

Item 1: Cover Page

Glazer Capital, LLC

250 West 55th Street, Suite 30A
New York, NY 10019
(212) 808-7304

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This brochure ("**Brochure**") provides information about the qualifications and business practices of Glazer Capital, LLC (the "**Adviser**" or "**Glazer**" or the "**Firm**").

If you have any questions about the contents of this Brochure, please contact Daysun Chang, the Firm's Chief Compliance Officer ("**CCO**") by telephone at 212-808-7312 or by email at compliance@glazercapital.com.

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the "**SEC**") or by any state securities authority.

Additional information about the Firm is also available on the Firm's website at <http://www.glazercapital.com> and on the SEC's website at www.adviserinfo.sec.gov.

Any reference to the Firm as a "registered investment adviser" or as being "registered," does not imply a certain level of skill or training.

Item 2: Material Changes

We last filed an other-than-annual updating amendment to this Brochure in January 2024. We are required to identify and discuss material changes made to this Brochure since that last annual update. While this update to our Brochure contains changes and updates to certain information, we do not believe that they constitute material changes to the Brochure filed in conjunction with our last annual updating amendment. Please review this Brochure in its entirety.

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Item 4: Advisory Business

A. General Description of Advisory Firm

Glazer Capital, LLC, established in 1998, is a Delaware limited liability company that provides discretionary investment advisory and portfolio management services to Clients (as defined below). The principal owners of the Firm are Paul J. Glazer and Mark Ort. The Firm is registered as an investment adviser with the SEC.

B. Description of Advisory Services

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

This Brochure does not constitute an offer to sell or solicitation of an offer to buy any securities. The securities of the Funds are offered and sold on a private placement basis under exemptions promulgated under the Securities Act of 1933, as amended, and other applicable state, federal or non-U.S. laws. Significant suitability requirements apply to prospective investors in the Funds, including requirements that they be “accredited investors” as defined in Regulation D, “qualified purchasers” as defined in the Investment Company Act of 1940, as amended, or non-“U.S. Persons” as defined in Regulation S. Persons reviewing this Brochure should not construe this as an offer to sell or a solicitation of an offer to buy the securities of any of the Funds described herein. Any such offer or solicitation will be made only by means of a confidential private placement memorandum.

1. Investment Strategy and Decision Making

The Firm’s investment objective is to consistently achieve positive absolute returns, with low volatility, which are uncorrelated to the equity and fixed income markets. Strong emphasis is placed on the mitigation of downside risk through a disciplined approach to securities selection and position sizing.

The Firm primarily manages three main investment strategies: (1) a “Merger Arbitrage Strategy”, (2) a “SPAC Arbitrage Strategy” and (3) an “Event Driven Fixed Income Strategy”. The Firm serves as the investment manager to four private funds (each, a “**Fund**,” and collectively, the “**Funds**”) and a separately managed account that each employ all three of these strategies. The Firm may also engage in various other similar investment strategies on behalf of the Funds including, but not limited to, convertible arbitrage, closed-end fund arbitrage, warrant and rights arbitrage, and other special situations.

Each of the Funds is managed in accordance with its own characteristics and is not tailored to any particular private fund investor (each a “**Fund Investor**”). Each Fund is managed in accordance with its own objectives as described in its respective offering, governing and subscription documents. Fund Investors must consider whether a particular Fund meets their investment objectives and risk tolerance prior to investing. For a complete list of all of the Funds that the Firm provides investment management services to, see Section 7.B of Schedule D to the Firm’s Form ADV Part 1A. Detailed information on each Fund is contained in the offering documents of the applicable Fund, including each such Fund’s confidential private offering memorandum (the “**PPM**”).

The Firm's affiliate, Paul J. Glazer, LLC, serves as general partner to certain of the Funds, and it is owned, directly or indirectly, by Paul J. Glazer and Mark Ort.

Certain Funds are structured as Cayman Islands exempted companies instead of as limited partnerships, and such Funds have a board of directors.

2. Conflicts of Interest

Certain inherent conflicts of interest arise from the fact that the Firm and/or its affiliates may provide certain administrative, investment management and other services to multiple clients and portfolio companies, including investment funds, client accounts and vehicles (such other clients, funds, accounts and vehicles, collectively, the "**Other Clients**"). The provision of these services to the Other Clients may involve substantial time and resources of the Firm and its affiliates. The respective investment programs of a particular Fund and the Other Clients may or may not be substantially similar. The portfolio strategies the Firm and its affiliates may use for the Other Clients could conflict with the transactions and strategies employed by the Firm in managing a particular Fund and affect the prices and availability of the securities and other financial instruments in which such Fund invests. The Firm and its affiliates may give advice and recommend securities to the Other Clients that may differ from advice given to, or securities recommended or bought for, a particular Fund, even though their investment objectives may be the same or similar to those of such Fund. See also Item 6 below for a further discussion of potential conflicts regarding side-by-side management of Funds with different fee structures.

C. Availability of Customized Services for Individual Clients

In addition to managing the Funds, the Firm also manages a separately managed account and may manage additional separately managed accounts in the future (each, an "**SMA**," and collectively, the "**SMAs**" or "**Managed Accounts**"). Each Managed Account is managed separately and only in accordance with its own characteristics.

The Funds and the Managed Accounts are collectively herein referred to as "**Clients**" when not described otherwise.

From time to time, the Firm and/or its affiliates, including the Funds, may enter into agreements, commonly known as "side letters," with certain Fund Investors or SMA investors (together, "**Investors**") under which it may agree to waive or modify the application of certain investment terms applicable to such Investors, without obtaining the consent of any other Investor (other than such an Investor whose rights would be materially and adversely changed by such waiver or modification).

The types of provisions to which the Funds have agreed with such Investors in side letters or similar written agreements include terms pertaining to: (a) "most-favored-nation" (MFN) rights; (b) consent to transfers by the applicable Investor to certain affiliates of that Investor, subject to satisfaction of certain specified conditions; (c) different fee and compensation terms, including for a large Investor if such Investor's aggregate investments in one or more Funds exceed certain specified thresholds that are higher than those set forth in a particular Fund's partnership agreement or other constitutional document; (d) representations by a Fund and/or the Firm pertaining to the exercise of discretion, compliance with laws and regulations

(including U.S. federal laws, such as the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”)), anti-money laundering, and other customary representations set forth in side letters (including representations with respect to the accuracy or preparation of offering documents and the modification of certain terms set forth in a Fund’s Subscription Agreements); (e) the provision of certain notices, certifications, information and access to information; (f) certain other rights that a particular Investor may require due to the laws, rules, regulations or policies applicable to such Investor; (g) confidentiality and Investor-specific disclosure requirements; (h) tax related matters; and (i) various other rights.

A Fund and the Firm may in the future enter into side letters or similar written agreements with the same or other types of Investors, which side letters or other agreements may include provisions similar to or different from, and pertaining to different subject matter than, those identified above, as determined by the Fund and the Firm in their sole discretion.

In addition, in response to questions and requests and in connection with due diligence meetings and other communications, a Fund and the Firm may provide additional information to certain Investors and prospective Investors that is not distributed to other Investors and prospective Investors. Such information may affect a prospective Investor’s decision to invest in the Fund or an existing Investor’s decision to stay invested in a Fund. Each Investor is responsible for asking such questions as it believes are necessary to make its own investment decisions and must decide for itself whether the information provided by the Firm and the relevant Fund is sufficient for its needs.

D. Wrap Fee Programs

The Firm does not participate in wrap fee programs.

E. Assets Under Management

As of December 31, 2023, the Firm had approximately \$2,460,624,000 of regulatory assets under management (AUM) managed on a discretionary basis. The Firm does not manage any assets on a non-discretionary basis.

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

Item 5: Fees and Compensation

A. Management Fees and Performance-Based Compensation*Management Fees*

The fees applicable to each Fund are detailed in the Fund's offering documents, including the PPM. Fee structures for certain Funds can vary among different classes of interests within a Fund.

Each Fund will typically pay the Firm (or its affiliates) a management fee ranging from 1-2% per annum of the applicable Fund's net assets. The management fee is calculated and payable quarterly in advance based on the Fund's net assets before taking into account estimated accrued performance allocations and/or performance fees (as described below). One of the Funds does not charge a management fee.

Generally, the management fee is adjusted on a *pro rata* basis to account for any contributions, redemptions and withdrawals made during a calendar quarter, except to the extent provided otherwise in a Fund offering document. In the event of a redemption or withdrawal by an Investor other than as of the last day of a quarter, the Firm (or its affiliate) will pay or credit to the applicable Fund for payment to, or credit to the account/shares of, the applicable Investor, an amount equal to the *pro rata* portion of the management fee, based on the actual number of months remaining in such quarter. The Firm may, in its sole discretion, waive, reduce, rebate or discount all or any portion of the management fee for an Investor without notice to, or the consent of, the other Investors.

For Managed Accounts, the terms of the management fee, such as the assets on which the management fee is calculated and time of fee payment, may vary by agreement between the Managed Account and the Firm. The management fees for Managed Accounts historically have ranged between 1% and 2%. The management fee is calculated and payable monthly in advance.

Performance-Based Compensation

As noted above with respect to management fees, the performance allocation and/or performance fee (collectively, "**performance compensation**") applicable to each Fund are detailed in the Fund's offering documents, including the PPM. Performance compensation arrangements for certain Funds can vary among different classes of interests within a Fund.

The Firm (or its affiliates) receives performance compensation of between 20% and 30% of the net profits of each Fund (realized and unrealized) for the applicable fiscal period. Performance compensation is charged at the end of each calendar year or when an Investor redeems or withdraws. Once allocated or paid (as applicable), performance compensation will not be reversed, even if the Investor realizes net losses in a subsequent fiscal period. For certain Funds, performance compensation is subject to a performance hurdle that is set forth in the Fund's offering documents.

Performance compensation is subject to a loss carry forward limitation, or "high water mark," so that no performance compensation is charged until prior net losses allocated to an Investor's capital account or series of shares, as applicable, are recouped and the net asset

value of the Investor's capital account or series of shares exceeds the previous highest net asset value upon which performance compensation was made.

Calculation of the performance compensation is adjusted to take into account any distributions to, or redemptions or withdrawals by an Investor, with the amount of prior net losses that must be recouped before performance compensation is charged, being reduced in proportion to the distribution, redemption or withdrawal. Adjustments are made in the calculation of the performance compensation to reflect additions made to accounts during the period. The Firm, in its sole discretion, may waive or reduce the performance compensation charged to an Investor and may otherwise vary the terms of the performance compensation by agreement with that Investor without notice to, or the consent of, the other Investors.

For Managed Accounts, the Firm typically receives up to 20% of the net profits (realized and unrealized) for the applicable fiscal period, but such percentage may vary from Managed Account to Managed Account. Beneficial owners of SMAs are urged to review their investment management agreement for the actual performance compensation applicable to them.

As more fully described in Item 4.C above, the Firm enters into side letter agreements with Investors that will result in different terms of an investment in a Fund, including different fee and compensation terms, than the terms applicable to other Investors in that Fund.

B. Fund Expenses and Other Costs

In addition to those fees and charges described above, Clients will bear additional fees and expenses. The expenses borne by a specific Client are detailed in the Client's governing documents. The following is a non-exhaustive list of expenses borne by Clients (which vary from Client to Client):

- (i) expenses related to the research, execution and monitoring of actual and prospective investments (whether or not consummated) and the consummation of investments, including, without limitation, the following: third-party investment sourcing fees; expert consultant fees; fees and expenses of and related to obtaining research, analytics and market data (including, without limitation, any information technology hardware, software and data subscriptions (such as Bloomberg and FactSet) or other technology incorporated into the cost of obtaining such research and market data); due diligence expenses including, without limitation, consulting and appraisal fees; investment- and research-related travel expenses; any outsourced trading provider fees; brokerage and prime brokerage fees, commissions and expenses (including the costs of negotiating, documenting and/or amending agreements with prime brokers, ISDAs and other agreements with trading and financing counterparties); expenses relating to borrowing securities to be sold short; clearing and settlement charges; custodial fees and expenses; bank service fees; interest expenses and other borrowing costs; fees and expenses of proxy research and voting services; and fees and expenses of third-party professionals, including, without limitation, consultants, investment bankers, attorneys and accountants; and fees and expenses associated with reviewing documentation and negotiating any side letters with respect to any investments by a particular Client in other private investment funds or vehicles that invest in SPACs;
- (ii) organizational expenses and expenses incurred in connection with the offering and sale of the interests or shares, including, without limitation, the following: the preparation and amendment of the PPM, the Limited Partnership Agreement, the

Master Partnership Agreement (if applicable to a Client), the Investment Management Agreement and the Client's subscription agreement and the costs of establishing any special purpose vehicles; fees and expenses of the Firm incurred in connection with "world sky" matters and private placement regimes, including the European Alternative Investment Fund Managers Directive, and Form D and blue sky and similar fees and expenses;

- (iii) operational expenses, including, without limitation, the following: fees and expenses relating to information technology hardware, software or other technology (including, without limitation, costs of software licensing, implementation, data management and recovery services and custom development) used to research investments, evaluate and manage risk, facilitate valuations, facilitate accounting functions, facilitate compliance with the rules of any self-regulatory organization or applicable law (including, without limitation, reporting obligations) in connection with the activities of the Clients, facilitate and manage the order execution of securities or otherwise manage the Clients (such as portfolio management systems and order management systems); fees and expenses of third-party risk management products, models and services; third-party administrative fees and expenses, including fees and expenses of the Client's administrator and any middle or back office service provider; fees and expenses of third-party professionals, including, without limitation, consultants, valuation service providers, attorneys, accountants and tax preparers; third-party audit and tax preparation expenses; insurance expenses to the extent permitted by ERISA where applicable, including, without limitation, directors and officers liability insurance, errors and omission insurance, and cybersecurity insurance and liability insurance covering the Clients, the Fund's general partner, the Firm and the members, partners, officers, employees and agents of any of them (in each case, even if such insurance covers conduct for which indemnity would not be available from the Clients); fees and expenses associated with Investor and director meetings, including, without limitation, expenses related to the organization and conduct of Investor and director meetings (including, without limitation, travel, lodging and meal expenses), and director fees (including registration fees); costs of preparing and distributing reports and notices to Investors (including the development, implementation and maintenance of an investor electronic delivery site and/or system); entity-level taxes; fees and expenses related to compliance with applicable law and regulations in connection with the activities of the Clients, including, without limitation, any governmental, regulatory, licensing, filing, reporting or registration expenses, fees or taxes (including, without limitation, fees and expenses incurred in connection with the preparation and filing of Section 13 filings, Section 16 filings and other similar regulatory filings, and any filings or reporting with respect to compliance with FATCA, AEOI or similar laws enacted in other jurisdictions, as well as any foreign tax regime registrations, tax filings and associated annual fees and expenses); and
- (iv) extraordinary expenses, including, without limitation, the following: the costs of any litigation or investigation involving activities of the Clients (including attorney's fees and investigative fees and expenses); the cost of settlements and indemnification expenses (including advances thereof); fees and expenses incurred in connection with any tax audit by any U.S. federal, state or local authority, including, without limitation, any related administrative settlement and judicial review; and fees and expenses incurred in connection with the reorganization, dissolution, winding-up or termination of any of the Clients (in particular for Fund vehicles).

