

FIRM BROCHURE

TWIN TREE MANAGEMENT, L.P.

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This brochure provides information about the qualifications and business practices of Twin Tree Management, L.P. If you have any questions about the information contained in this brochure, please contact us at (214) 979-2313. 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.

This brochure does not constitute an offer, solicitation or recommendation to sell or an offer to buy any securities, investment products or investment advisory services. Such an offer may only be made to eligible persons by means of delivery of offering memoranda and/or governing documents that contain a description of the material terms relating to such investment, products or services.

Additional information about Twin Tree Management, L.P. also is available on the SEC’s website at www.adviserinfo.sec.gov.

March 29, 2024

Item 2: Material Changes

The date of our last updating amendment to our firm brochure was March 30, 2023. A summary of the material changes that have been made to our firm brochure since the date of the last annual updating amendment is set forth below:

- Item 4: Advisory Business has been revised to reflect updated assets under management.
- We made revisions to the risk factor disclosures set forth in Item 8, Methods of Analysis, Investment Strategies and Risk of Loss, including regarding General Economic and Market Conditions, Regulatory Developments, Terrorist Attacks, War and Natural Disasters, Geopolitical Risks and Force Majeure, Governmental Intervention, Changes in Government Policy, Inflation Risk, Interest Rate Risk, Cybersecurity, Public Health Risk, New Private Fund Adviser Rules, Short Selling and Financial Institution Risks; Distress Events.

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

We encourage all clients and investors to carefully review this document in its entirety.

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Item 4: Advisory Business

FIRM DESCRIPTION

Twin Tree Management, L.P., a Texas limited partnership and private investment advisory firm, was formed in 2009. We provide investment management and other services with respect to our affiliated private investment funds (the “Funds”) and have full discretionary authority with respect to their investment decisions. Our investment advisory services are provided in accordance with the investment objectives and guidelines set forth in the applicable offering and governing documents. The information set forth in this brochure is qualified in its entirety by the applicable offering and governing documents.

PRINCIPAL OWNERS

The general partner of Twin Tree Management, L.P. is Twin Tree Capital Management, LLC, a Texas limited liability company, which is owned and controlled by Michael E. Presley. Mr. Presley is also principal owner and a limited partner of Twin Tree Management, L.P.

TYPES OF ADVISORY SERVICES

We provide investment management and other services to the Funds with respect to a relative value investment strategy that seeks to profit from perceived mispricings in the implied volatility and correlation markets. Our investment advisory services involve a variety of derivative instruments including listed and over-the-counter options, variance swaps, volatility swaps, correlation swaps, convertible bonds, structured products, and a hedging policy with respect to underlying securities. We are responsible for investing and re-investing the capital of the Funds in securities, financial instruments and/or other assets in accordance with the investment objectives, policies and guidelines set forth in the applicable offering and governing documents. **See Item 8 below.**

We tailor our advisory services to the individual needs and objectives of the Funds, and investors are not permitted to impose restrictions and/or limitations on the Funds’ investments and strategies. However, we have entered and may enter into side agreements and other arrangements with certain investors that alter or modify the terms of the interests held thereby.

ASSETS UNDER MANAGEMENT

As of December 31, 2023, we had approximately \$8,633,164,520 in regulatory assets under management. All of these assets were managed on a discretionary basis.

Item 5: Fees and Compensation

DESCRIPTION OF COMPENSATION AND FEE SCHEDULE

In consideration of our advisory services, we are entitled to receive management fees and performance fees, with respect to the Funds. While our fees are described in detail in the applicable governing and offering documents, a brief summary of our advisory fees is set forth below.

Management Fees

We generally are entitled to receive an annual management fee, payable on the first business day of each calendar quarter in advance, equal to (a) 0.50% (2.0% per annum) of the net asset value of each Class A separate account of an investor and (b) 0.25% (1.0% per annum) of the net asset value of each Class B separate account of an investor.

Performance Allocation

Subject to a high water mark and certain other limitations, at the end of each fiscal year (and at such other times set forth in the applicable partnership agreement), a performance allocation equal to (a) twenty percent (20%) of the net profits allocable to each Class A separate account of an investor for the applicable fiscal year and (b) ten percent (10%) of the net profits allocable to each Class B separate account of an investor for the applicable fiscal year, is paid to us by the Funds.

