of solely such particular client, (b) on behalf of such particular client and one or more other clients and/or related persons (including DESCO Favorable Entities), or (c) on behalf of one or more other clients and/or related persons (including DESCO Favorable Entities) but not such particular client. The Adviser and/or its related persons will determine which investment strategies and Portfolio Management Tools will be deployed on behalf of each client and/or related person, including DESCO Favorable Entities (for example, whether to deploy such items on behalf of a particular client at all and whether other clients and/or related persons will have preferential access to a Shared Strategy or Shared Tool relative to such client). Further, the Adviser and its related persons have the authority with respect to with respect to any client and/or other related person, including DESCO Favorable Entities, (w) to deploy a new investment strategy or Portfolio Management Tool, (x) to cease to deploy any investment strategy or Portfolio Management Tool, (y) to modify any investment strategy or Portfolio Management Tool, and/or (z) to increase or decrease (in either relative or absolute terms) the capital or risk allocated to any investment strategy or Portfolio Management Tool. For the avoidance of doubt, the Adviser is permitted to exercise the authority outlined in this paragraph directly (*e.g.*, by allocating more or less of a new investment strategy or Portfolio Management Tool to one or more clients) or indirectly (*e.g.*, by increasing or decreasing a client’s share of any portfolio fund into which one or more other clients also invest). Moreover, the Adviser in fact has exercised such authority in the past (*e.g.*, by launching feeder funds for

additional third-party investors to subscribe for interests in one or more portfolio funds), and it is expected that it will do so from time to time in the future. Any such decisions, which will be made without notice to or the consent of any client or underlying investor in a Fund client, will present conflicts of interest for the Adviser. In certain cases, such decisions likely would have a negative (and possibly a materially adverse) effect on the performance of any particular client and/or a positive effect on such other clients and/or related persons, including DESCO Favorable Entities. In addition, in connection with any such decisions, the Adviser may, subject to applicable law, cause a client to engage directly or indirectly in transactions with one or more such other clients and/or related persons.

For the avoidance of doubt, neither the Adviser nor its related persons have any obligation to deploy (or continue to deploy) any particular investment strategy or Portfolio Management Tool on behalf of any particular client, or to allocate (or continue to allocate) any other opportunity to any particular client, even if such deployment or allocation would be consistent with one or more of such client's investment objectives and even if such strategy, Portfolio Management Tool, or other opportunity has been deployed on behalf of or allocated to such client in the past and/or is deployed on behalf of or allocated to one or more other clients and/or related persons (including one or more DESCO Favorable Entities).

In fact, the Adviser and its related persons currently do not, and expect that in the future they will not, deploy on behalf of certain clients certain investment strategies and Portfolio Management Tools, and allocate to certain clients certain other opportunities, in each case that are deployed on behalf of or allocated to various other clients of the Adviser or DESCO LP and/or related persons (including one or more DESCO Favorable Entities). For example, (a) a particular Significant Management Capital Entity has been given exclusive access to a certain investment strategy that makes investments with short time horizons and that is expected to experience higher returns and higher Sharpe ratios than do one or more other clients, and (b) certain clients (including Significant Management Capital Entities) of one or more related persons have been given direct or indirect access to certain Portfolio Management Tools focused on low latency trading capabilities. In addition, if such a Significant Management Capital Entity trades in the same or a similar instrument as a client that does not have access to such shorter-duration strategies, such Significant Management Capital Entity will from time to time buy or sell such instrument at a more favorable time than such other client buys or sells such instrument, which is likely to have a (possibly material) adverse effect on prices paid or received by the other client for such instrument. It is expected that such other client would experience materially better returns if certain such investment strategies and/or Portfolio Management Tools were deployed on behalf of, and/or certain other opportunities were allocated to, such other client.

Similarly, the Adviser and/or its related persons are expected to invest, directly or indirectly, in one or more wholly owned "seeding vehicles" in order to launch, develop, evaluate, or maintain one or more investment strategies using the Adviser's and/or such related persons' proprietary capital. It is possible that certain of these investment strategies or elements thereof might be similar to one or more investment strategies or elements thereof pursued by clients and/or might otherwise be appropriate for one or more clients. Nevertheless, it generally is not expected that such investment strategies will be deployed on behalf of any particular client, and the Adviser and its related persons have incentives to deploy such investment strategies on their own behalf and/or on behalf of one or more DESCO Favorable Entities (whether now existing or created in the future) instead. To the extent that any such investment strategies

or elements thereof nevertheless are deployed on behalf of a particular client, such strategies or elements thereof might also be deployed by such seeding vehicles and/or other clients, in which case such entities would compete for related investment opportunities.