Each Client and Fund Investor is urged to review the respective investment management agreement and Fund offering documents, as applicable, for complete information on the actual fees and expenses applicable to it.

Except as provided above, the Firm will bear its own rent and similar overhead expenses, in addition to the compensation and benefits of its employees.

If the Firm determines in its discretion that a particular expense is attributable to a particular Client (e.g., fees and expenses, including attorneys' fees, incurred in connection with negotiating, documenting and/or complying with a side letter or similar agreement, or if the Firm incurs an indemnity obligation, tax or other liability owing to the activity of a particular Client), the Firm is authorized to charge such expense to the account of such Client. The Firm may also allocate expenses in any other manner if the Firm reasonably determines, in its discretion, that it is fair and equitable to do so.

The Firm seeks to allocate expenses between the Firm and Clients, as well as among multiple Clients, in a fair and equitable manner. The above description of expenses borne directly or indirectly by Clients is not exhaustive. If any of the above expenses are incurred jointly for the account of more than one Client, such expenses will generally be allocated among the applicable Clients, in proportion to the size of the investment made by each in the activity or entity to which the expense relates, or based on their respective amounts of capital under management or aggregate capital commitments, or in such other manner as the Firm, in its discretion, deems to be fair and equitable. Furthermore, to the extent that the Firm uses formulas and/or relies on informal estimates and projections with respect to the anticipated related benefits or usages in determining how to allocate expenses, such formulas and estimates may not ultimately reflect the actual benefits or usages. Certain of the Firm's determinations with respect to whether specific expenses should be borne by the Firm or by Clients require subjective judgments. The Firm has a conflict of interest when making such judgments because the Firm will bear the costs of any expenses not allocated to a Client, and the Firm addresses this conflict through its expense allocation policies and procedures.

For a summary of the Firm's brokerage practices, please see Item 12 below.

The extent to and specific manner in which Clients pay management fees, performance-based compensation and/or expenses are set forth in each Fund's PPM or the advisory contract between the Firm and the relevant SMA, as applicable.

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

As described above in Item 5.A, the Firm and its affiliates accept performance-based compensation from every Client. The terms of the performance-based compensation that the Firm receives may differ between the various Clients that it advises. This may result in a conflict of interest when the Firm allocates opportunities among such Clients because the Firm will have an incentive to favor a Client that pays higher performance-based compensation. To address and mitigate such conflicts of interest the Firm has adopted and implemented investment allocation policies and procedures, which do not take into account the performance-based compensation to which such accounts are subject.

When the Firm determines that a particular investment opportunity would be desirable for more than one Client, the Firm generally seeks to allocate such opportunity among such Clients in a manner that the Firm deems fair and equitable under the circumstances existing at such

time. The factors that the Firm may consider in making such determination include (but are not limited to): the relative amounts of capital in each Client's account available for new investments of the type of security that is the subject of the trade; the mandate of each Client; the Firm's perception of the appropriate risk/reward ratio for each Client, taking into consideration, among other things, market exposure, anticipated volatility and diversification; the intended objective and strategy of each Client and any applicable investment or risk restrictions or guidelines, including leverage constraints and position limits; the liquidity of each Client at the time of investment and thereafter; the ability to add positions to a Client on a leveraged basis; whether the position is an "odd lot" or a "round lot"; whether the position is being added in a "*de minimis*" amount; applicable legal, tax and regulatory considerations; the overall portfolio composition of each Client; and such other considerations that the Firm determines to be relevant at such time.

The Firm may buy or sell securities for one Client at the same time that the Firm buys or sells the same security for one or more other Clients. This will typically happen when more than one Client is capable of purchasing or selling a particular security based on investment objectives, available cash and other factors. This may create a conflict of interest if one account may benefit from making the trade before or after the other account. The Firm will generally aggregate trades, subject to best execution to avoid any such conflict of interest. (*See also Item 12.D Trade Aggregation below.*)

Item 7: Types of Clients

The Firm provides investment advisory and management services to the Funds and Managed Accounts as described above.

Managed Accounts currently include a pension plan, and in the future may also include one or more of the following: high net worth individuals, family offices, funds of hedge funds, endowments, foundations, trusts, charitable organizations, and corporate or business entities that generally qualify as "accredited investors" (as defined in Rule 501 under the Securities Act of 1933, as amended).

The minimum initial investment amount for investors in a Fund is generally at least \$250,000 or \$500,000, depending on the Fund. This requirement can be waived or reduced with respect to one or more investors at the discretion of the general partner or the board of directors of the respective Fund to the extent permitted by applicable law, and subject to minimum initial investment requirements for Funds organized in the Cayman Islands, which law currently requires a minimum initial investment amount of US\$100,000 or its foreign currency equivalent. The minimum investment for any SMA, and any other conditions for opening and maintaining an SMA, will be determined on a case-by-case basis.

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

A. Methods of Analysis and Investment Strategies

The Firm's methods of analysis include, but are not limited to:

- Legal and Regulatory analysis
- Fundamental analysis
- Technical analysis
- Scenario analysis

The Firm primarily manages three main strategies: a Merger Arbitrage Strategy, a SPAC Arbitrage Strategy, and an Event-Driven Fixed Income Strategy. *See also Item 4.B above.*

With respect to the Merger Arbitrage Strategy, the Firm aims to profit when a corporate action, such as a merger, acquisition or tender offer is successfully completed, and seeks to invest in definitive announced deals with strong merger agreements, committed buyers and manageable regulatory, legal, and financing risks. Within this strategy, the Firm invests:

- Across the capital structure (i.e., equities, bonds, loans, or any combination thereof)
- In deals of any size
- In deals of any payout structure (i.e., stock-for-stock, collared, tender, cash, or any combination thereof)
- In securities of domestic and foreign issuers
- In derivative transactions, including swaps, options, and forward contracts

With respect to the SPAC Arbitrage Strategy, the Firm seeks to invest in the public securities of special purpose acquisition companies or “blank-check” companies (“**SPACs**”) with attractive yields. The Firm, on behalf of Clients, primarily invests in the public securities of SPACs issued both at the initial public offering and traded in the secondary market.

With respect to Event-Driven Fixed Income Strategy, the Firm primarily focuses on debt refinancings and short-duration yield to maturity bonds, by investing in bonds that have been called or, are expected to be called, or mature in the near term. The Firm may also invest in bonds or loans that are subject to, or expected to be the subject of, other refinancing events.

The Funds may also utilize various other investment strategies including, but not limited to, debt refinancings, convertible arbitrage, closed-end fund arbitrage, intra capitalization arbitrage, warrant and rights arbitrage, and when-issued securities and other arbitrage situations. The Funds also invest in the securities of companies undergoing corporate changes, or for which some form of event, or catalyst, such as a share buy-back, change in management, spin-off, debt recapitalization, or other special situation, leads the portfolio managers to expect a change in value of the issuer’s securities given the merger agreement, indentures and/or public announcements by the company or companies involved in the merger. Funds may invest in equity and debt securities (including preferred stock and convertible securities) and syndicated loans, in each case, of small-, medium- and large-sized companies that are traded on U.S. and foreign securities exchanges and on the over-the-counter market. Fund may also invest in and trade listed equity options, over-the-counter puts and calls, and securities that are not publicly traded but which the Firm expects to be registered for sale to the public or otherwise available for resale. Funds may engage in short selling and utilize leverage, non-securitized derivatives (i.e., derivatives that are not freely transferable securities) and other financial instruments both to capture the potential for growth and manage the Fund’s risk by hedging its investments.

The investment strategies the Firm pursues are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any client will be achieved.

B. Material Risks of Each Significant Investment Strategy or Method of Analysis

A list of the material risks involved with the Firm's significant investment strategies and methods of analysis follows. The following risk factors may not be applicable to all of the Funds or SMAs. All investments involve the risk of loss, including (among other things) loss of principal, a reduction in earnings (including interest, dividends and other distributions), and the loss of future earnings. This list is not exhaustive and does purport to be a complete list or explanation of the risks involved in an investment in the Funds and Managed Accounts. Although the risks below may refer to the Funds, they are equally applicable to Managed Accounts except where there are differences in strategy. Managed Accounts and Fund Investors are urged to review their applicable written agreements with the Firm and the Fund offering documents, as applicable, for a more detailed discussion of the particular risks applicable to them.

Overall Investment Risk. All securities investments risk the loss of capital. The nature of the securities to be purchased and traded by the Firm on behalf of Clients, and the investment techniques and strategies to be employed by the Firm may increase this risk. While the Firm uses its best efforts in the management of Client portfolios, there can be no assurance that Client portfolios will not incur losses. Many unforeseeable events, including actions by various government agencies, and domestic and international economic and political developments, may cause sharp market fluctuations which could adversely affect Client portfolios and performance. Client portfolios may also be impacted by changes to the regulatory, legal, and financing environments.

General Economic and Market Conditions. The success of a Client's activities may be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the Client's investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of the prices and the liquidity of the Client's investments. Volatility or illiquidity could impair the Client's profitability or result in losses. A Client may maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets.

Transactions in Securities. There is no assurance that the Firm will correctly evaluate the nature and magnitude of the various factors that could affect the prospects of the securities the Client purchases. The Client may lose its entire investment or may be required to accept cash or securities with a value less than the Client's original investment. Under such circumstances, the returns generated from the Client's investments may not compensate the Client adequately for the risks assumed.

Availability of Investment Strategies. The identification and exploitation of the investment strategies pursued by the Client involves a high degree of uncertainty. No assurance can be given that the Firm will be able to locate suitable investment opportunities in which to deploy all of the Client's capital. A reduction in the volatility and pricing inefficiency of the markets in which the Client seeks to invest may reduce the scope for the Client's investment strategies.

Concentration of Investments. The Firm is not restricted in the amount of its Clients' capital that it may commit to any issuer, security, industry sector or geographic region, and at times Clients may hold a relatively large concentration in a limited number of issuers, securities, industry sectors and/or geographic regions. Losses incurred in connection with those investments could have a material adverse effect on the overall financial condition of Client

portfolios. This is because the value of a Client's investment portfolio is more susceptible to any single occurrence affecting one or more of those issuers, securities, industry sectors or geographic regions than would be the case with a more diversified investment portfolio.

Highly Volatile Markets. The prices of financial instruments in which Clients' assets may be invested can be highly volatile and may be influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. Clients also are subject to the risk of the failure of any of the exchanges on which Clients' positions trade or of their clearinghouse.

Speculative Purchases of Securities. Clients make certain speculative purchases of securities. Such purchases may include securities which the Firm believes to be undervalued, or where a significant position in the securities of the particular company has been taken by one or more other persons or where other companies in the same or a related industry have been the subject of acquisition attempts. There can be no assurances that securities which the Firm believes to be undervalued are in fact undervalued. Nor can there be any assurances that undervalued securities will increase in value. If a Client purchases securities in anticipation of an acquisition attempt or reorganization, and an acquisition attempt or reorganization does not in fact occur, the Client may sell the securities at a substantial loss. Further, when securities are purchased in anticipation of an acquisition attempt or reorganization, a substantial period of time may elapse between the Client's purchase of the securities and the acquisition attempt or reorganization. During this period, a portion of the Client's capital would be committed to the securities purchased, and the Client may finance such purchases with borrowed funds on which it will have to pay interest.

Merger Arbitrage. Clients engage in merger arbitrage transactions where it purchases or sells short securities at prices below or above the anticipated value of the cash, securities or other consideration to be paid or exchanged for such securities in a proposed merger, exchange offer, tender offer or other similar transaction. Such purchase price may be substantially in excess of the market price of the securities prior to the announcement of the merger, exchange offer, tender offer or other similar transaction. If the proposed merger, exchange offer, tender offer or other similar transaction later appears likely not to be consummated or in fact is not consummated or is delayed, the market price of the security purchased may decline sharply and result in losses if such securities are sold, transferred or exchanged for securities or cash, the value of which is less than the purchase price. Alternatively, the Firm may cause Clients to sell a security short or enter into an option strategy in anticipation of the security's price not exceeding a specific value or remaining within a certain value range. If the proposed merger, exchange offer, tender offer or other similar transaction were to occur at a price in excess of that anticipated by the Firm at the time of such trade, Client portfolios may incur a loss on such short sale or option strategy. In certain transactions, Client portfolios may not be "hedged" against market fluctuations. This can result in losses, even if the proposed transaction is consummated. In addition, a security to be issued in a merger or exchange offer may be sold short by the Firm in the expectation that the short position will be covered by delivery of such security when issued. If the merger or exchange offer is not consummated, the Firm may be forced to cover its Client's short position at a higher price than its short sale price, resulting in a loss.