A cumulative net loss account (also known as a “high water mark”) is maintained with respect to each separate account of an investor. At the end of each performance period, each cumulative net loss account is debited with the cumulative amount of net losses, if any, allocated to the relevant separate account since the immediately preceding date as of which a calculation of the performance allocation was paid (or if no fee has yet been paid with respect to such separate account, since such separate account’s establishment) and credited (but not below zero) with the cumulative net profits, if any, allocated to such separate account since the immediately preceding date as of which a calculation of a performance allocation was paid (or the establishment of such separate account, if applicable). We are not paid any performance allocation with respect to a separate account until the debit balance in the corresponding cumulative net loss account has been reduced to zero.

Each investor in the Funds generally is required to represent that it is (among other things) a “qualified purchaser” as such term is defined in Section 2(a)(51)(A) under the Investment Company Act of 1940, as amended (the “Company Act”).

Our advisory fees generally are not negotiable. However, we have entered and may enter into side letters or similar arrangements with investors that grant different and more preferential terms (including the reduction or elimination of fees) to such investors than the terms generally applicable to other investors. As described in the offering documents, we have entered into a seed letter arrangement (“Seed Agreement”) with certain seed investors, pursuant to which the seed investors have contributed an aggregate of \$24 million to one of the Funds. In consideration of such capital contribution, the seed investors have been granted certain preferential rights and terms including (a) lower management fees and performance allocations, (b) participation rights in our gross revenues and (c) preferential informational rights.

PAYMENT OF FEES

Management fees are payable by investors quarterly, in advance, as of the first business day of each calendar quarter. Management fees are deducted directly from the separate account(s) of each limited partner. In the event that a Fund is dissolved, a limited partner withdraws or our advisory services are terminated prior to the end of any calendar quarter, then an amount equal to a *pro rata* portion of the management fee, based on the actual number of days remaining in such quarter, will be refunded to the applicable limited partner(s). Management fees will also be prorated with respect to capital contributions made by investors during a calendar quarter.

Performance allocations are calculated and paid as of the end of each calendar year (and at such other times as set forth in the partnership agreements). Performance allocations are paid directly from each separate account of a limited partner to our separate account.

OTHER FEES AND EXPENSES

In addition to management fees and performance allocations, each Fund generally bears all costs and expenses

relating to the Fund's activities (other than organizational expenses of the Fund), including the following: (a) all expenses incurred in connection with the offering, including, but not limited to, documentation of performance and the admission of investors, (b) all operating expenses of the Fund such as tax preparation fees (including, without limitation, any such fees related to the preparation of tax returns and Schedule K-1s), governmental fees and taxes (or any other governmental charges levied against the Fund), administrator fees, communications with investors and ongoing legal, accounting, auditing, administration, appraisal, bookkeeping, consulting and other professional fees and expenses, including for litigation, and preparation of the Fund's financial statements and reports, (c) all Fund costs, expenses and charges incurred in connection with the investment and trading activities of the Fund, (d) professional and other advisory and consulting expenses and travel expenses incurred in connection with investment due diligence, monitoring or the assertion of rights or pursuit of remedies (including, without limitation, pursuant to bankruptcy or other legal proceedings or participation in informal committees of creditors or other security holders of an issuer), (e) all fees and other expenses incurred in connection with the investigation, prosecution or defense of any claims by or against the Fund, (f) interest on, and fees and expenses arising out of, all borrowings made by the Fund, (g) expenses of any meetings of the investors, (h) the costs of any litigation and indemnification relating to the affairs of the Fund, (i) expenses related to third party research, publications, data and data services, including real time pricing and market information (such as Bloomberg and Reuters services) and historical pricing and other data ("Research Expenses"), (j) costs of compliance with applicable laws and regulations of governmental and self-regulatory bodies, including costs incurred by us and our affiliates in complying with laws and regulations that apply to any such entities as a result of their services to the Fund, (k) the Fund's expenses associated with maintaining the legal existence of the Fund, including directors' fees, administrators' fees, occupancy costs and other operating costs of entities that maintain their own offices in certain jurisdictions and (l) all other reasonable expenses related to the management and operation of the Fund and/or the purchase, sale or disposition of the limited partnership interests. The Funds generally are responsible for and pay any and all brokerage and custodial fees. **See Item 12 below.**

COMPENSATION FOR THE SALE OF SECURITIES OR OTHER INVESTMENT PRODUCTS

Neither we nor any of our supervised persons accept compensation for the sale of securities or other investment products.