Shared Strategies and Tools; Preferential Access

For purposes of this brochure, any investment strategy (or element of an investment strategy) that is deployed on behalf of a client and one or more other clients, related persons' client accounts, and/or related persons is referred to as a "Shared Strategy," and each such client and/or related person is referred to as a "Sharing Investor." Certain Shared Strategies and/or certain elements of such Shared Strategies currently are deployed on behalf of multiple Sharing Investors, including commingled funds, "funds of one," and/or separately managed accounts that are managed or advised by the Adviser or other related persons thereof. Certain such Sharing Investors are expected to be DESCO Favorable Entities, including Significant Management Capital Entities.

In the case of certain Shared Strategies, certain Sharing Investors (including DESCO Favorable Entities) may be given preferential access, relative to other Sharing Investors, to such Shared Strategies (and resulting Investments). If (a) preferential access has been granted to one or more Sharing Investors with respect to a Shared Strategy and (b) the Adviser or applicable related person determines there is insufficient capacity for all such Sharing Investors to participate in a particular investment opportunity to the full extent of each participant's desired exposure, then such opportunity will be offered to the relevant Sharing Investors in a specific order of priority, such that the client with the highest priority will have the ability to participate in such opportunity up to its desired exposure, while the client with the next highest priority will have the ability to participate in such investment opportunity only to the extent there is remaining capacity in such opportunity. Accordingly, if one or more Sharing Investors (which include one or more DESCO Favorable Entities) are given preferential access, relative to another Sharing Investor, to a Shared Strategy, then such other Sharing Investor might be unable to obtain its desired (or any) exposure to such opportunity. Further, any such preferential access might require such other Sharing Investor to reduce or eliminate its exposure to such Shared Strategy, including by selling its holdings of Investments related to such Shared Strategy. In addition, and notwithstanding anything to the contrary outlined in this paragraph, the Adviser has the authority to allocate capacity-constrained investment opportunities as well as "follow-on" investment opportunities among Sharing Investors using one or more other methodologies that it determines. For example, (x) if the Adviser determines that a client and one or more other Sharing Investors will co-invest in a particular opportunity, the Adviser has the authority, and in certain circumstances is expected, to allocate such opportunity *pro rata* among such client and such other Sharing Investors, even if such client otherwise would have had preferential access with respect to such opportunity and (y) the Adviser has the authority, and is expected typically, to allocate follow-on investment opportunities *pro rata* among the applicable client and/or the other Sharing Investors that participated in the original investment, even if such client otherwise would have had preferential access with respect to such opportunity.

DESCO LP, the Adviser, and/or certain of their related persons will make all determinations regarding the preferential access arrangements outlined in this section, including (a) whether a particular investment opportunity falls within a Shared Strategy, (b) whether such opportunity is one to which any Sharing Investor has preferential access, (c) whether the applicable Sharing Investor exercises its preferential

access rights with respect to such opportunity, (d) the desired exposure of any Sharing Investor to such opportunity, (e) whether one or more Sharing Investors will co-invest in such opportunity, and/or (f) subject to applicable law, whether to enforce, modify, or grant an exception to any such preferential access arrangement. Certain of these determinations are expected to be subjective and, in any case, such related persons have incentives to favor certain Sharing Investors (including DESCO Favorable Entities) over other clients. Any such determinations will be made without notice to or the consent of a client or the underlying investors in a Fund client.

The identity, number, and relative priority of Sharing Investors that participate in a Shared Strategy are expected to vary (possibly materially) over time. The amount (whether relative or absolute) of each Sharing Investor's capital invested using a particular Shared Strategy is expected to differ from the amount of capital invested by one or more Sharing Investors using such Shared Strategy, and it is also expected that one or more Sharing Investors (including one or more DESCO Favorable Entities) will take a different directional position relative to another Sharing Investor in the same instrument and/or issuer at various points in time due to changes in a given trading opportunity, differences in each participant's desired exposure or existing portfolio, differences in the investment strategies deployed on behalf of such Sharing Investors, and/or other determinations made by the Adviser or its applicable related persons. In addition, certain Sharing Investors have (or have had) investment strategies, personnel, access to capital, structures and terms, hedging strategies, financing, trading, and/or other counterparty relationships, and/or other attributes that differ significantly from (and, in certain cases, are more favorable than) those of one or more other Sharing Investors. Thus, the returns experienced by one Sharing Investor in connection with such Shared Strategy are expected to differ (possibly materially) from those experienced by any other Sharing Investor. Further, the deployment of any Shared Strategy on behalf of multiple Sharing Investors could cause any such Sharing Investor to acquire and/or liquidate certain Investments at less favorable prices and could reduce the amount of capital such Sharing Investor is able to invest profitably, in each case relative to what would be the case if the other applicable Sharing Investors did not participate in such Shared Strategy.

In addition, to the extent that the deployment of a Shared Strategy on behalf of Sharing Investors increases the effective capital base deployed in connection with, or the (actual or effective) average trade size associated with, such Shared Strategy, such activities would be expected to result in less favorable returns for a client than would be the case if such Shared Strategy were not deployed on behalf of such Sharing Investors or others.