The consummation of mergers, exchange offers, tender offers and other similar transactions can be prevented or delayed by a variety of factors. An exchange offer or a tender offer by one company for the securities of another may be opposed by the management or shareholders of

the target company on the grounds that the consideration offered is inadequate or for other reasons, and this opposition may result in regulatory action and/or litigation which delays or prevents consummation of the transaction. Even if the transaction has been agreed upon by the management of the companies involved, its consummation may be prevented by the intervention of a government regulatory agency, litigation brought by a shareholder or, in the case of a merger, the failure to receive the necessary shareholder approvals, market conditions resulting in material changes in securities prices, and other circumstances, including the failure to meet certain conditions customarily specified in acquisition agreements. Mergers may also fail to be completed due to unpredictable exogenous events. These events may cause a material adverse change to one or both of the companies involved, which is often an “out” for the companies not to complete the agreed upon merger. These events may include natural disasters, fraud, rapid changes in technology, and terrorism. Even if the defensive activities of a target company, the actions of regulatory authorities or exogenous events fail to defeat a transaction, they may result in significant delays, during which the applicable Clients’ capital will be committed to the transaction.

Event-Driven. The success of each Client’s event-driven investment strategy depends upon the Firm’s ability to make predictions about (i) the likelihood that an event will occur and (ii) the impact such event will have on the value of a company’s securities. If the event fails to occur or it does not have the effect foreseen, losses can result. For example, the adoption of new business strategies or completion of asset dispositions or debt reduction programs by a company may not be valued as highly by the market as the Firm had anticipated, resulting in losses. In addition, a company may announce a plan of restructuring which promises to enhance value, but fail to implement it, which can result in losses to investors. In liquidations and other forms of corporate reorganization, the risk exists that the reorganization either will be unsuccessful, will be delayed or will result in a distribution of cash or a new security, the value of which will be less than the purchase price to the Client of the security in respect of which such distribution was made. The consummation of mergers and tender and exchange offers can be prevented or delayed by a variety of factors, including: (i) opposition of the management or stockholders of the target company, which will often result in litigation to enjoin the proposed transaction; (ii) intervention of a U.S. federal or state regulatory agency; (iii) efforts by the target company to pursue a “defensive” strategy, including a merger with, or a friendly tender offer by, a company other than the offeror; (iv) in the case of a merger, failure to obtain the necessary stockholder approvals; (v) market conditions resulting in material changes in securities prices; (vi) compliance with any applicable U.S. federal or state securities laws; and (vii) inability to obtain adequate financing. Because of the inherently speculative nature of event-driven investing, the results of the Client’s operations may be expected to fluctuate from period to period. Accordingly, shareholders should understand that the results of a particular period will not necessarily be indicative of results that may be expected in future periods.

SPAC Investments Generally. The Clients invest in SPACs. SPACs are often “blank check” companies with no operating history or ongoing business other than to seek a potential acquisition. Accordingly, the value of their securities is particularly dependent on the ability of the entity’s management to identify and complete a profitable acquisition. A number of factors can affect whether a SPAC will effect a successful transaction. In addition, an investment in a SPAC runs numerous additional risks, each of which could have an adverse effect on the Client, including, without limitation, the sponsor of the SPAC being unable to complete a successful business combination, interests in the SPAC becoming subject to forfeiture or detrimental earn out provisions, limited liquidity during the life of the SPAC in the event that the Client seeks to

exit a certain investment both before and after a business combination and having limited to no voting authority and relying entirely on third party actors.

Effect of Public SPAC Shareholders. Depending on the particular SPAC, the public shareholders of such SPAC may have certain rights that may affect the ability of the SPAC to realize a successful business combination target. For example, certain public shareholders may have the ability to convert their shares for cash or exercise conversion rights with respect to a large number of the SPAC's shares, both of which may make the SPAC sponsor's financial condition unattractive to potential business combination targets. This, in turn, may make it difficult for the sponsor to enter into a business combination with a target. Such inability can have an adverse effect on the success of the Client's SPAC portfolio.

Timing Issues with SPAC Acquiring a Target. SPACs are often under time constraints to effect a successful business combination. The requirement that a SPAC complete its initial business combination within a short time period (which often ranges from a year and a half to two years after the closing of a SPAC's public offering) may give potential target businesses leverage over such a SPAC in negotiating a business combination and may limit the time such SPAC has in which to conduct due diligence on potential business combination targets as it approaches its dissolution deadline. This could undermine the SPAC's ability to complete its business combination on terms that would produce value for its shareholders. Moreover, any potential target business with which a SPAC may enter into negotiations concerning a business combination will be aware that it must complete its business combination within a certain time frame. Consequently, such target business may obtain leverage over the SPAC in negotiating a business combination, knowing that if the SPAC does not complete its business combination with that particular target business, it may be unable to complete its business combination with any target business within such time frame. Such considerations and potential detriments may adversely affect the performance of the Client's SPAC portfolio.

Potential Delisting of SPAC Shares. SPAC shares are listed and traded on public exchanges, such as NASDAQ or the NYSE. Any exchange may delist a SPAC's securities from trading on its exchange, which could limit investors' ability to make transactions in such securities and subject the SPAC to additional trading restrictions. Additionally, SPAC sponsors will likely be required to demonstrate compliance with the various exchange listing requirements and standards, which can be burdensome and costly. There can be no assurance a given SPAC will meet those standards, and can accordingly be delisted from an exchange.

Effect of Various Laws and Regulations on SPACs. Changes in laws (including tax laws) or regulation, or a SPAC's failure to comply with any such laws and regulations, may adversely affect its business, including its ability to negotiate and complete its business combination, and results of operations. For example, recently enacted legislation imposes a 1% U.S. federal excise tax on certain repurchases of stock (including redemptions) by publicly traded domestic corporations, unless the redemption is made in connection with a liquidation of the SPAC or in the same year as such a liquidation or another exception applies. SPACs are also subject to laws and regulations enacted by national, regional and local governments. In particular, they are required to comply with certain SEC and other legal requirements. Compliance with, and monitoring of, applicable laws and regulations may be difficult, time consuming and costly. Those laws and regulations and their interpretation and application may also change from time to time and those changes could have a material adverse effect on such SPAC's business, investments and results of operations. In addition, a failure to comply with applicable laws or regulations, as interpreted and applied, could have a material adverse effect on its business, including its ability to negotiate and complete its initial business combination, and results of

operations. Such legal or regulatory pitfalls could adversely affect performance of the Client's SPAC portfolio.

Acquisitions by SPACs May Not be Completed. Resources could be wasted in researching acquisitions that are not completed, which could materially adversely affect subsequent attempts to locate and acquire or merge with another business. A SPAC, for its investigation of each specific target business, will engage in the negotiation, drafting and execution of relevant agreements, disclosure documents and other instruments, which will require substantial management time and attention, and substantial costs for accountants, attorneys and others. If the SPAC decides not to complete a specific initial business combination, the costs incurred up to that point for the proposed transaction likely would not be recoverable. Furthermore, if the SPAC reaches an agreement relating to a specific target business, it may fail to complete its initial business combination for any number of reasons. Any such event will result in a loss to the SPAC of the related costs incurred, which could materially adversely affect subsequent attempts to locate and acquire or merge with another business.

SPAC Dependence on Third-Party Personnel. The ability of a SPAC to successfully effect its initial business combination and to be successful thereafter will be totally dependent upon the efforts of the SPAC's key personnel, which the Firm and its affiliates do not control. The loss of key personnel of a SPAC could negatively impact the operations and profitability of such SPAC's operations. Prior to the completion of a business combination, a SPAC's operations will be dependent upon a relatively small group of individuals and, in particular, its executive officers and directors. In the event one or more of any of such individuals is no longer active in the process of targeting a business combination, such SPAC's ability to acquire such target may be negatively impacted. Moreover, SPAC sponsors must assess the management of a prospective target business and, as a result, may effect its business combination with a target business whose management may not have the skills, qualifications or abilities to manage a public company. All of these third-party reliance issues can pose significant challenges to the Client's ability to generate successful returns on its SPAC portfolio.

Fixed Income Securities and Loans. A substantial portion of Clients' portfolios may consist of long and short positions in bonds or other fixed income securities of U.S. and non-U.S. issuers, including, without limitation, bonds, notes and debentures issued by corporations; debt securities issued or guaranteed by a sovereign government or one of its agencies or instrumentalities; bank debt and commercial paper. Such securities and instruments may have speculative characteristics. Fixed income securities pay fixed, variable or floating rates of interest. The value of fixed income securities in which Clients invest will change in response to fluctuations in interest rates. In addition, the value of certain fixed income securities and bank loans can fluctuate in response to perceptions of creditworthiness, political stability or soundness of economic policies. Fixed income securities and bank loans are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (*i.e.*, credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (*i.e.*, market risk).

High-Yield Securities. The Firm may cause Clients to take long or short positions in high-yield securities. Bonds or other fixed-income securities that are "higher yielding" (including non-investment grade) debt securities are generally not exchange-traded and, as a result, these securities trade in the over-the-counter marketplace, which is less transparent and has wider bid/ask spreads than an exchange-traded marketplace. High-yield securities that are below investment grade or unrated face ongoing uncertainties and exposure to adverse business, financial or economic conditions, which could lead to the issuer's inability to meet timely

interest and principal payments. High-yield securities are generally more volatile and may or may not be subordinated to certain other outstanding securities and obligations of the issuer, which may be secured by substantially all of the issuer's assets. High-yield securities may also not be protected by financial covenants or limitations on additional indebtedness. The market values of certain of these lower-rated and unrated debt securities tend to reflect individual corporate developments to a greater extent than do higher-rated securities, which react primarily to fluctuations in the general level of interest rates and tend to be more sensitive to economic conditions than higher-rated securities. As a result (and as noted above), the market prices of such securities can be subject to abrupt and erratic market movements and changes in liquidity and above-average price volatility, and the spread between the bid and asked prices of such securities may be greater than those prevailing in other securities markets. Companies that issue such securities are often highly leveraged and may not have available to them more traditional methods of financing. It is possible that a major economic recession could disrupt severely the market for such securities and may have an adverse impact on the value of such securities. In addition, it is possible that any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default of such securities. In addition, the Firm may cause Clients to invest in bonds of issuers that do not have publicly traded equity securities, making it more difficult to hedge the risks associated with such investments.

The Firm may cause Clients to invest in obligations of issuers that are generally trading at significantly higher yields than had been historically typical of the applicable issuer's obligations. Such investments may include debt obligations that have a heightened probability of being in covenant or payment default in the future or that are currently in default and are generally considered speculative. The repayment of defaulted obligations is subject to significant uncertainties. Defaulted obligations might be repaid only after lengthy workout or bankruptcy proceedings, during which the issuer might not make any interest or other payments. Typically such workout or bankruptcy proceedings result only in partial recovery of cash payments or an exchange of the defaulted security for other debt or equity securities of the issuer or its affiliates, which may in turn be illiquid or speculative.

Distressed Securities. The Firm may cause Clients to take long and short positions in below-investment-grade securities and obligations of U.S. and non-U.S. issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems (including companies involved in bankruptcy or other reorganization and liquidation proceedings) are likely to be particularly risky investments although they also may offer the potential for correspondingly high returns. Among the risks inherent in investments in troubled entities is the risk that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments may also be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and the bankruptcy court's power to disallow, reduce, subordinate, recharacterize debt as equity or disenfranchise particular claims. Such companies' obligations may be considered speculative, and the ability of such companies to pay their debts on schedule could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or specific developments within such companies. In addition, there is no minimum credit standard that is a prerequisite to Clients' investments in any instrument, and a significant portion of the obligations and securities in which Clients invest may be less than investment grade. Any one or all of the issuers of the securities in which the Firm may cause Clients to invest may be unsuccessful or not show any return for a considerable period of time. The level of analytical sophistication, both financial and legal, necessary for successful investment in

companies experiencing significant business and financial difficulties is unusually high. There is no assurance that the value of the assets collateralizing Clients' investments will be sufficient or that prospects for a successful reorganization or similar action will become available. In any reorganization or liquidation proceeding relating to a company in which Clients invest, Clients may lose their entire investment, may be required to accept cash or securities with a value less than their original investment and/or may be required to accept payment over an extended period of time. Under such circumstances, the returns generated from Clients' investments may not compensate the Investors adequately for the risks assumed. In addition, under certain circumstances, payments and distributions may be disgorged if any such payment is later determined to have been a fraudulent conveyance or a preferential payment.

In liquidation (both in and out of bankruptcy) and other forms of corporate reorganization, there exists the risk that the reorganization either will be unsuccessful (due to, for example, failure to obtain requisite approvals), will be delayed (for example, until various liabilities, actual or contingent, have been satisfied) or will result in a distribution of cash or a new security the value of which will be less than the purchase price to the Client of the security in respect to which such distribution was made.

Small Companies. The Firm may cause Clients to invest in small and/or less well-established companies. While smaller companies generally have potential for rapid growth, they often involve higher risks because they lack the management experience, financial resources, product diversification, and competitive strength of larger corporations. In addition, in many instances, the frequency and volume of their trading is substantially less than is typical of larger companies. As a result, the securities of smaller companies may be subject to wider price fluctuations. In addition, due to thin trading in some of those stocks, an investment in those stocks may be considered less liquid than an investment in many large-capitalization stocks. When making large sales, the Firm may have to sell portfolio holdings at discounts from quoted prices or may have to make a series of small sales over an extended period of time due to the trading volume of smaller company securities.

Equity Securities. Client investment portfolios include positions in common stocks, preferred stocks and convertible securities. Equity securities fluctuate in value in response to many factors, including the activities and financial condition of individual companies, the business market in which individual companies compete, industry market conditions and general economic environments. The value of equity securities of public and private, listed and unlisted companies and equity derivatives generally varies with the performance of the issuer and movements in the equity markets. As a result, Client portfolios may suffer losses if it invests in equity instruments of issuers whose performance diverges from the Firm's expectations or if equity markets generally move in a single direction and the Firm has not hedged against such a general move. Client portfolios also may be exposed to risks that issuers will not fulfill contractual obligations such as, in the case of convertible securities or private placements, delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale.