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

PERFORMANCE-BASED FEES

As noted under Item 5 above, we generally are entitled to receive performance allocations with respect to certain of the investors in the Funds. Performance allocations could motivate us to make investment decisions that are riskier or more speculative than would be the case if these arrangements were not in effect. Our individual employees and affiliates who are compensated to some extent based upon trading profits for which they are responsible face the same potential conflict. Because the performance allocation is calculated on a basis that includes unrealized appreciation in the Funds' portfolio based upon values assigned by us, we face a conflict of interest in valuing the Funds' portfolio. We attempt to address these conflicts through full and fair disclosure in the offering documents and this brochure.

SIDE-BY-SIDE MANAGEMENT

We currently do not manage accounts for which we are entitled to receive performance-based fees or allocations alongside accounts for which we are not entitled to receive any performance-based fees or allocations. As described under **"Item 5: Fees and Compensation"** above, the terms of each Fund's performance-based compensation are substantially similar. Thus, the potential that differences in terms of performance-based compensation could incentivize us to favor one Fund over another in their investment allocations is mitigated.

Item 7: Types of Clients

TYPES OF CLIENTS AND INVESTORS

We only provide investment advisory and supervisory services to the Funds. The Funds currently have various types of investors, including entities, funds of funds and natural persons.

ACCOUNT REQUIREMENTS

The minimum initial capital contribution required for an investor in the Funds is \$1,000,000, although capital contributions of lesser amounts may be accepted in our discretion (subject to applicable regulatory requirements).

Each investor in the Funds generally is required to represent that it is, among other things, an “accredited investor,” as such term is defined in Rule 501(a) of Regulation D under the Securities Act of 1933, and a “qualified purchaser,” as such term is defined in Section 2(a)(51)(A) of the Company Act.

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

METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

We provide investment advisory services with respect to a relative value investment strategy that seeks to profit from perceived mispricings in the implied volatility and correlation markets. We evaluate investment opportunities by analyzing the degree of deviation between implied volatility and forecast future realized volatility, the perceived risk associated with volatility exposure on a particular security, the expected correlations between various instruments and current portfolio composition. We generally expect that the long term correlation between the Funds' returns and the returns of major market indices will be negligible. We generally seek to achieve volatility exposure through the use of a variety of derivative instruments including listed and over-the-counter options, variance swaps, volatility swaps, correlation swaps, convertible bonds and structured products. We also implement a hedging policy in an attempt to reduce directional and credit positions with respect to underlying securities.

Our investment process is designed to identify and profit from the perceived mispricings of volatility sensitive securities and derivative instruments. We use proprietary screening tools to systematically evaluate the universe of potential trades and focus on the most attractive opportunities for closer analysis and review. This review includes the analysis of a range of factors including the degree of deviation between implied and predicted volatility, perceived risk and the fundamentals of the underlying instruments. Ultimately, investment decisions are discretionary and made in consideration of a range of quantitative and qualitative factors, including how a prospective position would fit within the current portfolio. While the majority of investment ideas are model driven, we also regularly evaluate new trade ideas from the dealer community. Internal discussion and case by case analysis also leads to new investment ideas.

We believe in maintaining a well diversified portfolio and intend to closely monitor the portfolio's exposure to specific risk factors such as individual equities and currencies. We generally expect to hold over one hundred individual positions, and the maturities of these positions will typically be staggered across time. Thus portfolio liquidity is maintained in part by positions naturally rolling off as time passes. New trades generally are sized proportional to expected return on risk and in consideration of the goal of maintaining portfolio diversification.

For more information regarding our investment strategies and methods of analysis, please refer to the offering memoranda of the Funds. The foregoing summary is qualified in its entirety by the information contained in the Funds' offering documents.

CERTAIN RISK FACTORS

There can be no assurance that the Funds will achieve their investment objectives. The Funds' investment programs involve a substantial degree of risk, including risk of complete loss. Nothing in this brochure is intended to imply, and no one is or will be authorized to represent, that the Funds' investment programs are low risk or risk free. These investment programs are appropriate only for sophisticated persons who fully understand and are capable of bearing the risks of investment. Prospective investors should consider the following risks, among others, before making any investment decisions. The various risks outlined below are not the only risks associated with the Funds' investment strategies and processes and may not necessarily apply to each Fund. Investors are urged to consult with their own independent financial, legal and tax advisors before making any investment decisions. The following risks are qualified in their entirety by the risks set forth in the applicable offering documents.