Whether or not the Adviser deploys a Shared Strategy on behalf of a client, the Adviser is expected to use on behalf of such client some or all of the Portfolio Management Tools used on behalf of one or more other clients and/or related persons, including one or more DESCO Favorable Entities (any such shared Portfolio Management Tool, a "Shared Tool"). The use of such Shared Tools exposes clients to substantially the same risks as the use of Shared Strategies, and the Adviser and/or each other applicable related person is expected to have substantially the same conflicts of interest with respect to the use of Shared Tools as it does with respect to the use of Shared Strategies.

Decisions with respect to the investment strategies (including Shared Strategies and any preferential access arrangement) and Portfolio Management Tools (including Shared Tools) deployed on behalf of a client are subject to various determinations by the Adviser and/or one or more related persons. Such

decisions and determinations are expected to be affected by, among other things, actual or perceived regulatory requirements in the United States and other jurisdictions as well as the Adviser's or a related person's internal policies designed to comply with such requirements. There can be no assurance that any such decision or determination will be regarded as fair and equitable by a client or the underlying investors of a Fund client, and any such decision or determination could have a material adverse effect on a client.

Shared Positions; Conflicting Positions; Transactions Involving Related Persons

The Adviser and its related persons may give advice and take action with respect to any client, including a Significant Management Capital Entity and/or other DESCO Favorable Entity, or with respect to such party's own investments, that may differ from the advice given, or may involve a different timing or nature of action taken, with respect to any one or more other clients that the Adviser or its related persons advise, and thus effect transactions for such clients at prices or rates that may be more or less favorable than for other clients. In addition, from time to time, one or more such clients and/or one or more of the Adviser and its related persons are expected to hold (a) the same position, (b) a related position with similar economic exposure, and/or (c) a related position with the opposite (or substantially different) economic exposure, in each case as an Investment held by a particular client at the same point in time (whether in connection with a Shared Strategy, Shared Tool, or otherwise). Any such shared or conflicting positions create actual or potential conflicts for such persons and could have a material adverse effect on such particular client, including (i) to the extent that such other clients and/or related persons take actions with respect to such positions that are contrary to the interests of such client and (ii) by limiting the ability of the Adviser to add to a position held by such particular client, to dispose of such a position, or to obtain a favorable price in the course of such addition or disposition. For the avoidance of doubt, references to related persons in this section include the Adviser and/or DESCO Favorable Entities.

See Item 12 for a discussion of additional considerations applicable when the Adviser engages in trading activities on behalf of multiple clients.

It is expected that, from time to time, one or more clients and/or related persons will hold investments at different priority levels of a company's and/or other issuer's capital structure. For example, a client might hold an issuer's common stock at the same time that one or more related persons hold the senior secured debt of such issuer, or a client might hold junior debt or preferred equity of such issuer while such related persons hold more senior debt. If such issuer were to become involved in Reorganization Proceedings, such other related persons likely would have (a) interests in such proceedings that conflict with those of the client and (b) rights in such proceedings that, if exercised, likely would materially impair the investment held by the client. Similar conflicts are also expected to arise in contexts other than Reorganization Proceedings, including in connection with corporate restructurings, additional debt issuances, and/or certain matters requiring consent of an issuer's shareholders and/or debt holders. In fact, in any of the circumstances outlined in this paragraph, it is expected that one or more of such related persons might take actions that, intentionally or unintentionally, benefit such other related person's investment in the applicable issuer, likely at the expense of the client's Investment. Further, the Adviser or one or more related persons could have access to non-public information in connection with any such Investments, which could restrict a client's ability to acquire or dispose of any securities to which such

information is material. The realization of any of the risks outlined in this paragraph could have a material adverse effect on the value of the applicable Investment, on other Investments in the applicable issuer, and/or on a client's ability to dispose of or to act to protect the value of any such Investments.

In addition, the Adviser, its related persons, and/or one or more clients have taken actions in the past that (a) have conflicted with actions taken by one or more other related persons and/or (b) involved a different timing or nature of action taken than the action taken by such other related persons. It is expected that one or more such related persons (potentially including DESCO Favorable Entities) on occasion will take similar actions with respect to one or more clients. For example, it is expected that, from time to time, one or more related persons would (knowingly or unknowingly) buy or sell certain securities or instruments while a client is undertaking a different (including potentially opposite) strategy with respect to those (or related) securities or instruments. By way of another example, it is likely that, from time to time, a client will hold a long position in an issuer at the same time that a different client (potentially including a DESCO Favorable Entity) holds a short position in such issuer, invests in a competitor of such issuer, and/or takes other actions that may adversely affect such issuer (*e.g.*, making a litigation finance investment in a claim filed against such issuer), or *vice versa*.