Forward Trading. Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices

for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market traded by the Firm due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward trading to less than that which the Firm would otherwise recommend, to the possible detriment of Client portfolios. Market illiquidity or disruption could result in significant losses to Client portfolios.

Non-U.S. Securities; Non-U.S. Currencies. The Firm may cause Clients to invest in securities of non-U.S. issuers and in other financial instruments denominated in various currencies. The Firm may cause Clients to purchase securities of issuers in any country, developed or undeveloped. In addition, in order to hedge foreign currency exchange rate risks which may arise from the purchase of such securities or other reasons incidental to the Firm's business, the Firm may cause Clients to invest in foreign currencies and foreign currency related products. These types of investments entail risks in addition to those involved in investments in securities of domestic issuers. Investing in non-U.S. securities involves certain considerations not usually associated with investing in securities of U.S. companies or the U.S. government, including political and economic considerations, such as greater risks of expropriation, nationalization, confiscatory taxation, imposition of withholding or other taxes on interest, dividends, capital gains, other income or gross sale or disposition proceeds, limitations on the removal of assets and general social, political and economic instability; the relatively small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; the evolving and unsophisticated laws and regulations applicable to the securities and financial services industries of certain countries; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict the Firm's investment opportunities. In addition, accounting and financial reporting standards that prevail outside of the U.S. generally are not as high as U.S. standards and, consequently, less information is typically available concerning companies located outside of the U.S. than for those located in the U.S. As a result, the Firm may be unable to structure Client transactions to achieve the intended results or to sufficiently mitigate applicable risks associated with such markets. It may also be difficult to enforce Clients' rights in such markets. For example, securities traded on non-U.S. exchanges and the non-U.S. persons that trade these instruments are not subject to the jurisdiction of the SEC or the U.S. Commodity Futures Trading Commission (the "CFTC") or the securities and commodities laws and regulations of the U.S. Accordingly, the protections accorded to Clients under such laws and regulations are unavailable for transactions on non-U.S. exchanges and with non-U.S. counterparties. In addition, hedging foreign currency exchange rate risk entails additional risk since there may be an imperfect correlation between a Client's portfolio holdings of securities denominated in a particular currency and the Client's portfolio holdings of currencies and foreign currency related products purchased by the Client to hedge any exchange rate risk. Such imperfect correlation may prevent the Client from achieving the intended hedge or expose Client portfolios to additional risk of foreign exchange rate loss.

Foreign Currency Risks. Client portfolios' exposure to investments in securities denominated in currencies other than the U.S. dollar, may be affected favorably or unfavorably by exchange control regulations or changes in the exchange rate between such currencies and the U.S. dollar. Changes in foreign currency exchange rates influence values within Clients' portfolios. Changes in foreign currency exchange rates may also affect the value of dividends and interest earned, gains and losses realized on the sale of securities and net investment income and gains, if any, of the Fund. The rate of exchange between currencies is determined by the forces of supply and demand in the foreign exchange markets. These forces are affected by international

balance of payments and other economic and financial conditions, government intervention and other political and diplomatic conditions, speculation and other factors.

Trading in Indices and Financial Instruments. The Firm causes Clients to trade indices and financial instruments. The effect of governmental intervention may be particularly significant at certain times in indices and financial instruments futures and options markets and such intervention (as well as other factors) may cause all these markets to move rapidly in the same direction because of, among other things, interest-rate fluctuations.

Short Sales. The Firm may cause Clients to effect short sales of securities as part of its hedging strategy in a given investment or in those instances when the Firm believes that a given security is over-priced. Short sales are transactions in which the Firm sells a security that a Client does not own (by borrowing such security), in anticipation of a decline in the market value of the security. Although the Client's gain is limited by the price at which it sold the security short, losses from short sales may be unlimited if the price of the security sold short continues to appreciate. There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out a short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. Short strategies can also be implemented synthetically through various instruments and be used with respect to indices or in the over-the-counter market and with respect to futures and other instruments. In some cases of synthetic short sales, there is no floating supply of an underlying instrument with which to cover or close out a short position and the Client may be entirely dependent on the willingness of over-the-counter market makers to quote prices at which the synthetic short position may be unwound. There can be no assurance that such market makers will be willing to make such quotes. Short strategies can also be implemented on a leveraged basis. Lastly, even though the Client secures a "good borrow" of the security sold short at the time of execution, the lending institution may recall the lent security at any time, thereby forcing the Client to purchase the security at the then-prevailing market price, which may be higher than the price at which such security was originally sold short by the Firm on behalf of the Client.

Derivative Transactions Generally. The Firm may cause Clients to engage in derivative transactions such as swaps, collars, caps, floors and forwards both for hedging purposes and as an alternative to direct investments in the underlying securities. The risks associated with derivative transactions are potentially greater than those associated with the direct purchase or sale of the underlying securities because of the additional complexity and potential for leverage. In addition, derivatives may create credit risk (the risk that a counterparty on a derivative transaction will not fulfill its contractual obligations), as well as legal, operations, reputational and other risks beyond those associated with the direct purchase or sale of the underlying securities to which their values are related.

Swap Agreements. The Firm may cause Clients to enter into swap agreements. Swap agreements can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, swap agreements may increase or decrease Clients' exposure to long-term or short-term interest rates (in the U.S. or abroad), non-U.S. currency values, corporate borrowing rates, or other factors such as security prices, baskets of equity securities or inflation rates. Swap agreements can take many different forms and are known by a variety of names. Clients are not limited to any particular form of swap agreement as long such swap agreement is consistent with the specific Client's investment objective and policies.

Swap agreements tend to shift Clients' investment exposure from one type of investment to another. For example, if the Firm agrees to exchange payments in dollars for payments in non-U.S. currency on behalf of a Client, the swap agreement would tend to decrease the Client's exposure to U.S. interest rates and increase its exposure to non-U.S. currency and interest rates. Depending on how they are used, swap agreements may increase or decrease the overall volatility of the Client's portfolio. The most significant factor in the performance of swap agreements is the change in the specific interest rate, currency, individual equity values or other factors that determine the amounts of payments due to and from the Client. If a swap agreement calls for payments by the Client, the Client must be prepared to make such payments when due. In addition, if a counterparty's creditworthiness declines, the value of swap agreements with such counterparty can be expected to decline, potentially resulting in losses by Clients.

The U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Act**") has had a significant impact on the derivatives industry. The Dodd-Frank Act divides the regulatory responsibility for derivatives in the United States between the SEC and the CFTC, a distinction that does not exist in any other jurisdiction. The CFTC has regulatory authority over "swaps" and the SEC has regulatory authority over "security-based swaps". As a result of this bifurcation and the different pace at which the agencies have promulgated necessary regulations, different transactions are subject to different levels of regulation in the United States. Though many rules and regulations have been finalized, there are others that are still in the proposal stage and more that will be introduced. In addition, there has been and will be extensive rulemaking related to derivative products by non-U.S. regulatory authorities. Differences between regulatory regimes may make it more difficult or costly for dealers, prime brokers, futures commission merchants ("**FCMs**"), custodians, exchanges, clearinghouses and other entities, such as the Client, to comply with and follow various regulatory regimes. There are significant legal, operational, technological and trading implications that result from the Dodd-Frank Act and related rules and regulations that may make it difficult or impossible for a Client to enter into otherwise beneficial transactions.

Hedging Transactions. The Fund engages in hedging activity for risk management purposes, particularly in order (i) to protect against possible changes in the market value of the Client resulting from fluctuations in the securities markets and changes in interest rates; (ii) to protect the Client's unrealized gains in the value of its portfolio; (iii) to facilitate the sale of any such investments; (iv) to enhance or preserve returns, spreads or gains on any investment of the Client; (v) to protect against any increase in the price of any securities the Client anticipates it may purchase at a later date; or (vi) for any other reason that the Firm, on behalf of the Client, deems appropriate. However, the Firm is not obligated to, and may elect not to, hedge against risks.

The success of the hedging strategy that the Firm pursues (if any) for the Client will depend, in part, upon the Firm's ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments being hedged. Since the characteristics of many securities change as markets change or time passes, the success of the hedging strategy will also be subject to the Firm's ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. While the Firm will cause the Client to enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Client than if it had not engaged in such hedging transactions. For a variety of reasons, the Firm may not seek to establish a perfect correlation between the hedging instruments utilized and the portfolio holdings being hedged. Such an imperfect correlation may prevent the Client from achieving the intended hedge or expose the Client to risk of loss. The Firm will not, in general,

attempt to hedge all market or other risks inherent in the Client's positions. Specifically, the Firm may not hedge against a particular risk because it does not regard the probability of the risk occurring to be sufficiently high as to justify the cost of the hedge, or because it does not foresee the occurrence of the risk. The portfolio composition may result in various directional market risks remaining unhedged. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of the Client's portfolio holdings. There can be no assurance that the hedging strategies will be effective, and such techniques entail costs and additional risks. While the Client may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Client than if it had not engaged in any such hedging transactions.

Default and Counterparty Risk. A portion of Clients' assets may be invested in the debt securities of private and governmental issuers, thus exposing Clients to the credit and political risk of the issuer. Adverse changes in financial, economic and political conditions could cause an issuer to default on its obligations to Clients.

The Firm expects to establish relationships to obtain financing, derivative intermediation and prime brokerage services that permit its Clients to trade in any variety of markets or asset classes over time. However, there can be no assurance that the Firm will be able to establish or maintain such relationships. An inability to establish or maintain such relationships could limit Clients' trading activities, create losses, preclude Clients from engaging in certain transactions or prevent Clients from trading at optimal rates and terms. Moreover, a disruption in the financing, derivative intermediation and prime brokerage services provided by any such relationships could have a significant impact on a Client's business due to the Client's reliance on such counterparties.

The Firm may cause Clients to effect transactions in the "over-the-counter" or "OTC" derivatives markets. The stability and liquidity of OTC derivatives transactions depends in large part on the creditworthiness of the parties to the transactions. In the OTC markets, the Firm causes one or more Clients to enter into a contract directly with dealer counterparties which may expose such Clients to the risk that a counterparty will not settle a transaction in accordance with its terms because of a solvency or liquidity problem with the counterparty. Delays in settlement may also result from disputes over the terms of the contract (whether or not bona fide). In addition, the Firm may have a concentrated risk in a particular counterparty, which may mean that if such counterparty were to become insolvent or have a liquidity problem, losses would be greater than if the Firm had entered into contracts with multiple counterparties. Certain OTC derivatives contracts require that Clients post collateral.

If there is a default by a counterparty, the Client under most normal circumstances will have contractual remedies pursuant to the agreements related to the transaction. However, exercising such contractual rights may involve delays or costs which could result in the net asset value of applicable Client portfolios being less than if the Firm had not caused the Client to enter into the transaction. Furthermore, there is a risk that any of such counterparties could become insolvent and/or the subject of insolvency proceedings. In such case, the recovery of Clients' securities from such counterparty or the payment of claims therefor may be significantly delayed and the Clients may recover substantially less than the full value of the securities entrusted to such counterparty.

Collateral that the Firm causes Clients to post to its counterparties that is not segregated with a third party custodian may not have the benefit of customer-protected "segregation" of such Clients. In the event that a counterparty were to become insolvent, Clients may become

subject to the risk that it may not receive the return of its collateral or that the collateral may take some time to return.

In addition, the Firms may cause Clients to use counterparties located in jurisdictions outside the United States. Such local counterparties usually are subject to laws and regulations in non-U.S. jurisdictions that are designed to protect customers in the event of their insolvency. However, the practical effect of these laws and their application to Clients' assets are subject to substantial limitations and uncertainties. Because of the range of possible factual scenarios involving the insolvency of a counterparty and the potentially large number of entities and jurisdictions that may be involved, it is impossible to generalize about the effect of such an insolvency on Client portfolios and the assets of such portfolios. Clients should assume that the insolvency of any such counterparty would result in significant delays in recovering Clients' securities from or the payment of claims therefor by such counterparty and a loss to the applicable Clients, which could be material.

Convertible Securities. The Firm may cause Clients to structure certain Risk Capital investments as investments in convertible securities. The market value of convertible securities, as with all fixed income securities, tends to decline as interest rates increase and, conversely, tends to increase as interest rates decline. However, when the market price of the common stock underlying a convertible security exceeds the conversion price, the convertible security tends to reflect the market price of the underlying common stock. As the market price of the underlying common stock declines, the convertible security tends to trade increasingly on a yield basis and thus, may not decline in price to the same extent as the underlying common stock. If a convertible security held by the applicable Clients is called for redemption, Clients will be required to permit the issuer to redeem the security, convert it into the underlying stock or sell it to a third party. Any of these actions could have an adverse effect on the Firm's ability to achieve its objective.

Leverage. The Firm uses leverage in its investment programs, which may be substantial. The Firm may cause Clients to obtain leverage in any manner deemed appropriate by the Firm, including by borrowing to buy securities or by entering into repurchase agreements and purchasing structured products or entering into derivative transactions that have the effect of providing Client portfolios with leveraged exposure to securities and other assets. In addition, the Firm may cause Clients to borrow money to satisfy redemption requests under certain circumstances and to pay fees and expenses, among other things. The amount of leverage utilized by Clients may vary and may at times be substantial. To the extent the Firm causes Clients to make investments with borrowed funds, such Clients' net assets will tend to increase or decrease at a greater rate than if borrowed funds are not used. In the event of a sudden, precipitous drop in value of Clients' assets occasioned by a sudden market decline, the Firm might not be able to liquidate Client assets quickly enough to enable the Clients to meet its margin or borrowing obligations. Also, because acquiring and maintaining positions on margin allows the Firm to control positions worth significantly more than its Clients' investment in those positions, the amount that Client portfolios stand to lose in the event of adverse price movements is high in relation to the amount of their investments. If the interest expense and transaction costs on borrowings were to exceed the net return on the securities purchased with borrowed funds, the use of leverage would result in a lower rate of return than if Clients were not leveraged.