General Economic and Market Conditions. Changes in general global, regional and U.S. economic, market and geopolitical conditions and national and international political circumstances and developments and other circumstances and occurrences (including, without limitation, wars, epidemics, pandemics, outbreaks of disease, public health emergencies, terrorist acts, security operations, natural disasters, bank failures and financial institution instability, inflation and interest rate changes), as well as changes in government or regulatory policy precipitated by the foregoing, may affect our and the Funds' activities. For example, the continued hostilities and disputes between Russia and Ukraine and Israel and Hamas, and/or recent bank failures in the United States could destabilize the United States or worldwide economy and equity markets in various respects. Interest rates, inflation, general levels of economic activity, the price of securities and participation by other investors in the financial markets may affect the value and number of investments made by the Funds or considered for prospective investment. For example, the hostilities and disputes between Russia and Ukraine and Israel and Hamas, as well as other economic, market and geopolitical developments, could destabilize the worldwide economy and equity markets in various respects. Interest

rates, general levels of economic activity, the price of securities and participation by other investors in the financial markets may affect the value and number of investments made by Funds or considered for prospective investment. Material changes and fluctuations in the economic environment, particularly of the type experienced in the years following 2008 that caused significant dislocations, illiquidity and volatility in the wider global economy, and the market changes that have resulted and may continue to result from COVID-19 or other public health emergencies or outbreaks of disease or financial institution and bank instability and failures, may affect our or Funds' ability to make investments and the value of investments or the ability to dispose of investments. Specifically, in recent years bank failures in the United States resulted in market disruption and volatility, and significant government intervention. The short-term and the longer-term impact of these events are uncertain, but they could continue to have a material effect on general economic conditions, consumer and business confidence and market liquidity. Any economic downturn resulting from a recurrence of such marketplace events and/or continued volatility in the financial markets could adversely affect the financial resources of entities owned by Funds. Additionally, there has been discussion and dialogue regarding potential significant changes to U.S. trade policies, legislation, treaties and tariffs, trade policies and tariffs affecting various countries. Tariffs and other trade restrictions imposed by the U.S. government and any further similar changes in U.S. trade policy have triggered some, and could trigger additional, retaliatory actions by affected countries, possibly resulting in "trade wars". At this time, it is unknown whether and to what extent new or additional legislation will be passed into law, pending or new regulatory proposals will be adopted (including with respect to bank or financial institution reforms), international trade agreements will be negotiated, or the effect that any such action would have, either positively or negatively, on Funds or their investments. Investments can be expected to be sensitive to the performance of the overall economy. Moreover, a serious pandemic, bank failures or distress, work stoppage, government-imposed shutdown, natural disaster, armed conflicts, threats of terrorism, changes in monetary policy, terrorist attacks, global pandemics or outbreaks of disease and the impact of military or other action could severely disrupt global, national and/or regional economies. A resulting negative impact on economic fundamentals and consumer and business confidence may negatively impact market value, increase market volatility and reduce liquidity, all or any of which could have an adverse effect on the performance of Funds' investments, Fund returns and Funds' ability to make and/or dispose of investments. No assurance can be given as to the effect of these events on Funds or their investment objectives. Global economic and market conditions have recently been materially adversely affected by the ongoing conflicts between Russia and Ukraine and Israel and Hamas, and bank and financial institution instability.

Regulatory Developments. The legal, tax and regulatory environment worldwide for investment advisers, wealth managers, private funds and other regulated entities is evolving, and changes in the regulation of investment advisers, wealth managers, private fund advisers, private funds, and their trading and investing and other activities may have a material adverse effect on our ability and that of the Funds to pursue or achieve their investment program or implement their investment advice, and the value of investments held by Funds. There has been an increase in oversight, scrutiny and regulation of the alternative investment and investment management industry by governmental agencies and self-regulatory organizations. New laws and regulations or actions taken by regulators that restrict our ability or that of the Funds to pursue their investment advisory or investment program or conduct business with brokers and other counterparties could have a material adverse effect on us and Funds. The SEC has proposed, and continues to propose and adopt, various new rules and regulations, which will or may have a material adverse effect on our business, investment advisers and private funds. See "—New Private Fund Adviser Rules."

Investment and Trading Risks Generally. All investments risk the loss of capital. No guarantee or representation is made that the Funds' investment programs will be successful. The Funds' investment programs involve, without limitation, risks associated with limited diversification, leverage, interest rates, currencies, volatility, tracking risks in hedged positions, security borrowing risks in short sales, credit deterioration or default risks, systems risks and other risks inherent in the Funds' activities. Certain investment techniques of the Funds may, in certain circumstances, substantially increase the impact of adverse market movements to which the Funds may be subject. In addition, the Funds' investments may be materially affected by conditions in the financial markets and overall economic conditions occurring globally and in particular countries or markets where the Funds invest their assets.