To the extent permitted by applicable law and the applicable Governing Documents, the Adviser, its related persons (including DESCO Favorable Entities), and/or their clients have the authority to trade with each other from time to time upon the advice of the Adviser and/or its related persons. The Adviser itself generally does not trade securities on a principal basis with clients. However, certain clients and related persons of the Adviser, including Significant Management Capital Entities, are deemed principals (and in the future other clients may be deemed principals) based on SEC staff guidance, due to the investment in each such client or related person by the Adviser and controlling persons exceeding twenty-five percent (25.0%) of that client's or related person's assets. The Adviser and/or its related persons may have interests in such transactions that are adverse to a particular client.

To the extent permitted by applicable law and the applicable Governing Documents, the Adviser and/or its related persons have the authority to effect "cross transactions" between the Adviser's and/or its related persons' client accounts in which one client will purchase securities held by, or enter into one or more transactions with, another client. Transactions between such clients have occurred in the past and are expected to occur in the future. Although the Adviser and/or such related persons would endeavor to undertake such transactions only at fair value, such value could be difficult to determine and might depend in whole or in part on subjective judgments made by the Adviser or such related persons (for example, when reliable, independent price quotations are not readily available for a particular Investment and/or when such Investment is illiquid and/or otherwise difficult to value). The Adviser and its related persons are expected to have conflicts of interest in making any such judgments as well as in making any other determinations in connection with such transactions, including whether and under what circumstances to cause a client to enter into such transactions. Accordingly, there can be no assurance that such transactions will not result in a conferral of benefits upon a client at the expense of another client. Neither the Adviser nor any related person receives any commission or commission equivalent in connection with any such transaction.

To the fullest extent permitted by law, the Adviser and its related persons are not required to seek to eliminate the possibility or effects of any of the actions or conflicts described in this section or elsewhere

in this brochure. Accordingly, such actions or conflicts could confer an economic benefit to certain clients (including DESCO Favorable Entities) and/or an economic harm to one or more other clients.

Enterprise Risks

DESCO LP owns or otherwise has the right to use all intellectual property and employs all personnel deployed in connection with the activities of each client (in each case directly or indirectly through one or more subsidiaries (other than DESIM)). Accordingly, each client is reliant on DESCO LP and would be materially adversely affected in the event of DESCO LP's bankruptcy, insolvency, dissolution, loss of key personnel, loss of rights to use certain intellectual property, or other condition that affects the provision of such resources. DESCO LP is subject to various forms of "enterprise" risk, the realization of any which could have a material adverse effect on DESCO LP (and/or one or more of its subsidiaries) and, as a result, on clients and the underlying investors of Fund clients. Examples of such enterprise risk include (a) litigation-related risks, such as the risk of legal action between DESCO LP and/or one or more related persons (including key personnel of DESCO LP), on the one hand, and one or more investors, current or former employees, transaction or trading counterparties, and/or other third parties, on the other hand; (b) regulatory risks, such as the risk that new regulation will make the continued operation of DESCO LP's business undesirable and/or impossible or that DESCO LP and/or one or more related persons become the subject of a regulatory enforcement action, the results of which have a material adverse effect on any such person's ability to perform its contractual and/or other obligations; (c) reputational risk, such as the risk that DESCO LP and/or one or more related persons become the subject of negative media, social media, and/or other attention, including with respect to their investment activities; (d) risks associated with clients of DESCO LP or its subsidiaries, such as the risk that one or more such clients experience severe losses or are shut down in an unexpected matter; (e) investor-related risks, such as the risk that one or more investors in a client of DESCO LP or its subsidiaries become the subject of controversy or regulatory sanction or discloses sensitive information relating to one or more clients and/or their investment activities; (f) employee-related risks, such as the risk of unexpected departures of senior employees or employment-related claims brought by current or former employees; (g) "bad actor" risk, such as the risk that one or more DESCO LP employees engage in fraudulent or otherwise unauthorized conduct on behalf of DESCO LP and/or other related persons, whether or not leading to investment or other monetary losses; (h) *force majeure* risks, such as the risk that DESCO LP's operations and/or personnel will be materially adversely affected by terrorist attacks, acts of war, insurrections, epidemics or pandemics, natural disasters, or extreme weather conditions; and (i) risks associated with the private investment funds industry generally, such as the risk of backlash against private fund advisers for poor investment returns or, conversely, for achieving favorable investment returns during an economic downturn or without accounting for environmental, social, governance, and/or other non-financial considerations. Certain of the risks outlined in this paragraph have been realized in the past and one or more such risks are expected to be realized in the future, any of which could have a material adverse effect on a client. In addition, the Adviser and/or related persons are expected from time to time to take actions with respect to clients to avoid or minimize such risks, including actions involving investment and/or other decisions that the Adviser or such related persons would not have made had they not taken such risks into account. The Adviser and related persons are expected to have certain conflicts of interest in making such decisions, and such decisions in turn could have a material adverse effect on a client and/or the underlying investors of Fund clients.