In a repurchase agreement, the Firm causes the Client to effectively borrow on a secured basis by "selling" the Clients' interests in investments to a financial institution for cash and agreeing to "repurchase" such investment at a specified future date for the sales price paid plus interest at a negotiated rate. Although similar in many respects to a secured loan, the repurchase

transaction provides for the outright transfer of the securities that are subject to the repurchase agreement from the Client to the buyer. As the seller of the securities, Clients will be subject to the risk that its counterparty may default on its obligation to return those securities upon tender of the repurchase price. The repurchase agreement generally will apply the concept of set-off of exposure of the counterparties to each other in the event of insolvency or other default. The occurrence of an event of default will have the effect of accelerating outstanding transactions, converting delivery obligations in respect of the securities to cash sums based on the default market value of the securities, and then netting outstanding amounts to result in a single sum payable from one party to the other. The counterparty may not be able to discharge any such payment obligation to Clients.

To the extent the Firm obtains its Clients' leverage through over-the-counter derivative transactions with various financial institutions, the will be exposed to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the applicable Client portfolios to suffer a loss. In addition, in the case of a default, the applicable Client portfolios could become subject to adverse market movements while replacement transactions are executed. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Client has concentrated its transactions with a single or small group of counterparties. The Firm is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty, in each case on behalf of its Clients. The Firm may cause Clients to form one or more special purpose trading subsidiaries to effect derivative transactions with counterparties and may guarantee the payment obligations of those subsidiaries under such transactions. The Firm may also cause Clients to pledge to such counterparties its Clients' interests in the subsidiaries as security for its obligations under such guarantees.

There is a risk that Clients could lose the entire premium paid to a counterparty under an option, total return swap or other derivative transaction.

To the extent the Firm obtains its Clients' leverage through derivative transactions, Clients might not legally or beneficially own the securities upon which the return derived under the derivative is based. Uncertainties as to the valuation of those securities could also have an impact on the derivative transactions entered into by Clients and the determination of the net asset value of Client portfolios. The counterparties or their affiliates will typically assign valuations to the securities underlying a derivative transaction, but such valuations could prove to be incorrect.

Continued Availability of Financing. There can be no assurance that the Firm will be able to maintain a source of financing on behalf of its Clients. The brokers, banks and counterparties selected by the Firm may terminate existing transactions under certain circumstances and are under no obligation to execute new or additional credit or derivative transactions with the relevant Client. In the event a broker, bank or counterparty is unable or unwilling to provide such financing going forward, the Client may be adversely affected.

Exchange Traded Funds (ETFs). Exchange traded funds ("ETFs") represent shares of ownership in either funds or unit investment trusts that hold portfolios of common stocks or bonds, which are designed to generally correspond to the price and yield performance of their underlying indexes, either broad stock market, stock industry sector, international stock, or U.S. bond. ETF shareholders are subject to risks similar to those of holders of other diversified portfolios. A primary consideration is that the general level of stock or bond prices may decline, thus

affecting the value of an equity or fixed income exchange traded fund, respectively. This is because an equity (or bond) ETF represents an interest in a portfolio of stocks (or bonds). When interest rates rise, bond prices will generally decline, adversely affecting the value of fixed income ETFs. Moreover, the overall depth and liquidity of the secondary market may also fluctuate. An exchange traded sector fund may also be adversely affected by the performance of that specific sector or group of industries on which it is based. International investments may involve risk of capital loss from unfavorable fluctuations in currency values, differences in generally accepted accounting principles, or economic or political instability in other nations. Although ETFs are designed to provide investment results that generally correspond to the price and yield performance of their respective underlying indexes, ETFs may not be able to exactly replicate the performance of the indexes because of their expenses and other factors. Each shareholder of an ETF bears a *pro rata* portion of the ETF's expenses, including management fees. Accordingly, in addition to bearing their proportionate share of a Client's expenses (*e.g.*, Management Fees, Performance Fees and other expenses), Investors may also indirectly bear similar expenses of an ETF.

Mutual Fund Investments. Investments in closed-end mutual funds generally involve the payment of duplicative fees through the indirect payment of a portion of the expenses, including advisory fees, of such mutual funds. Investments in mutual funds will be valued at the net asset values provided by those funds (which may in certain circumstances be unaudited valuations). Such investments may cause the expense of investing in Client portfolios to be greater than an investment in other investment vehicles.

Options. The Firm may use a number of option strategies. Put options and call options typically have similar structural characteristics and operational mechanics regardless of the underlying instrument on which they are purchased or sold. A put option gives the purchaser of the option, upon payment of a premium, the right to sell, and the writer the obligation to buy, the underlying security, commodity, index, currency or other instrument at the exercise price. A call option, upon payment of a premium, gives the purchaser of the option the right to buy, and the seller the obligation to sell, the underlying instrument at the exercise price.

With certain exceptions, exchange listed options generally settle by physical delivery of the underlying security or currency, although in the future cash settlement may become available. Index options are cash settled for the net amount, if any, by which the option is "in-the-money" (*i.e.*, where the value of the underlying instrument exceeds, in the case of a call option, or is less than, in the case of a put option, the exercise price of the option) at the time the option is exercised. Frequently, rather than taking or making delivery of the underlying instrument through the process of exercising the option, listed options are closed by entering into offsetting purchase or sale transactions that do not result in ownership of the new option. The Firm's ability to close out its Clients' positions as a purchaser or seller of a listed put or call option is dependent, in part, upon the liquidity of the option market.

OTC options are purchased from or sold to securities dealers, financial institutions or other parties ("**Counterparties**") through direct bilateral agreement with the Counterparty. In contrast to exchange listed options, which generally have standardized terms and performance mechanics, all the terms of an OTC option, including such terms as method of settlement, term, exercise price, premium, guarantee, and security, are set by negotiation between the parties. Unless the parties provide for it, there is no central clearing or guaranty function in an OTC option. As a result, if the Counterparty fails to make or take delivery of the security, currency or other instrument underlying an OTC option it has entered into with Clients or fails to make a cash settlement payment due in accordance with the terms of that option, Client portfolios

will lose any premium they paid for the option as well as any anticipated benefit of the transaction.

If a put or call option purchased by the Firm on behalf of Clients were permitted to expire without being sold or exercised, its premium would be lost by such Clients. The risk involved in writing a put option is that there could be a decrease in the market value of the underlying security caused by rising interest rates or other factors. If this occurred, the option could be exercised and the underlying security would then be sold to Clients at a higher price than its current market value. The risk involved in writing a call option is that there could be an increase in the market value of the underlying security caused by declining interest rates or other factors. If this occurred, the option could be exercised and the underlying security would then be sold by the Client at a lower price than its current market value. Purchasing and writing put and call options and, in particular, writing “uncovered” options are highly specialized activities and entail greater than ordinary investment risks.

Money Market Instruments. The Firm may invest a portion of its Clients’ assets directly in short-term investments which may include money market instruments. Money market instruments generally are considered to be low-risk, and, because by definition they are short-term securities, highly liquid. Nonetheless, these instruments are subject to risk, including default risk, depreciation risk and liquidity risk. For example, commercial paper is not backed by collateral. Issuers of commercial paper are required to have high credit ratings and although defaults have been rare, they have nonetheless occurred. Money market funds are not insured or guaranteed by the Federal Deposit Insurance Corporation and may not be guaranteed by the Exchange Stabilization Fund. As a result, they are subject to a risk of loss.

Limited Liquidity of Some Investments. Some of the securities in which the Firm may cause Clients to invest may be or become relatively illiquid, because they are thinly traded, they are subject to transfer restrictions, or the circumstances of Clients’ ownership of them (*e.g.*, the various Clients the Firm manages hold a large block) give rise to practical or regulatory limits on the Firm’s ability to liquidate quickly on behalf of the Clients. Valuation of such securities may be difficult or uncertain because there may be limited information available about the issuers of such securities. The market prices, if any, for such investments tend to be volatile and may not be readily ascertainable, and the Firm may not be able to sell them when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. Any possible sale of restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the OTC markets. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale. The Firm may not be able to readily dispose of such illiquid investments and, in some cases, may be contractually prohibited from disposing of such investments for a specified period of time. As a result, Clients may be required to hold such securities despite adverse price movements. Even those markets which the Firm expects to be liquid can experience periods, possibly extended periods, of illiquidity. Occasions have arisen in the past where previously liquid investments have rapidly become illiquid.

Private Placements and Unregistered Securities. The Firm may cause Clients to purchase equity, convertible securities, and fixed income obligations the disposition of which may be restricted under the Securities Act of 1933, as amended. Whether or not so restricted, the market to resell such securities may be illiquid. Therefore, such investments may be required to be held for a lengthy period of time or, if the Firm were forced to liquidate its Client’s position in such securities, such liquidation may be taken at a substantial discount to the underlying value or result in the entire loss of the value of such investment.

Illiquid Investments. Clients' investments are expected to include highly illiquid securities. The market prices, if any, for such investments tend to be volatile and/or may not be readily ascertainable, and the Firm could typically be unable to sell them when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. Any possible sale of restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. The Firm may not be able to readily dispose of such illiquid investments on behalf of Clients and, in some cases, may be contractually prohibited from disposing of such investments for a specified period of time. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale. An investment in the Funds or the commencement of a Client relationship is suitable only for certain sophisticated Investors who do not require immediate liquidity for their investments.

Illiquid and Long-Term Investments, Investments Longer than Term. Due to the illiquid nature of many of the investments which the Firm expects to cause Clients to acquire, as well as the uncertainties of the reorganization or litigation related to certain investments made by the Firm on behalf of Clients, the Firm is unable to predict with confidence what the exit strategy will ultimately be for specific core positions, or that one will definitely be available. It is anticipated that there will be a significant period of time before the Firm will have completed certain Clients' investments. Exit strategies that appear to be viable when an investment is initiated may be precluded by the time the investment is ready to be realized due to economic, legal, political or other factors. Although investments are expected to generate some current income, certain private investment transaction structures typically may not provide for liquidity of Clients' investments prior to that time.

In light of the foregoing, it is likely that no significant return from the disposition of Clients' investments will occur for a substantial period of time from the date of closing. It is unlikely there will be a public market for the securities or instruments held by Clients at the time of their acquisition. In the case of privately negotiated transactions, the Firm generally will not be able to sell its Clients' securities or instruments publicly unless such assets have an available secondary market. In addition, in some cases, it is expected that the Firm will be prohibited by contract or other limitation from selling certain securities or instruments on behalf of its Clients for a period of time (*e.g.*, due to limitations on sale arising from contractual lockups, obligations to receive consent to transfer or assign interests, or rights of first offer), and as a result may not be permitted to sell an investment at a time it might otherwise desire to do so. Further, disposition of such investments may require a lengthy time period or result in distributions in-kind to Investors. Thus, the range of disposal strategies available to the Firm may be further limited.

The Firm may cause Clients to invest in investments that cannot be advantageously disposed of prior to the date that a Client will be dissolved, either by expiration of the Client's term or otherwise (this is especially the case for Funds that have a fixed term). Although the Firm expects that investments will either be disposed of prior to dissolution or be suitable for in-kind distribution at dissolution, the Firm may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution.

Purchasing Securities of Initial Public Offerings. The Firm expects to cause Clients to purchase securities (including bonds) of companies during their initial public offerings or shortly thereafter. Special risks associated with these securities may include a limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the

companies and limited operating histories. These factors may contribute to substantial price volatility for the shares of these companies. The limited number of shares available for trading in some initial public offerings may make it more difficult for the Firm to buy or sell significant amounts of shares without an unfavorable impact on prevailing market prices. In addition, some companies engaged in initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or the near-term prospects of achieving them.

Loans of Portfolio Securities. The Firm may cause Clients from time to time lend securities from Client portfolios to brokers, dealers and financial institutions and receive collateral in the form of cash or securities. Any cash collateral received by Clients will be invested in short-term securities, the income from which will increase the return to Client portfolios. Clients will retain all rights of beneficial ownership as to the loaned portfolio securities, including voting rights and rights to interest or other distributions, and will have the right to regain record ownership of loaned securities to exercise such beneficial rights. Such loans will be terminable at any time. Funds may pay finders', administrative and custodial fees to persons unaffiliated with the Fund in connection with the arranging of such loans.

Overall Investment Risk. All securities investments risk the loss of capital. The nature of the securities to be purchased and traded by a Client, and the investment techniques and strategies to be employed by the Firm, may increase this risk. While the Firm will use its best efforts in the management of Clients' portfolios, there can be no assurance that a Client will not incur losses. Many unforeseeable events, including actions by various government agencies, and domestic and international economic and political developments, may cause sharp market fluctuations which could adversely affect a Client's portfolio and performance. Clients may also be impacted by changes to the regulatory, legal and financing environments.

Portfolio Turnover. The Firm has not placed any limits on the rate of portfolio turnover and portfolio securities may be sold without regard to the time they have been held when, in the opinion of the Firm, investment considerations warrant such action. It is expected that Client portfolios will have a high rate of portfolio turnover. A high rate of portfolio turnover involves correspondingly greater expenses than a lower rate of portfolio turnover.

Epidemic and Pandemic Risks. In December 2019, the virus SARS-CoV-2, which causes the coronavirus disease known as COVID-19, was first identified in the human population. The disease spread around the world, resulting in the temporary closure of many corporate offices, retail stores, and manufacturing facilities across the globe, as well as the implementation of travel restrictions and remote working and "shelter-in-place" or similar policies by numerous companies and national and local governments. These actions caused the disruption of manufacturing supply chains and consumer demand in certain economic sectors, resulting in significant disruptions in local and global economies. Many countries and U.S. states had struggled to contain the virus and its variants. The short-term and long-term impact of on any future outbreaks of any other epidemics or pandemics on the operations of the Firm and the performance of Client portfolios is difficult to predict. Any potential impact on such operations and performance will depend to a large extent on future developments and actions taken by authorities and other entities to contain such matters and its economic impact. These potential impacts, while uncertain, could adversely affect the performance of Client portfolios.