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

Derivatives. We have essentially unlimited discretion to use derivative instruments, including (among others), options (including speculative positions such as buying and writing call options and put options on either a covered

or an uncovered basis), futures, forward contracts, repurchase agreements, reverse repurchase agreements and many different types of swaps involving payments based on a wide range of risks.

In many cases, derivatives provide the economic equivalent of leverage by magnifying the potential gain or loss from an investment in much the same way that incurring indebtedness would. Many derivatives provide exposure to potential gain or loss from a change in the market price of a financial instrument (or a basket or index) or other event or circumstance in a notional amount that greatly exceeds the amount of cash or assets required to establish or maintain the derivative contract. Accordingly, relatively small price movements in the underlying financial instruments or other events or circumstances may result in immediate and substantial losses to the Funds. In some cases, a Fund's exposure under a derivative contract will be limited to the amount invested (for example, when a Fund buys a call option). In other cases, the derivative contract will create an open-ended obligation (for example, when a Fund writes a call option). Many derivatives, particularly those negotiated over-the-counter, are substantially illiquid or could become illiquid under certain market conditions. As a result, it may be difficult or impossible to determine the fair value of a Fund's interest in such contracts. Many derivative contracts involve exposure to the credit risk of the counterparty, because the Fund acquires no direct interest in the underlying financial instrument, but instead depends on the counterparty's ability to perform under the contract. Further, if and when a Fund takes economic exposure through a derivative, it generally will not have any voting rights and may not be able to pursue legal remedies that would be available if it invested directly in the underlying financial instrument.

Many derivatives also involve substantial legal risk and uncertainty, because the terms of the contract may be difficult to draft, apply, interpret and enforce, particularly in the context of unforeseen market conditions or events. In many cases, the counterparty has discretion (either pursuant to the express terms of the contract or in practice) to interpret the contract, make required calculations and demand or withhold payments in the manner most favorable to the counterparty and most unfavorable to the Fund. An adverse interpretation or calculation under one derivative contract could trigger cross-defaults with other contracts and could have a materially adverse effect on the Fund's liquidity and performance. Any dispute concerning a derivative contract could be expensive and time consuming to resolve, particularly given the potential for complex and novel legal issues and the involvement of multiple legal jurisdictions. Even a favorable resolution could come too late to prevent cross-defaults, trading losses and material liquidity problems.

Highly Volatile Markets. The prices of financial instruments in which the Funds invest can be (and have recently been) volatile. Price movements of the financial instruments in which the Funds' assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments and national and international political and economic events and policies. The Funds are subject to the risk of failure of any of the exchanges on which their positions trade or of their clearinghouses. In addition, governments from time to time intervene in certain markets, directly and by regulation, particularly in currencies, futures and options. Such intervention is often intended to directly influence prices and may, together with other factors, cause some or all of these markets to move rapidly in the same direction. The effect of such intervention is often heightened by a group of governments acting in concert.

Futures Contracts. The value of futures contracts depends upon the price of the financial instruments, such as commodities, underlying them. The prices of futures contracts are highly volatile, and price movements of futures contracts can 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. In addition, investments in futures contracts are also subject to the risk of the failure of any of the exchanges on which the Funds' positions trade or of their clearing houses or counterparties.

Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in that contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent the Funds from promptly liquidating unfavorable positions and subject the Funds to substantial losses or from entering into desired trades. In extraordinary circumstances, a futures exchange or the Commodity Futures Trading Commission (the "CFTC") could suspend trading in a particular futures contract or order liquidation or settlement of all open positions in such contract.

Forward Contracts. Forward contracts and options thereon, unlike futures contracts, are not currently 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 forward markets due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward (and futures) trading to less than that which we would otherwise recommend, to the possible detriment of the Funds. Market illiquidity or disruption could result in significant losses to the Funds.

Call Options. There are risks associated with the sale and purchase of call options. The seller (writer) of a call option which is covered (e.g., the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The securities necessary to satisfy the exercise of an uncovered call option may be unavailable for purchase, except at much higher prices, thereby reducing or eliminating the value of the premium. Purchasing securities to cover the exercise of an uncovered call option can cause the price of the securities to increase, thereby exacerbating the loss. The buyer of a call option assumes the risk of losing its entire premium investment in the call option. The Funds currently only intend to sell uncovered call options.