Errors; Exculpation and Indemnification of the Adviser and its Related Persons

Trading, programming, operational, and other errors have occurred, and are expected to occur in the future, in connection with the Adviser's operations and investment activities on behalf of various clients. Such errors might be caused, in whole or in part, by the Adviser or its related persons, by service providers such as Arcesium or any third-party administrator to a client, by trading or other counterparties, and/or by other persons, and in each case could relate to any aspect of the client's, the Adviser's, and/or the applicable related person's activities, including in the areas of research, analysis, coding and other programming, computation, trade execution, trade settlement and allocation, the exercise of shareholder rights, risk management, counterparty management, financial operations, accounting, valuation, tax, reporting, compliance, and information technology. Any such errors could result in material losses, regulatory scrutiny, reputational damage, and/or other material adverse effects on the Adviser, a client, a client's Investments, and/or the underlying investors of a Fund client.

Further, to the fullest extent permitted by law, and as set forth in the applicable Governing Documents, the Adviser and its related persons (a) shall be exculpated by each client and each Fund client's underlying investors, and shall be indemnified and held harmless by each client, for certain conduct (including for any of the errors described in the preceding paragraph) and for any related losses, subject only to any exceptions set forth in the applicable Governing Documents, and (b) shall have no liability to a client or a Fund client's underlying investors for (i) any lost or forgone trading, investment, lending, or other profits, earnings, revenues, income, proceeds, returns, or gains (whether related to a client, a client's Investments, or otherwise) or (ii) any consequential, exemplary, punitive, incidental, indirect, or special damages. Accordingly, clients and underlying investors of Fund clients should note that the Adviser and its related persons generally will not be liable for certain types of conduct, including for any of the errors described in the preceding paragraph, and any losses related to such errors generally will be borne by the applicable client and, indirectly, by a Fund client's underlying investors. As a result, the Adviser and its related persons have less of an incentive to avoid such errors than they otherwise would have, and such persons in turn could exercise less diligence in the conduct of their affairs (including by failing to monitor for and/or remediate errors) than would be the case if the Adviser and its related persons were expected to be liable for any such errors.

Subject to the terms of the applicable Governing Document, Adviser and its related persons will make certain determinations with respect to the errors described in this section, including without limitation (a) the occurrence, nature, and extent of any such error, (b) whether to correct such error, (c) the losses, if any, caused by such error, and (d) whether any applicable persons should be indemnified for any such losses. If the Adviser or any related person determines to correct an error, such party will determine the nature and timing of any corrective action and has the authority (but is not required) to take any action that it determines to be necessary or desirable to correct such error. However, there can be no assurance that any such corrective action will prove successful and, in fact, any such action could result in further losses. Alternatively, if the applicable error benefited a particular client, any such corrective action could result in adverse consequences for such client (*e.g.*, if the Adviser or a related person determines to cancel, re-allocate or sell (including to another client), or dispose of a potentially profitable transaction that was erroneously placed on behalf of, or allocated to, a client). The Adviser and its related persons will

have conflicts of interest in making the determinations outlined in this paragraph, which are expected to be made without notice to or the consent of any applicable client or any Fund client's underlying investors.

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

The Adviser and its affiliated investment advisers have adopted a code of ethics (the "Code") that establishes the standard of business conduct that must be followed by, among others, all partners, directors, officers, and employees of the Adviser and these investment advisers (collectively, "Supervised Persons"). The Code incorporates the following general principles, which all Supervised Persons are expected to uphold: act in the best interests of clients; conduct activities and personal securities transactions in a manner consistent with the Code, which seeks to address certain conflicts of interest in this regard; avoid taking any inappropriate advantage of one's position at the Adviser; maintain confidentiality of information concerning the Adviser's securities recommendations and client securities holdings and transactions; and provide accurate disclosure in reports required by auditors, regulators, or government bodies.

The Adviser believes that these general principles not only help the Adviser fulfill its obligations undertaken as an investment adviser, but also protect the Adviser's reputation and instill in employees the Adviser's commitment to honesty, integrity, and professionalism.

The Code also provides guidelines for Supervised Persons regarding adherence to securities laws generally, transactions in personal accounts involving public and private securities and commodities, activities outside of the investment adviser's business, giving and receiving business-related gifts, and the maintenance and memorialization of certain family and/or close personal relationships. For example, the Code generally requires that Supervised Persons obtain approval prior to effecting a securities or commodities transaction in a personal or related account over which such person exercises trading authority. In addition, the Code encourages Supervised Persons to report Code violations and outlines potential sanctions for such violations. The Adviser's Chief Compliance Officer is responsible for the Code's administration, including without limitation the monitoring and review of personal securities and commodities transactions of such Supervised Persons, and is available for any questions Supervised Persons have regarding the Code. The Adviser will provide a copy of the Code to any client or prospective client upon request and may choose to provide a copy of the Code to investors in the Funds.

Please see Item 10 for additional information regarding certain conflicts of interest arising from circumstances in which the Adviser recommends to clients, or buys or sells for client accounts, securities in which the Adviser or its related persons is invested (or is buying or selling) or otherwise has a financial interest.