Climate Change-Related Risks. The environmental effects of climate change, including rising temperatures, extreme weather, fires, flooding, erratic weather fluctuations, agricultural failures and displacement and destabilization of human populations, could have materially

adverse effects on the securities held by Clients. The Firm believes that such risks may increase over time, although the time period over which these consequences might unfold is difficult to predict.

In addition to the physical, economic and geo-political risks associated with climate change, there are transition risks. The willingness of certain governments, industries and businesses, especially those that profit from, or have a reliance on, fossil fuels, to adapt to climate change or transition to sustainable practices may also adversely affect the Client's securities.

Regulatory changes and divestment movements tied to concerns about climate change could adversely affect the value of certain industries whose activities or products are seen as accelerating climate change, or ill-positioned in light of the economic and social demands imposed by climate change. In recent years, certain investors have incorporated the business risks of climate change and the adequacy of companies' responses to climate change as part of their investment theses. These shifts in investing priorities may result in adverse effects on the trading price of securities if investors determine that a company has not made sufficient progress on climate change and environmental sustainability matters whether or not climate change proves to be as severe as predicted or preventable.

The values of securities whose performance is linked to assets and revenue streams that are exposed to climate change risk may readily be affected by both long-term, systemic effects of climate change, as well as severe environmental events whose occurrence is inherently unpredictable.

Assumption of Catastrophe Risks. Client portfolios may be subject to the risk of loss arising from direct or indirect exposure to various catastrophic events, including the following: hurricanes, earthquakes and other natural disasters (which may be caused, or enhanced in frequency and severity, by climate change factors); war, terrorism and other armed conflicts; cyberterrorism; major or prolonged power outages or network interruptions; and public health crises, including infectious disease outbreaks, epidemics and pandemics. To the extent that any such event occurs and has a material effect on global financial markets or specific markets or issuers in which the Clients invest (or has a material negative impact on the operations of the Firm or its service providers), the risks of loss can be substantial and could have a material adverse effect on the performance of Client portfolios.

Governmental Interventions. Extreme volatility and illiquidity in markets has in the past led to, and may in the future lead to, extensive governmental interventions in equity, credit and currency markets. Generally, such interventions are intended to reduce volatility and precipitous drops in value. In certain cases, governments have intervened on an "emergency" basis, suddenly and substantially eliminating market participants' ability to continue to implement certain strategies or manage the risk of their outstanding positions. In addition, these interventions have typically been unclear in scope and application, resulting in uncertainty. It is impossible to predict when these restrictions will be imposed, what the interim or permanent restrictions will be and/or the effect of such restrictions on the Firm's strategies.

Potential Interest Rate Increases. The United States has experienced a sustained period of historically low interest rate levels. The uncertainty of the U.S. and global economy, recent changes in U.S. government policy and changes in the federal funds rate, increase the risk that interest rates will be volatile in the near future. Sustained future interest rate volatility may cause the value of the fixed income securities held in Client portfolios to decrease, which may

result in substantial withdrawals from Funds that, in turn, force a given Fund to liquidate such securities at disadvantageous prices negatively impacting the performance of such Fund. The long-term impact of governmental responses on interest rates is currently unknown, and to the extent that interest rates increase in the medium-to-long term, the performance of Client portfolios may be adversely affected.

Inflation Risk. The United States and other economies have recently experienced historically high inflation rate levels and there is uncertainty in connection with changing expectations relating to inflation and deflation. Changes in inflation rates may adversely impact the performance of Client portfolios. For example, returns on investments which have fixed interest rates may suffer as a result of inflation.

Sanctions. The Firm's management of Client accounts is or may become subject to economic sanctions laws and regulations of various jurisdictions. At any given time, whether under applicable law, by contractual commitment or as a voluntary risk management measure, the Firm may be required, or elect, to comply with various sanctions programs, including the Specially Designated Nationals and Blocked Persons List and Sectoral Sanctions programs administered by OFAC, the sanctions regimes administered by subsidiary organs of the United Nations Security Council, the Sanctions Orders of the Cayman Islands (including as extended to the Cayman Islands by Order of the government of the United Kingdom from time to time), and the Restrictive Measures adopted by the European Union. Some sanctions that may apply to the Firm and/or its Clients prohibit or restrict dealings in certain countries or territories or with individuals and entities located in such countries or territories. Other potentially applicable sanctions programs broadly prohibit or restrict dealings in certain countries or territories or with individuals and entities located in such countries or territories. In addition to such current sanctions, additional sanctions may be imposed in the future. Such sanctions may be imposed with little or no advance warning or "safe harbor" for compliance and may be ambiguous, including as to the scope of financial activities that regulators may ultimately deem to be covered by the sanctions.

Depending on the scope and duration of a particular sanctions program, compliance by the Firm may result in a material adverse effect on one or Clients and investments therein. The Firm and Clients may be subject to heightened or targeted regulatory scrutiny and information requests as a result of such sanctions. In addition, if Clients or the Firm, were to violate or be deemed in violation of any such sanction, it could face significant legal and monetary penalties. Sanctions may negatively impact one or more Client's ability to effectively implement its investment strategy and have a material adverse impact on the Client's investments in various ways, including by preventing or inhibiting the Client from making certain investments, forcing the Client to divest from investments previously made, and leading to substantial reductions in the revenues, profits and value of the Client's investments. Finally, sanctions may have broader economic implications, such as influencing the price of certain commodities, which may have adverse effects on inflation and the value of the U.S. dollar, which may adversely affect investment objectives and strategies of the Client.

Risk of Loss Due to the Bankruptcy or Failure of Counterparties, Brokers and Exchanges. The Clients are subject to the risk of the insolvency of its counterparties (such as broker-dealers, banks or other financial institutions, exchanges or clearinghouses). The assets of Clients could be lost or impounded during a counterparty's bankruptcy or insolvency proceedings and a substantial portion or all of the Client's assets may become unavailable to it either permanently or for a matter of years. Were any such bankruptcy or insolvency to occur, the directors or general partner of a Fund may might decide to liquidate the Fund or the Firm might have to suspend, limit or otherwise trading, perhaps causing the Fund to miss significant profit opportunities.

There are increased risks in dealing with offshore brokers and unregulated trading counterparties, including the risk that assets may not benefit from the protection afforded to "customer funds" deposited with regulated brokers and dealers. Clients may be required to post margin for their foreign exchange transactions with foreign exchange dealers who are not required to segregate customer funds. In the case of a counterparty's bankruptcy or inability to satisfy substantial deficiencies in other customer accounts, a Client may recover, even in respect of property specifically traceable to its accounts, only a pro rata share of all property available for distribution to all of such counterparty's customers.

FCMs are required to segregate assets pursuant to CFTC regulations. If the assets of the Client are not so segregated by its FCM, the Client would be subject to the risk of the failure of such FCM. Even given proper segregation, in the event of the insolvency of an FCM, the Client may be subject to a risk of loss of its assets and would be able to recover only a pro rata share (together with all other commodity customers of such FCM) of assets, such as U.S. Treasury bills specifically traceable to the account of the Client. In certain past commodity broker insolvencies, customers have, in fact, been unable to recover from the broker's estate the full amount of their "customer" funds. In addition, under certain circumstances, such as the inability of another client of an FCM or the FCM itself to satisfy substantial deficiencies in such other client's account, the Client may be subject to a risk of loss of the assets on deposit with the FCM, even if such assets are properly segregated. In the case of any such bankruptcy or client loss, the Client might recover, even in respect of property specifically traceable to the Client, only a pro rata share of all property available for distribution to all of the FCM's clients.

The Firm will effect certain transactions in "over-the-counter" or "inter-dealer" markets on behalf of Clients. The participants in these markets typically are not subject to the type of strict credit evaluation and regulatory oversight applicable to members of "exchange-based" markets, and transactions in these markets typically are not settled through exchanges or clearinghouses that guarantee the trades of their participants. Rather, the responsibility for performing under a particular transaction rests solely with the counterparty to such transactions. To the extent Clients invest in swaps, derivatives or synthetic instruments or other OTC transactions in these markets, they are subject to the credit risk of the parties with which it trades and deposits collateral. Clients are also subject to the risk that a counterparty may not settle a transaction because such counterparty is unwilling or unable to do so (for example, because of a credit or liquidity problem affecting the counterparty), potentially resulting in significant losses (which could be in respect of an offsetting position on which a Client remains obligated to perform).

Operating History. The past performance of the Clients and the Firm is not indicative of future results of any Client. There can be no assurance that a Client will achieve its investment objective.

Systems and Operational Risks Generally. The Clients depend on the Firm to develop and implement appropriate systems for the Client's activities. The Clients rely heavily and on a daily basis on financial, accounting and other data processing systems to execute, clear and settle transactions across numerous and diverse markets and to evaluate certain securities, to monitor its portfolio and capital, and to generate risk management and other reports that are critical to oversight of the Client's activities. In addition, Clients rely on information systems to store sensitive information about the Client, the Firm, their affiliates and the shareholders. Certain of the Clients' and the Firm's activities will be dependent upon systems operated by third parties, including prime brokers, the administrator, market counterparties and other service providers, and the Firm may not be in a position to verify the risks or reliability of such third-party systems. Failures in the systems employed by the Firm, prime brokers, the administrator, counterparties, exchanges and similar clearance and settlement facilities and other parties could result in mistakes made in the confirmation or settlement of transactions, or in transactions not being properly booked, evaluated or accounted for. Disruptions in the Client's operations may cause the Client to suffer, among other things, financial loss, the disruption of its business, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing failures or disruptions could have a material adverse effect on the Client and investors' investments therein.

Cybersecurity Risk. As part of its business, the Firm processes, stores and transmits large amounts of electronic information, including information relating to the transactions of the Clients and personally identifiable information of the shareholders. Similarly, service providers of the Firm or the Clients, especially a Fund's administrator, may process, store and transmit such information. The Firm has procedures and systems in place that it believes are reasonably designed to protect such information and prevent data loss and security breaches. However, such measures cannot provide absolute security. The techniques used to obtain unauthorized access to data, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time. Hardware or software acquired from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Network connected services provided by third parties to the Firm may be susceptible to compromise, leading to a breach of the Firm's network. The Firm's systems or facilities may be susceptible to employee error or malfeasance, government surveillance, or other security threats. On-line services provided by the Firm to the shareholders may also be susceptible to compromise. Breach of the Firm's information systems may cause information relating to the transactions of the Client and personally identifiable information of the shareholders to be lost or improperly accessed, used or disclosed.

The service providers of the Firm and the Clients are subject to the same electronic information security threats as the Firm. If a service provider fails to adopt or adhere to adequate data security policies, or in the event of a breach of its networks, information relating to the transactions of the Client and personally identifiable information of the shareholders may be lost or improperly accessed, used or disclosed.

The loss or improper access, use or disclosure of the Firm's or the Clients' proprietary information may cause the Firm or the Clients to suffer, among other things, financial loss, the disruption of its business, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing events could have a material adverse effect on the Clients and the shareholders' investments therein.

Competition; Availability of Investments. Certain markets in which the Clients may invest are extremely competitive for attractive investment opportunities. As a result, there can be no

assurance that the Firm will be able to identify or successfully pursue attractive investment opportunities in such environments.

Volatility Risk. The investment program of Clients may involve the purchase and sale of relatively volatile securities and/or investments in volatile markets. Fluctuations or prolonged changes in the volatility of such securities and/or markets can adversely affect the value of investments held by Clients.

Credit Ratings. In general, the credit rating assigned by a nationally recognized rating agency to a security represents such rating agency's opinion of the safety of the principal and interest payments of the rated instrument based on available information. Such ratings are relative and subjective; they are not absolute standards of quality and do not evaluate the market value risk of such securities. Such ratings also do not reflect macroeconomic or systemic risk, including the risk of increased illiquidity in the credit markets. Further, credit ratings may change over time due to various factors, including changes in the creditworthiness of the issuer and/or changes in the rating agency's analytics and processes. It is possible that a rating agency might not change its rating of a particular issue on a timely basis to reflect subsequent events and, as a result, outstanding ratings may not reflect the issuer's current credit standing. The Clients may incur losses if it makes investments based on credit ratings that subsequently change in a way not favorable to the Client's investment objective.

Portfolio Valuation. The Firm determines the value of investments for which observable pricing inputs are not available. There can be no assurance that the value at which these investments are carried by the Clients will be correct or will be realized upon disposition. Accordingly, there is a risk that a shareholder that redeems while a Client holds investments for which observable pricing inputs are not available will be paid an amount less than such shareholder would otherwise be paid if the actual value of such investments is higher than the value determined by the Firm. Conversely, there is a risk that such shareholder might be overpaid and that the value of the non-redeeming shareholders' Shares might be diluted. Similar risks arise in connection with subscriptions made while a Client holds investments for which observable pricing inputs are not available. Uncertainties as to the valuation of portfolio positions could have an impact on the net asset value of a Client if the judgments of the Firm regarding the appropriate valuation should prove to be incorrect.

Trade Errors. Trading errors are an intrinsic factor in any complex investment process, and will occur notwithstanding the execution of due care and the existence of procedures reasonably designed to prevent such errors. If trading errors do occur, the Clients (and not the Firm) will benefit from any gains resulting from trade errors and similar human errors and will be responsible for any losses (including additional trading costs) resulting from trade errors and similar human errors, absent willful misfeasance, bad faith or gross negligence in the performance or non-performance of such person's duties or reckless disregard of its duties.

Systemic Risk. Systemic risk is the risk of broad financial system stress or collapse triggered by the default of one or more financial institutions, which results in a series of defaults by other interdependent financial institutions. Financial intermediaries, such as clearinghouses, banks, securities firms and exchanges with which a Client interacts, as well as the Client, are all subject to systemic risk. A systemic failure could have material adverse consequences on Clients and on the markets for the securities in which the Clients seek to invest.