Put Options. There are risks associated with the sale and purchase of put options. The seller (writer) of a put option which is covered (e.g., the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus the premium received and gives up the opportunity for gain on the underlying security if the market price falls below the exercise price of the option. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option. The Funds currently only intend to sell uncovered put options.

Stock Index Options. The Funds may also purchase and sell call and put options on stock indices listed on securities exchanges or traded in the over-the-counter market for the purpose of realizing their investment objectives or for the purpose of hedging their portfolios. A stock index or index option fluctuates with changes in the market values of the stocks included in the index. The effectiveness of purchasing or writing stock index options for hedging purposes will depend upon the extent to which price movements in a Fund’s portfolio correlate with price movements of the stock indices selected. Because the value of an index option depends upon movements in the level of the index rather than the price of a particular stock, whether a Fund realizes gains or losses from the purchase or writing of options on indices depends upon movements in the level of stock prices in the stock market generally or, in the case of certain indices, in an industry or market segment, rather than movements in the price of particular stocks. Accordingly, successful use by the Funds of options on stock indices will be subject to our ability to correctly predict movements in the direction of the stock market generally or of particular industries or market segments. This requires different skills and techniques than predicting changes in the price of individual stocks.

Swap Agreements. The Funds may enter into swap agreements and options on swap agreements (“swaptions”). Swap agreements are individually negotiated and can be structured to include exposure to a variety of different types of investments, asset classes or market factors. The Funds for instance, may enter into swap agreements with respect to interest rates, credit defaults, currencies, securities, indexes of securities and other assets or other measures of risk or return. Depending on their structure, swap agreements may increase or decrease a Fund’s exposure to, for example, long-term or short-term interest rates (in the United States or abroad), non-U.S. currency values, credit spreads, 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. The Funds are not limited to any particular form of swap agreement if consistent with their investment objectives and policies.

Swap agreements tend to shift a Fund’s investment exposure from one type of investment to another. For example, if a Fund agrees to exchange payments in dollars for payments in non-U.S. currency, the swap agreement would tend to decrease the Fund’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 a Fund’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 Fund. If a swap agreement calls for payments by a Fund, the Fund 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 the Fund.

Whether the Funds' use of swap agreements or swaptions will be successful will depend on our ability to select appropriate transactions for the Funds. Swap transactions may be highly illiquid and may increase or decrease the volatility of a Fund's portfolio. Moreover, the Fund bears the risk of loss of the amount expected to be received under a swap agreement in the event of the default or insolvency of its counterparty. The Fund will also bear the risk of loss related to swap agreements, for example, for breaches of such agreements or the failure of the Fund to post or maintain required collateral. Many swap markets are relatively new and still developing. It is possible that developments in the swap markets, including potential government regulation, could adversely affect the Funds' ability to terminate existing swap transactions or to realize amounts to be received under such transactions.

Equity Swaps. The Funds may make use of equity swaps. A swap is a contract under which two parties agree to make periodic payments to each other based on the value of a security, specified interest rates, an index or the value of some other instrument, applied to a stated or "notional" amount. An equity swap is a customized derivative instrument that entitles the counterparty to certain payments on the gain or loss on the value of an underlying equity security. Equity swaps are subject to various types of risk, including market risk, liquidity risk, counterparty credit risk, legal risk and operations risk.

Repurchase and Reverse Repurchase Agreements. The Funds may enter into repurchase and reverse repurchase agreements. When a Fund enters into a repurchase agreement, it "sells" securities to a broker-dealer or financial institution, and agrees to repurchase such securities on a mutually agreed date for the price paid by the broker-dealer or financial institution, plus interest at a negotiated rate. In a reverse repurchase transaction, a Fund "buys" securities issued from a broker-dealer or financial institution, subject to the obligation of the broker-dealer or financial institution to repurchase such securities at the price paid by the Fund, plus interest at a negotiated rate. The use of repurchase and reverse repurchase agreements by the Funds involves certain risks. For example, if the seller of securities to a Fund under a reverse repurchase agreement defaults on its obligation to repurchase the underlying securities, as a result of its bankruptcy or otherwise, the Fund will seek to dispose of such securities, which action could involve costs or delays. If the seller becomes insolvent and subject to liquidation or reorganization under applicable bankruptcy or other laws, the Fund's ability to dispose of the underlying securities may be restricted. It is possible, in a bankruptcy or liquidation scenario, that the Fund may not be able to substantiate its interest in the underlying securities. Finally, if a seller defaults on its obligation to repurchase securities under a reverse repurchase agreement, the Fund may suffer a loss to the extent that it is forced to liquidate its position in the market, and proceeds from the sale of the underlying securities are less than the repurchase price agreed to by the defaulting seller. Similar elements of risk arise in the event of the bankruptcy or insolvency of the buyer.