Item 12: Brokerage Practices

Selection of Client Counterparties

Generally, the Adviser has the authority to determine the financial institution or counterparty, if any, to be used for each transaction executed on behalf of each client within the objectives and policies (if any) outlined in the applicable Governing Document or another written agreement with a particular client. In selecting any such financial institution or counterparty, the Adviser seeks to obtain the best execution of transactions for its clients under the circumstances (consistent with what it believes to be the best overall interests of the client) but need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost or otherwise to minimize the transaction costs incurred directly or indirectly in such transaction. In particular, the Adviser is expected to consider the overall quality of the execution services offered, which is expected in any particular case to include consideration of some or all of the following factors, as determined by the Adviser: commission costs, transaction costs, inventory and liquidity (including the ability to transact at a given order size), the trading characteristics of the applicable securities, creditworthiness and financial stability, clearance and settlement capability, customer service, the ability to maintain confidentiality, the provision of research and other services (including access to analysts and subject matter experts), potential or perceived conflicts of interest, speed of execution, and/or the ease or difficulty of executing orders (whether due to operational or other considerations), as well as any other financial considerations or Non-Financial Considerations that it determines to be appropriate in connection with making any such selection. Accordingly, transactions will not always be executed at the best price or the lowest available commission. Further, the Adviser is not required to negotiate “execution only” commission rates; thus, the applicable client may be deemed to be paying for other services provided by the relevant financial institution or counterparty that are included in the commission rate, and the Adviser may benefit to the extent it does not itself produce or pay for such services. See “Brokers; Custodians; Other Counterparties” in Item 8 for a discussion of the risks associated with financial institutions and counterparties.

Subject to its obligations under the express terms of any applicable agreement and under applicable law, the Adviser may determine the eligibility of, and/or engage and/or direct transactions or commissions to, certain financial institutions and/or counterparties (a) that are directly or indirectly affiliated with the Adviser, (b) that have made (or whose affiliates have made or directed) investments in Funds advised by the Adviser or a related person and/or in other affiliates of the Adviser (including Arcesium), (c) that have certain other relationships with one or more related persons, as outlined in “Conflicts Arising from Other Activities” in Item 10), and/or (d) that may be willing to furnish other services for the benefit of the Adviser and/or other related persons. It is expected that such other services contemplated by clause (d) of the preceding sentence (if any) would include only brokerage and research services that are deemed to fall within the safe harbor provided by Section 28(e) of the Exchange Act or any amendment or successor to such provision. Such services may include the provision of information on economic trends or conditions, political developments, industries, groups of securities, individual countries, and individual companies, as well as brokerage services or communication services related to the execution, clearing, and settlement of transactions.

Research or other services obtained in this manner may be used in servicing any or all clients of the Adviser and may be used in connection with advisory accounts other than those that pay commissions and commission equivalents to the financial institution relating to the research or other service arrangements. The receipt of such services from particular financial institutions or counterparties may cause the Adviser to have an incentive to select or recommend such financial institutions or counterparties rather than financial institutions or counterparties from which the Adviser's clients would receive the most favorable execution. The appropriateness of brokerage commissions is evaluated by the Adviser on an ongoing basis.

Shared Positions

When trading on behalf of multiple clients, the Adviser and its related persons endeavor to allocate investment opportunities among such clients in a fair and equitable manner. The allocation of trades may vary based on, among other things, differences in investment objectives, capital constraints, and/or leverage preferences among clients, and any anticipated increase or decrease of any particular client's assets under management. The policies and procedures of the Adviser and its related persons for allocating trades among multiple clients were developed by the firm's relevant senior management and compliance personnel, and the Adviser and its related persons do not alter such allocation policies without the approval of such personnel.

In particular, when portfolio decisions regarding the same instrument are made contemporaneously for multiple clients (including Significant Management Capital Entities and/or other DESCO Favorable Entities), the Adviser may, if consistent with market conditions, client characteristics, and applicable law, bunch or aggregate client orders (including orders for clients in which the Adviser, its related persons, and/or its personnel have beneficial interests) for execution. Such bunching or aggregating of orders might facilitate execution and reduce brokerage and other costs. It is expected that, in some cases, the Adviser (acting alone or together with a related person) will execute a single bunched or aggregated transaction on behalf of multiple entities, while in other cases, the Adviser or a related person will execute separate trades on behalf of each applicable entity. The Adviser reserves the right to determine in each case whether to bunch or aggregate orders or to employ a separate-trade approach. In particular, the Adviser does not expect to bunch or aggregate orders if (a) portfolio management decisions are not made contemporaneously, (b) the Adviser determines that it would be inconsistent with its investment management duties or the interests of its clients to do so, or (c) bunching or aggregating is not practical operationally or otherwise. Because of prevailing trading activity, it is frequently not possible to receive the same price or execution on the entire volume of positions purchased or sold in such bunched or aggregated orders.