Future Regulatory Change. Clients and the Firm each must comply with various legal requirements, including requirements imposed by the securities laws, tax laws and pension

laws of the United States and various other jurisdictions. Should any of those laws change to any material extent, the legal requirements to which one or more Clients and the Firm may be subject could differ materially from current requirements. Specifically, the regulatory environment for hedge funds is evolving, and changes in the regulation of hedge funds may adversely affect the value of investments held by Clients and the ability of Clients to obtain the leverage it might otherwise obtain or to pursue its trading strategies. In addition, the securities markets are subject to comprehensive statutes, regulations and margin requirements. The SEC as well as other regulators, self-regulatory organizations, and exchanges around the world also have the authority to take extraordinary actions in the event of market emergencies and such actions could have a material adverse impact on Clients. The effect of any future regulatory change on Clients could be substantial and adverse.

Proposed SEC Rules Have Uncertainty. On February 9, 2022, the SEC proposed a series of new rules under the Advisers Act applicable to private fund managers (the “Proposed Rules”). The Proposed Rules seek to, among other things: (i) require specified and standardized quarterly disclosures regarding performance, fees and expenses; (ii) prohibit private fund managers from engaging in certain activities; (iii) require disclosure of, and in some cases limit, preferential treatment provided to certain investors; (iv) require that all private funds be subject to annual audit; (v) add a written documentation requirement for annual reviews; and (vi) create requirements to keep records of compliance with the Proposed Rules. Potential consequences arising from the Proposed Rules could include: (a) increased risk of frivolous lawsuits against the Firm and its affiliates; (b) increased costs and expenses from compliance and monitoring efforts; (c) significant increases in liability insurance costs; and (d) increased costs for legal, compliance and accounting providers. The time and expenses necessary to comply with these proposed regulations could divert resources away from advancing Clients’ investment strategies.

Recent Regulatory Developments for Private Funds and their Advisers. On August 23, 2023, the SEC adopted previously proposed new rules and amendments to existing rules (collectively, the “Private Funds Rules”) under the Advisers Act specifically related to advisers of private funds. The Private Funds Rules will impose new and substantial requirements on advisers and the funds they advise, including with respect to quarterly reporting, restricted activities, preferential treatment of investors, audit requirements, adviser-led secondaries and annual compliance reviews. The Private Funds Rules, in addition to any other new rules adopted by the SEC, are expected to significantly impact the business of the Firm and its affiliates, the Fund and/or its investments. The Firm will be required to circulate to all investors the material terms of any preferential treatment agreed in connection with investments in the Fund (i.e., all side letter terms), without regard to any most favored nation provision. This may ultimately impact the Firm’s decisions with respect to agreeing to certain preferential rights. The Private Fund Rules include certain audit requirements, which may require the Firm to select a different auditor or obtain an additional audit, even if the Firm does not believe it is in the best interest of the Fund or its investors to do so. Further, many provisions of the Private Funds Rules require the Firm to make a variety of subjective determinations as to whether and how such rules apply to the Funds and the Firm’s related obligations. The Firm will face conflicts of interest in making such determinations, including for example with respect to whether certain fees and expenses may be charged to a fund, whether certain provisions may have a material negative impact on certain investors and whether certain allocations are fair and equitable. The Firm’s and the Fund’s compliance burdens and associated costs including, without limitation, insurance expenses, are also expected to increase. The Firm also will be subject to increased risk of exposure to additional regulatory scrutiny, litigation, censure and penalties for noncompliance or perceived noncompliance as a result of the Private Fund Rules, and any

noncompliance or perceived noncompliance with such rules may negatively impact the Fund's reputation as well as its investment activities, thereby materially reducing returns to investors.

Several trade groups representing private fund managers have filed a legal challenge to the Private Fund Rules and other legal challenges to the Private Fund Rules may be forthcoming. Regardless of the outcome of these lawsuits, the implementation of these new rules is expected to create additional burdens for advisers to private funds.

Proposed Short Activity Reporting. The SEC proposed a new rule and form on February 25, 2022 related to short position and short activity reporting by institutional investment managers. Under the proposed short selling rule, investment managers that meet or exceed reporting thresholds set by the proposed rule would be required to report, on a monthly basis using proposed form "SHO", specified short position data and short activity data for equity securities. If this rule were to be enacted as proposed, Clients would likely be subject to its reporting requirements. These reports will be confidential, and the data collected will be anonymized and aggregated before being published. Although publishing aggregated short position data could help mitigate the risk that investment behavior will be attributed to a single manager, it is not foolproof, and the effectiveness will depend on what data is ultimately published and with what frequency. This proposed rule and form would create an entirely new, complicated and potentially costly framework for managers and would likely result in increased compliance and monitoring costs. Moreover, there is a risk of inadvertent disclosure of this sensitive data, as a consolidated database of manager-level short positions and detailed daily trading activity would likely be an attractive target for malicious actors.

Proposed Amendments to Form PF. The SEC proposed amendments to Form PF on January 26, 2022 ("Proposed Amendments") that would greatly expand the type, amount and frequency of information the SEC collects from certain private fund advisers under Form PF. Currently, the Firm is required to file Form PF, which already provides significant information to the SEC and takes time and attention to complete. If the Proposed Amendments were to be enacted, the Firm would need to file additional Form PF reports requiring significant quantitative and qualitative analysis within one business day of the occurrence of certain key events. This would represent a significant departure from the current Form PF reporting requirements. Consequently, the Firm would have to devote significant resources and attention to complying with this immediate, daily reporting requirement. The Proposed Amendments would likely impose significant operational burdens on the Firm as it would have to build or modify systems to gather the information required by the new proposed reporting regime. This could result in increased compliance and monitoring costs and would divert resources away from advancing Clients' profitability.

Implementation Period. It is uncertain as to which, if any, of the above-mentioned Proposed Rules and Amendments will actually be enacted by the SEC. Furthermore, there is the possibility that the SEC may revise or supplement the Proposed Rules and Amendments with additional requirements. In any case, the Firm would have one year to comply with any newly-enacted SEC rules.

Discontinuation of LIBOR. It is expected that the U.S. dollar London Interbank Offered Rate ("LIBOR"), which is commonly used as a reference rate within various financial contracts (any such rate, a "Reference Rate"), will not be published after June 30, 2023 (the one-week and two-month tenors of U.S. Dollar LIBOR ceased to be published after December 31, 2021). In anticipation of the end of LIBOR, the United States and other countries are replacing LIBOR with alternative Reference Rates. The Secured Overnight Financing Rate ("SOFR") (and with

respect to term SOFR rates, the CME's term SOFR rates) is the Reference Rate recommended by the Alternative Reference Rates Committee (the "ARRC") convened by the U.S. Federal Reserve Board and the Federal Reserve Bank of New York. The ARRC and regulators have stated that any party choosing another Reference Rate should do so carefully. As a general matter, the expected discontinuation of LIBOR may significantly impact financial markets; specifically, discontinuation may impact financial contracts to which the Client is a party. Generally, the transition to alternative Reference Rates may (i) cause the value of a Reference Rate to be uncertain or to be lower or more volatile than it would otherwise be; (ii) result in uncertainty as to the functioning, liquidity or value of certain financial contracts; (iii) involve actions of regulators or rate administrators that adversely affect certain markets or specific financial contracts; and (iv) impact the strategy, products, processes, legal positions and information systems of market participants, including the Client and its counterparties. With respect to financial contracts to which the Client is a party, including corporate bonds and loans and interest rate swaps and other derivatives, any such contract that has a maturity that extends beyond June 2023 and uses LIBOR as a Reference Rate (other than contracts that include curative fallback language or which have other curative mechanisms available, such as safe harbor legislation adopted in the State of New York to permit the replacement of LIBOR with the rates recommended by the ARRC in contracts governed by New York law and the Adjustable Interest Rate (LIBOR) Act included in the Consolidated Appropriations Act, 2022) may need to be renegotiated, the process of which will consume resources of the Client and may result in disputes among counterparties, the result of which may be adverse to the Client. Regulators encouraged market participants to cease (and in the case of entities that they regulate, have required such entities to cease) entering into new contracts that use U.S. Dollar LIBOR as a reference rate. As a result, U.S. Dollar LIBOR's liquidity and usefulness is expected to diminish. Investors should expect that the Client will be a party to SOFR-based contracts, or contracts utilizing different Reference Rates. Considered in their entirety, the impacts of the discontinuation of LIBOR on financial markets generally and on the specific financial contracts to which the Client is a party may adversely affect the performance of the Client.

Item 9: Disciplinary Information

There are no legal or disciplinary events that are material to a Client's or prospective Client's evaluation of the Firm's advisory business or the integrity of the Firm's management.

Item 10: Other Financial Industry Activities and Affiliations

Related persons of the Firm serve as general partners of each of the Firm's Funds that have been structured as a limited partnership. For more information about such related persons, please see Section 7.A of Schedule D on the Firm's Form ADV, Part 1A, published on the SEC's website at www.adviserinfo.sec.gov.

The Firm does not recommend or select other investment advisers for its Clients.

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

A. Code of Ethics

Pursuant to Rule 204A-1 of the Advisers Act, the Firm has adopted a Code of Ethics that establishes the standard of business conduct that the Firm and its employees (hereinafter, “**Employees**”) must follow.

The foundation of the Code of Ethics is based on the underlying principles that Employees must:

- At all times place the interests of Clients first;
- Avoid taking inappropriate advantage of their position at the Firm;
- Conduct all personal securities transactions in compliance with the Code of Ethics; and
- Comply with all applicable federal securities laws.

The Firm’s Code of Ethics was adopted to help mitigate possible conflicts of interest and avoid the misuse of material non-public information. The Code of Ethics also includes provisions relating to the confidentiality of client information, gifts and entertainment, restrictions on outside business activities and personal securities trading procedures, among other things.

In particular, the Code of Ethics: (i) requires our “access persons” to submit to the Chief Compliance Officer (or her designee) upon request, reports disclosing all personal securities holdings and/or transactions and (ii) imposes certain restrictions on personal securities trading, including, pre-clearance of certain trades. Except with respect to certain exempted transactions, no Firm access person may purchase or sell any security without first obtaining pre-clearance pursuant to the approval process set forth in the Code of Ethics. Any approved request is subject to certain restrictions on the timing of execution. In addition, the Firm enforces a minimum holding period for covered personal securities transactions.

Any prospective client, any client or any investor in a Client may receive a copy of our Code of Ethics by submitting a written request to the Firm at the address set forth on the cover page of this Brochure.

B. Participation or Interest in Client Transactions and Personal Trading

Employees, relatives of Employees, and affiliates of the Firm, may make investments in one or more of the Clients and may invest in securities that the Firm recommends to Clients. In addition, the Firm, its affiliates, and/or Employees, may have a financial interest in the Clients through a performance allocation or a direct investment interest in the Clients. It is possible that the Firm will cause Clients to buy or sell securities in which the Firm or one of its related persons or supervised persons has a financial interest. Therefore, the Firm may have an incentive to favor the Client(s) in which the Firm’s affiliates have a greater economic interest and/or may have a conflict of interest in allocating investment opportunities among those Clients and other Clients. Additionally, the Firm, its affiliates and its Employees may give advice or take action for their own accounts that may differ from, conflict with or be adverse to advice given or action taken for Clients. These activities may adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more Clients.

In order to mitigate these potential conflicts, the Firm will generally follow the documented procedures described in Item 6 above. Additionally, Employees must follow the Firm's personal trading policies and procedures (as noted above under "Code of Ethics"). Under the Code of Ethics, no access person is permitted to personally trade in any security of a company in which one or more of the Firm's Clients already have a position, or to personally trade in any security of a company where, to his or her knowledge, such security has been recommended for purchase or sale, but has not yet been purchased or sold, for one or more of the Firm's Clients.

Subject to applicable law, the Firm may effect transactions between Clients (generally for rebalancing purposes and to correct misallocations of trades) where one Client will purchase securities from another Client (including a Client in which the Firm, its affiliates, principals or Employees may have a significant interest). Such transactions (i.e., cross trades) will be effected only when the Firm believes that such transactions are in the best interest of the applicable Clients. Such transactions will be placed through an unaffiliated broker-dealer or custodian, will not involve any Client accounts subject to ERISA, and will be effected at prices that, in the Firm's assessment, reflect prevailing market conditions. In addition, no brokerage commission or transfer fee will be paid to the Firm or its affiliates in connection with any such transaction. Any transaction costs incurred in connection with any such transaction will be allocated pro rata between the applicable Clients.

In the event that the Firm effects a cross trade between an account in which the Firm or its principals owns more than twenty-five percent (25%) and another Client, such transaction may be deemed to be a principal transaction under the Advisers Act. Such transactions may create a conflict of interest for the Firm because the Firm may put its or its principal's interests in such accounts before the interests of Clients. In order to mitigate this conflict of interest, the Firm monitors the interests of its principals, their immediate family members and their affiliates in the Funds, and the Firm will not effect any cross trades between accounts if the Firm believes that such trade would result in a principal transaction, unless:

- The Firm believes that such transaction is in the best interest of the Clients participating in the transaction; and
- The Firm obtains the consent of the applicable Clients as required by the Advisers Act.

For the avoidance of doubt, the Firm will follow the requirements of Section 206 of the Advisers Act for all principal transactions.

C. Procedures to Prevent and Detect Misuse of Material, Non-Public Information.

The Firm has established policies and procedures intended to prevent the misuse of material, non-public information by its Employees and to prevent, detect and correct any violations of the prohibition on insider trading. Under applicable law, the Firm and its related persons are prohibited from disclosing or using such material, non-public information for their personal benefit or for the benefit of another person, including the Clients. The Firm and its Employees may, from time to time, come into possession of material, non-public information which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Accordingly, the Firm's policies provide that if the Firm or its Employees obtain material, non-public information concerning an issuer of securities, they are prohibited from communicating such information to, or using (including trading) such information for the benefit of, the Clients and such issuer is placed on the Firm's Restricted List.

Item 12: Brokerage Practices

A. Brokerage Execution

The Firm has full discretionary authority to manage Clients' accounts, including authority to make decisions with respect to which securities are bought and sold, the amount and price of those securities, the brokers or dealers to be used for a particular transaction, and commissions or markups and markdowns paid. The Firm's authority is limited by its own internal policies and procedures and each Client's investment guidelines. The Firm seeks to obtain "best execution" for Client transactions.