Other Derivative Instruments. The Funds may take advantage of opportunities with respect to certain other derivative instruments that are not presently contemplated for use or that are not currently available, but that may be developed, to the extent such opportunities are both consistent with the investment objectives of the Funds and legally permissible. Special risks may apply to instruments that are invested in by a Fund in the future that cannot be determined at this time or until such instruments are developed or invested in by the Fund. Certain swaps, options and other derivative instruments may be subject to various types of risks, including market risk, liquidity risk, the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty, legal risk and operations risk.

Hedging Transactions. The Funds utilize financial instruments, both for investment purposes and for risk management purposes, in order to: (a) protect against possible changes in the market value of the Funds' investment portfolios resulting from fluctuations in the securities markets and changes in interest rates; (b) protect the Funds' unrealized gains in the value of their investment portfolios; (c) facilitate the sale of any such investments; (d) enhance or preserve returns, spreads or gains on any investment in the Funds' portfolios; (e) hedge against a directional trade; (f) hedge the interest rate or currency exchange rate on any of the Funds' liabilities or assets; (g) protect against any increase in the price of any securities the Funds anticipate purchasing at a later date; or (h) for any other reason that we deem appropriate.

The success of the Funds' hedging strategies depends, in part, upon our ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the

portfolio investments being hedged. Since the characteristics of many securities change as markets change or time passes, the success of the Funds' hedging strategies also are subject to our ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. While the Funds may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Funds than if they have not engaged in such hedging transactions. For a variety of reasons, we 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 a Fund from achieving the intended hedge or expose it to risk of loss. The Funds are not required to hedge any particular risk in connection with a particular transaction or their portfolios generally. Moreover, it should be noted that the portfolios will always be exposed to certain risks that may not be hedged. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of the Funds' portfolio holdings.

Limited Diversification and Risk Management Failures. The Funds have no formal guidelines for diversification. As a result, the Funds' portfolios could become significantly concentrated in a limited number of issuers, types of financial instruments, industries, sectors, strategies, countries or geographic regions, and any such concentration of risk may increase losses suffered by the Funds. This limited diversity could expose the Funds to losses disproportionate to market movements in general. Even when we attempt to control risks and diversify the portfolios, risks associated with different assets may be correlated in unexpected ways, with the result that the Funds face concentrated exposure to certain risks. In addition, many other investment funds pursue similar strategies, which creates the risk that many funds would be forced to liquidate positions at the same time, reducing liquidity, increasing volatility and exacerbating losses. Although we attempt to identify, monitor and manage significant risks, these efforts do not take all risks into account and there can be no assurance that these efforts will be effective. Many risk management techniques are based on observed historical market behavior, but future market behavior may be entirely different. Any inadequacy or failure in our risk management efforts could result in material losses for the Funds.

Investments in Unlisted Securities. The Funds may invest, to a limited extent, in unlisted securities of companies. Because of the absence of any trading market for these investments, it may take longer to liquidate, or it may not be possible to liquidate, these positions than would be the case for publicly traded securities. Although these securities may be resold in privately negotiated transactions, the prices realized on these sales could be less than those originally paid by the Funds. Further, companies whose securities are not publicly traded may not be subject to public disclosure and other investor protection requirements applicable to publicly traded securities. In the event there is no trading market for these investments, the Funds value such investments based upon the fair value of such investments as determined by us.

High-Yield Instruments. The Funds may invest in high-yield instruments. Such instruments are generally not exchange-traded and, as a result, these instruments trade in the over-the-counter marketplace, which is less transparent than the exchange-traded marketplace. In addition, the Funds may invest in bonds of issuers that do not have publicly traded equity instruments, making it more difficult to hedge the risks associated with such investments. High-yield instruments 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. The market values of certain of these lower-rated and unrated debt instruments tend to reflect individual corporate developments to a greater extent than do higher-rated instruments which react primarily to fluctuations in the general level of interest rates and tend to be more sensitive to economic conditions than are higher-rated instruments. Companies that issue such instruments 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 instruments and may have an adverse impact on the value of such instruments. In addition, it is possible that any such economic downturn could adversely affect the ability of the issuers of such instruments to repay principal and pay interest thereon and increase the incidence of default of such instruments.