In cases in which positions are purchased or sold in a bunched or aggregated transaction, the Adviser (acting alone or together with another related person) will allocate the resulting position between each participating client using any method chosen by the Adviser in its sole discretion (which is generally expected to be *pro rata* by each applicable client's desire to participate in such transaction, *pro rata* by each applicable client's assets under management, *pro rata* by each applicable client's order size, or, as applicable, another method consistent with the Shared Strategies preferences outlined in "Deployment and Modification of Investment Strategies and Tools; Exclusive Access; Shared Strategies and Tools; Preferential Access" in Item 10). The Adviser may increase or decrease the transaction amount allocated

to each client to avoid holding odd lots or small numbers of positions for particular clients. If the Adviser is unable to or does not fully execute a bunched or aggregated transaction, determines that it would be impractical to allocate a small number of positions among all of the accounts initially intended to participate in the transaction, or determines to employ an allocation method not described above, the Adviser may allocate such positions in a manner it determines in good faith to be an appropriate allocation. In addition, the Adviser has the authority to charge or credit each client participating in the transaction (a) with the prices applicable to any filled orders allocated to such client, (b) with the average price of the various prices received for that order, or (c) with a price determined to be an appropriate price. Many of the determinations outlined in this paragraph depend, in whole or in part, on subjective judgments made by the Adviser or the applicable related person of the Adviser. Although it is anticipated that the bunching or aggregating of orders will benefit each participating client in the aggregate over time, such approach may disadvantage certain clients, including without limitation by resulting in partial allocations of filled orders or worse execution prices for such orders. Alternatively, not bunching or aggregating orders may disadvantage certain clients, including without limitation by resulting in higher costs or worse execution prices for such orders.

In cases in which orders are bunched or aggregated, the trading activity of multiple clients may be covered by a single contract. In addition, the Adviser and/or related persons have the authority to determine that one or more clients will be party to such contract while one or more other clients will not be party to such contract. In any situation in which the trading activity of multiple clients is covered by a single contract, all applicable clients will be subject to the risk of default by any other applicable client, in each case whether or not such client is party to the contract. Further, to the extent that one or more particular clients are parties to any such contract, such clients and the underlying investors of Fund clients will be exposed to greater risks in the event of a dispute with the counterparty to any such contract than the risks to which any clients that are not party to such contract are exposed.

In effecting transactions for multiple clients, it will not always be possible or consistent with the investment objectives of such clients for the Adviser to cause all applicable clients to take or liquidate the same or similar investment positions at the same time or at the same prices. The market and/or other impact associated with certain transactions by one or more clients is expected to materially adversely affect (a) the ability of one or more such other clients to liquidate their positions, (b) the price at which such liquidation occurs, and/or (c) if a client does not liquidate its position, the mark-to-market value of such client's position; in each case potentially resulting in the conferral of an economic benefit on one or more clients at the expense of one or more other clients.

Additional Brokerage Practices

Subject to applicable law and the terms of the applicable Governing Document, the Adviser or its related persons may execute transactions in which it or its related persons act as broker or principal, as applicable, and may also execute transactions in which the Adviser and/or its related persons (including one or more DESCO Favorable Entities) have an interest, as outlined in Item 10.

The Adviser's related persons may also have independent authority to determine and direct the execution of the Adviser's clients' portfolio transactions, within the objectives and policies (if any) outlined in the applicable Governing Document or another written agreement with a particular client.

Subject to the terms of the applicable Governing Document, the Adviser attempts to correct any identified trade errors unless it determines that doing so would not be in the interest of the applicable client. As with all other financial gains and losses attributable to Investments, any financial gains or losses resulting from trade errors generally are borne by the applicable client and, with respect to a Fund client, its underlying investors, subject to the terms of the applicable Governing Document.

The Adviser does not currently participate in directed brokerage.

Item 13: Review of Accounts

For each of the Adviser's investment strategies, a strategy head and/or one or more other supervisors are responsible for reviewing trading data and other reports on a regular basis and overseeing the associated trading activity. Such reviews include without limitation a verification that actual trading activity is consistent with the intended strategy and any investment guidelines and/or restrictions, an analysis of risks associated with such strategy, and a determination that trading is undertaken in compliance with applicable regulations; compliance personnel also review certain aspects of regulatory compliance. Certain of the principal executive officers of the Adviser or its related persons may review investment strategies periodically. In addition, the Adviser uses one or more independent third parties to conduct financial audits of the accounts of the Funds. The frequency of all such reviews is determined as warranted by the purpose of the review and other circumstances.

In addition to providing reports required by applicable law, the Adviser provides reports to clients and/or underlying investors in Funds in accordance with the applicable Governing Document or other written agreements with such recipients. These reports include those that present, among other things, the net asset value or the capital balance of such client's or investor's account and a measure of performance based on the change in valuation of such account or the applicable Fund during the period covered by the report.