Portfolio transactions for each Client will be allocated to brokers and dealers on the basis of numerous factors and not necessarily lowest pricing. Brokers and dealers may provide other services that are beneficial to the Firm and/or certain Clients, but not beneficial to all Clients. Subject to best execution, in selecting brokers and dealers (including prime brokers) to execute transactions, provide financing and securities on loan, hold cash and short balances and provide other services, the Firm may consider, among other things, the following: execution capability, commission rates, financial responsibility, reputation, comprehensiveness and frequency of available research services, capital introduction resources (provided the Firm is not selecting the broker dealer in recognition of the opportunity to participate in such capital introduction events or the referral of Investors), responsiveness to the Firm, the nature of the market for the security, the broker-dealer's expertise in the relevant market or sector, and the ability to engage in block transactions with attendant volume discounts.

From time to time, brokers may assist the Funds in raising additional funds from investors, and representatives of the Firm may speak at conferences and programs sponsored by such brokers for investors interested in investing in hedge funds. Through such "capital introduction" events, prospective Investors in the Funds would have the opportunity to meet with representatives of the Firm. Currently, neither the Firm nor the Funds compensate any broker for organizing such events or for any investments ultimately made by prospective Investors attending such events, nor do they anticipate doing so in the future. The Funds may accept subscriptions from Investors who also provide services to the Funds, including brokers and their affiliates. Relationships such as these could be viewed as creating a conflict of interest that potentially could affect the Firm's ability to seek best execution. While the Firm's relationship with brokers may influence the Firm in deciding whether to use such broker in connection with brokerage, financing and other activities of the Funds, the Firm will not commit to allocate a particular amount of brokerage to a broker in any such situation. Furthermore, the Firm conducts periodic best execution reviews in an effort to identify and mitigate compliance risks associated with brokerage relationships, and to determine that the Firm is obtaining best execution for clients' accounts.

The Firm has designated certain Employees (the "**Best Execution Committee**") to review on a quarterly basis the quality of executions and the value of other services received from brokers (including research obtained through the use of "soft dollars" or other services). Based on information gathered from the prior months, the Best Execution Committee will assess the brokerage relationships and commissions paid with regard to the following:

1. Execution Quality: the Firm seeks to obtain the best combination of brokerage expenses and execution quality, but is not required to select the broker or dealer that charges the lowest transaction cost, even if that broker provides execution quality comparable to other brokers or dealers. In evaluating "execution quality," historical

net prices (after markups, markdowns or other transaction-related compensation) on other transactions may be a principal factor, but other factors may also be relevant, including: the execution, clearance, and settlement and error correction capabilities of the broker or dealer generally and in connection with securities of the type and in the amounts to be bought or sold; the broker's or dealer's willingness to commit capital; reliability and financial stability; the size of the transaction; availability of securities to borrow for short sales; and the market for the security.

2. Research: the Firm may also include the value of various research services or products the broker-dealer provides, even if the brokerage commissions paid are not the lowest available, as long as the commissions are reasonable in relation to the value of the brokerage services and the research acquired. The types of research acquired may include: research reports on or other information about particular companies or industries; economic surveys and analyses; recommendations as to specific securities; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment and other computer hardware for use in running software used in investment decision making; investment conferences; and other products or services that may enhance investment decision making. The Firm currently uses soft dollars to pay for services or products that fall within the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**").

It is the Firm's policy that the benefits of research or other services acquired with commission dollars be allocated among all investment advisory accounts on a *pro rata* basis (including separately managed accounts). It may occur, however, that certain accounts may not generate commissions on the same *pro rata* basis that the particular service or research products acquired were used for that account.

An employee appointed to do so is responsible for documenting the results of the above reviews and conveying information to the appropriate parties if there is any change to the Firm's policies for directing brokerage orders.

B. Soft Dollar Arrangements

The term "soft dollars" is generally used to describe an arrangement whereby, a broker-dealer provides a discretionary investment adviser, such as the Firm, with research or other services or products in return for commission dollars paid for executing transactions for discretionary accounts.

Section 28(e) of the Exchange Act provides a safe harbor for persons who exercise investment discretion over accounts to pay for research and brokerage services with commission dollars generated by account transactions. The controlling principle to be used to determine whether something is "**research**" is *whether it provides lawful and appropriate assistance to the money manager in the performance of his or her investment decision making responsibilities*. Therefore, Section 28(e) prevents such person from being deemed to have acted unlawfully or to have breached a fiduciary duty as long as such person has determined in good faith that the amount of the commission was reasonable in relation to the value of the brokerage and research services provided.

The Firm has entered into "soft dollar" arrangements. Products and services acquired from the soft dollar commissions in the past fiscal year include market data, research publications and

consultants, Bloomberg subscriptions, and an order management system. When it is appropriate under the Firm's discretionary authority and consistent with the Firm's duty to seek best execution, the Funds may pay a broker or dealer commissions for effecting Fund transactions in excess of that which another broker or dealer might have charged for effecting the transaction in recognition of the value of brokerage and research services provided by the broker or dealer that fall within the safe harbor provided by Section 28(e). To the extent that the Firm were to use commissions (or markups or markdowns) to obtain research or other products or services, the Firm would receive a benefit because it would not have to produce or pay for the research, products or services. The Firm may have an incentive to select a broker based on the Firm's interest in receiving the research or other products or services offered by such broker, rather than a Client's interest in receiving most favorable execution. The receipt of brokerage and research products and services may create a conflict of interest because such products and services may benefit not only the Funds, but also us, our affiliates, and other accounts.

C. Directed Brokerage

Under certain circumstances, Clients may direct the Firm to use certain brokers. All such directed brokerage must be in writing from the Client. While this may relieve the Firm of certain best execution considerations, each directed brokerage arrangement must be evaluated as to whether the Firm has any discretion in the investment or order entry process that may still require a best execution analysis. In any letter or instruction directing the Firm to use one or more brokers, they must disclose, among other information, the conflicts of interest involved and the fact that the Client may give up benefits of better pricing or lower commission that might otherwise be available through participation in bunched orders. Directed brokerage arrangements involving ERISA "plan assets" must be to procure goods, services, or rebates for the benefit of the ERISA plan paying the commissions.

A Client who has directed that the Firm use a particular broker to effect transactions for its account is advised that such a direction of brokerage may result in the Client receiving less favorable execution in certain transactions, paying higher prices or in its paying higher transaction costs either in individual transactions or in the aggregate, because that broker would be used regardless of that broker's execution capabilities or the execution opportunities available in the market place with respect to particular transactions. In addition, trades for these directed Client accounts may not be aggregated with, and may not be effected at the same time or the same price as, the trades for other Clients.

D. Trade Aggregation

With respect to each investment opportunity presented, the portfolio manager shall decide whether it is in the interest of best execution to aggregate or bunch the orders of multiple accounts, and which and how many accounts shall participate in each transaction. If investments on behalf of multiple Clients are made, the amount sought for each Client is determined by the portfolio manager prior to entry of the order for the security expected, taking into consideration the following factors, among others:

- Investment objectives and requirements
- Risk-management requirements
- Adherence to any limits as defined in the Client's investment guidelines
- Amount of assets in each Client's account

- Capital availability in each Managed Account for trades of the type under consideration
- Liquidity/availability of securities (typically there is sufficient liquidity and depth in the market)
- Ability to settle the transaction

It is expected that most orders for multiple accounts will be aggregated and participants in the transaction will receive an average price. Transaction costs are charged on an account-by-account basis.

E. Trade Error Policy

Subject to applicable law and the terms of the offering documents of the Fund or in the advisory contract between the Firm and the relevant SMA, the Firm will reimburse the applicable Client for net losses incurred as a result of trade errors resulting from the Firm's gross negligence or willful misconduct.

The Firm may correct misallocations of trades among Clients by re-allocating the applicable trade using the intended allocation methodology prior to the trade's settlement date. If an erroneous allocation cannot be corrected prior to or after settlement, the Firm may, if appropriate and subject to applicable law, correct such erroneous allocation by effecting a cross trade between Clients.

The Firm has a conflict of interest when determining whether losses resulting from a trading error will be borne by a Client because otherwise the Firm would generally be required to reimburse such losses. From time to time, the Firm or its affiliates may elect to voluntarily reimburse a Client for losses suffered as a result of certain trade errors identified by the Firm or its affiliates or otherwise. However, notwithstanding the previous sentence, Clients and Fund Investors should not carry the expectation that a reimbursement will ever take place, and, in evaluating an investment decision, no decisions should be made in reliance on the Firm making any reimbursements to clients for losses suffered as a result of such trade errors. Any decision to reimburse is not precedential and should not create the expectation of any reimbursement in the future.

Item 13: Review of Accounts

Clients' accounts are reviewed internally on a daily basis from an accounting / control perspective and at least weekly from the portfolio management perspective.

Accounting/Control Review

- Verifying that trades were entered / booked / executed correctly
- Cash movements
- Dividends
- Income / expense bookings
- Corporate actions such as those resulting from M&A activity – such as spinoffs, tenders, mergers, calls, puts, and stock splits
- Counterparty collateral and financing management

Portfolio Review

- The Firm conducts regular portfolio meetings in which investment positions are reviewed by members of the investment staff.
- Most (if not all) positions are reviewed daily by the portfolio managers and individual positions are monitored by the investment staff responsible for following those securities.

The Prime Broker representatives also review the accounts daily from an operational perspective:

- Processing trades
- Wire transfers
- Alerts fund to impending corporate actions and verifies appropriate paperwork has been received
- Daily pricing of portfolio

On a weekly basis the Funds' administrator, MUFG Fund Services (Cayman) Limited ("**MUFG**"), reviews the Funds' accounts to reconcile cash and positions between the Prime Brokers and MUFG's books and records.

On a monthly basis, MUFG reviews the Funds' accounts to calculate an official monthly valuation.

Once a month or quarter, depending on the Client, the Firm sends a letter to Fund Investors containing an unaudited prior month return and the description of the activity in the prior month, which led to the results. Additionally, the letter typically includes current news that may be relevant to the Fund portfolios.

The Managed Accounts have access to view their reports on a daily basis from the prime brokers and are sent a weekly e-mail update on the portfolio's month-to-date performance. The Firm typically sends out a monthly e-mail to the SMA Client discussing the performance of the SMA for the past month. Each Managed Account has its own administrator that calculates the official valuations.

Since an SMA Client would directly own the positions in its SMA, such Client could have full, real-time transparency as to all transactions and holdings in such SMA, and may be better able to assess the future prospects of a portfolio that is substantially similar to the portfolios of the Funds. SMA Clients may have the right to withdraw all or a portion of their capital from such SMAs on shorter notice and/or with more frequency than the terms applicable to an investment in the Funds.

See also Item 4.C above regarding the availability of customized services for individual Clients, which may include the provision of additional information to certain Investors and prospective Investors. In addition, see Item 15 below for more information regarding custody practices and statements by qualified custodians.

Item 14: Client Referrals and Other Compensation

The Firm currently does not utilize any third-party marketers or solicitors for Client referrals,

but may do so in the future in accordance with applicable law and regulation.

Other than the circumstances described above in Item 12, the Firm does not receive any economic benefits from non-Clients in connection with the provision of investment advice or other advisory services to the Firm's Clients.

Item 15: Custody

The Firm is deemed to have custody of Client funds and securities where the Firm has the authority to obtain Client funds or securities, for example, by deducting advisory fees from a Client's account or otherwise withdrawing funds from a Client's account.

The Firm is subject to Rule 206(4)-2 under the Advisers Act (the "Custody Rule"). Consistent with the Firm's obligations, Clients' funds and securities for which the Firm has custody are maintained with broker-dealers or banks that are deemed "qualified custodians" under the Custody Rule. Account statements related to Funds are sent by qualified custodians to the Firm.

The Firm is not required to comply (or is deemed to have complied) with certain requirements of the Custody Rule with respect to each Fund because the Firm complies with the provisions of the so-called "Pooled Vehicle Annual Audit Exception," which, among other things, requires that each Fund (i) be subject to an audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and (ii) distribute its audited financial statements to all Investors within 120 days of the end of its fiscal year. Investors in the Funds will receive audited financial statements for the particular Fund(s) in which they are invested within 120 days after fiscal year end. Information on the Funds' auditor is contained in Section 7.B of Schedule D of Form ADV Part 1A.

A Managed Account will receive statements directly from the qualified custodian at least quarterly and should carefully review such statements.

To the extent that any SMA or Managed Account Client were to receive any account statements from the Firm (which currently is not expected), they are urged to compare those statements with the statements that they receive from their brokers and/or custodians.

Item 16: Investment Discretion

The Firm has discretionary authority to manage securities accounts on behalf of our Clients. Investors in the Funds generally may not place any limits on our authority beyond the limitations set forth in the applicable Fund offering documents. The discretionary authority is based on the Fund offering documents or the advisory contract between the Firm and the relevant SMA, as applicable.

On a case-by-case basis, owners of any SMAs may negotiate certain risk and/or operating guidelines that the Firm will adhere to when exercising its discretionary authority over such SMAs.

Item 17: Voting Client Securities

The Firm generally has voting discretion over securities held in Client accounts. Clients generally are not able to direct their votes in a particular situation.

To the extent the Firm has been delegated proxy voting authority on behalf of its Clients, the Firm has adopted proxy voting policies and procedures that are designed to ensure that in cases where we vote proxies with respect to Client securities, such proxies are voted in the best interests of such Clients. The Firm's policy is to vote the proxies of the companies in which it holds shares in order to maximize immediate shareholder value. The Firm often holds shares of companies that are in agreements to be acquired, and usually but not always, will vote "for" mergers. The Firm may determine that abstaining from voting or affirmatively deciding not to vote may be in the best economic interests of the Clients.

Investors may obtain a copy of the Firm's proxy voting policies and procedures as well as information about how historical proxies were voted by contacting the Firm at the address set forth on the cover page of this Brochure.

Item 18: Financial Information

The Firm is not required to provide a balance sheet in response to this Item 18, is not aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to Clients and has not been the subject of a bankruptcy petition at any time during the past ten years.