In addition, with respect to certain Funds, an independent third-party administrator periodically conducts an independent verification of the Adviser's pricing of the investment positions held directly or indirectly by such Funds. The independent third-party administrator typically provides a letter to investors in such Funds that confirms, among other things, the accuracy of the capital balances and of certain performance information reported by the Adviser or the Adviser's related persons to those investors, the performance of an independent pricing verification, and the percentage of the relevant Fund's investments for which the independent third party was able to verify prices.

Item 14: Client Referrals and Other Compensation

The Adviser and its related persons currently do not directly or indirectly compensate any person (other than supervised persons of the Adviser or its related persons) for client referrals. The Adviser and/or its related persons may enter into capital introduction agreements with certain financial institutions; it is generally expected that the financial institutions would not receive compensation under any such arrangement. Further, the Funds engage internal, and may engage external, placement agents for placement of interests in the Funds.

Item 15: Custody

Client assets are generally held in custody by unaffiliated qualified custodians; however, the Adviser or its related persons are deemed to have custody of certain assets of the Funds (but not of the Adviser's separately managed account clients). Fund investors do not receive account statements from the custodian; rather, the Funds are subject to an annual audit, and the audited financial statements are distributed to each Fund investor.

Item 16: Investment Discretion

The Adviser accepts discretionary authority to manage securities accounts on behalf of its clients. The terms and procedures governing assumption of this authority, including any applicable investment objectives or guidelines, are set forth in the applicable Governing Document.

Item 17: Voting Client Securities

The Advisers Act generally requires investment advisers to vote all proxies within their authority. The Adviser does not vote proxies where it does not have the authority to do so, where it has agreed with the applicable client to limit the conditions under which the Adviser will exercise its proxy voting authority, or where the cost of doing so, in the opinion of the Adviser, would exceed the expected benefit to the applicable client.

The Adviser generally votes most proxies through and in accordance with the recommendations of an independent third-party proxy voting service (the "Voting Service Recommendations"). The Adviser believes that the independent third-party proxy voting service's internal policy regarding conflicts of interest, including the use of information barriers, adequately addresses its potential conflicts of interest. Notwithstanding the foregoing, at the request of a client, the Adviser may determine in its sole discretion to vote as requested by the applicable client.

The Adviser has designated particular employees to review certain proxy matters. When the designated employees believe that the Voting Service Recommendation may be contrary to the best interest of a client, the designated employees may consider an alternative vote, in which case they must obtain the approval of the Chief Compliance Officer and a Managing Director, or their respective designees, before instructing the proxy voting service to vote the applicable proxy. For the avoidance of doubt, the Adviser retains the authority to vote proxies, has not delegated such authority to any other party, and may vote against any Voting Service Recommendation if it determines such recommendation may be contrary to the client's best interests.

Additionally, the Adviser has established written policies and procedures designed to ensure that proxies are voted in the best interest of the applicable client (the "Proxy Voting Policy"). The Adviser seeks to avoid material conflicts of interest between the Adviser and a client in voting such client's proxies. Where a material conflict of interest between the Adviser and a client is identified in connection with a particular proxy vote, the Adviser will vote in a manner determined to be in the best interests of the applicable client or take some other appropriate action, which may include refraining from voting the applicable proxy. In making any determination outlined in this Item 17 regarding the best interests of a client, the Adviser has

discretion to take into account any factors or considerations that it determines to be relevant, including without limitation those outlined in this brochure or in the applicable Governing Document. For clients whose investment objectives and strategies include consideration of certain environmental and/or sustainability factors, the Adviser expects to vote most proxies in accordance with certain Voting Service Recommendations (“Environmental Proxy Voting Guidelines”) that incorporate certain such considerations into the proxy voting process. The application of the Environmental Proxy Voting Guidelines is expected to result in the Adviser casting different proxy votes in some instances than it casts for clients for whom the default Voting Service Recommendations are applied.

The Adviser will provide a copy of the Proxy Voting Policy to any client or prospective client upon request and may choose to provide a copy to underlying investors in the Funds. Upon written request by any separately managed account client for which the Adviser has the authority to vote proxies, the Adviser will provide such client with a tabulation of how such client’s proxies were voted by the Adviser.

Unless expressly agreed otherwise with the applicable client, the Adviser generally believes the costs of voting proxies would exceed the expected benefits, and generally does not vote proxies, in the following circumstances: (a) the proxies must be voted in-person; (b) the proxies are in jurisdictions that impose restrictions on the sale of the securities in order to vote (*e.g.*, share-blocking jurisdictions); (c) the relevant securities are on loan pursuant to a securities lending program; (d) the proxies require execution of a power of attorney; (e) the relevant securities must be re-registered to the shareholder’s name and not held in “street name”; and (f) the proxies require a certain client status with respect to the relevant resolutions, issuer, or jurisdiction to be voted.

Item 18: Financial Information

The Adviser does not require or solicit prepayment of fees more than six months in advance. The Adviser has not been the subject of a bankruptcy petition at any time during the past ten years and is not aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its clients.