Risks Associated with Commodity Futures, Forwards and Related Instruments. The prices of commodities contracts and all derivative instruments, including futures and options prices, can be highly volatile. Price movements of forwards, futures and other derivative contracts in which the Funds' assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies, financial instrument futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same

direction because of, among other things, interest rate fluctuations. The Funds also will be subject to the risk of the failure of any of the exchanges on which their positions trade or of their clearinghouses.

Trading options on futures involves a high degree of risk. An option on a futures contract is a right to either buy or sell the underlying futures contract at a specific price. The risks of trading options on futures are similar to the risks of trading securities options. In addition, if the purchaser of an option on a futures contract exercises the option, the holder will, in effect, be buying or selling the underlying futures contract and will then be subject to the same risks as are attendant to futures trading.

Non-U.S. Investments. The Funds may invest in financial instruments of non-U.S. corporations and governments. Investing in the financial instruments of companies (and, from time to time, governments) outside of the United States involves certain considerations not usually associated with investing in financial instruments 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 or other income, 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 Funds' investment opportunities.

Corporate Debt. The Funds may invest in bonds, notes, debentures or other debt instruments issued by corporations. These instruments may pay fixed, variable or floating rates of interest and may include zero coupon obligations. The Funds may invest in corporate debt instruments that have experienced or are contemplated to experience ratings downgrades. Other instruments may have the lowest quality ratings or may be unrated. Credit ratings evaluate the safety of the principal and interest payments, not the market value risk of lower-rated instruments. Such ratings also do not reflect macroeconomic or systemic risk, including the risk of increased illiquidity in the credit markets. It is also possible that a rating agency might not change its rating of a particular issue on a timely basis and, as a result, outstanding ratings may not reflect the issuer's current credit standing. Conversely, rating agencies may re-rate an instrument which could cause substantial loss as the ratings are downgraded. The Funds' investments may experience significant credit rating volatility. In addition, the Funds may be paid interest in kind in connection with their investments in corporate debt and related financial instruments (e.g., the principal owed to a Fund in connection with a debt investment may be increased by the amount of interest due on such debt investment). Such investments may experience greater market value volatility than debt obligations that provide for regular payments of interest in cash and, in the event of a default, the Funds may experience substantial losses.

Short Selling. The Funds' investment portfolios do and may include short positions. Short selling involves selling securities which may or may not be owned and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from a decline in the price of a particular security to the extent that such decline exceeds the transaction costs and the costs of borrowing the securities. The extent to which the Funds engage in short sales will depend upon their investment strategies and opportunities. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to a Fund of buying those securities to cover the short position. There can be no assurance that a Fund will be able to maintain the ability to borrow securities sold short. In such cases, the Fund can be "bought in" (i.e., forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the security necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

If a request for a return of borrowed securities occurs at a time when other short sellers of the security are receiving similar requests, a "short squeeze" can occur, in which case a Fund or account may be compelled to replace borrowed securities previously sold short with purchases on the open market at the most disadvantageous time, possibly at prices significantly in excess of the proceeds received in originally selling the securities short. A significant "short squeeze" event occurred in January 2021 with respect to the securities of GameStop Corp (GME), where retail investors utilized Robinhood and other popular commission-free trading platforms and social media platforms to execute a "short squeeze" strategy aimed at destroying the short sale efforts of prominent hedge funds and other institutional investors who were attempting to profit from the demise of GameStop stock. The efforts of these retail investors pushed the price of GameStop stock to record levels in a very short period of time, and many

hedge funds and other investors lost billions of dollars as they were forced to close out their short positions on GameStop stock in connection with the short squeeze. This situation is likely to reoccur in the future, as social media and popular commission free trading platforms have made it easier for a large number of retail investors to band together and cause disruptions in the trading strategies of hedge funds and other institutional investors. The controversy relating to GameStop has led to SEC scrutiny and may lead to greater regulation of such strategies.

On October 13, 2023, the SEC adopted new rules requiring the reporting of all short positions above certain thresholds. These new rules and related requirements will require additional monitoring and reporting of short positions, thereby increasing the administrative, regulatory and compliance burdens and costs for us and the Funds. The SEC may adopt or enact additional rules requiring public disclosure of short positions in the future. In addition, other non-U.S. jurisdictions, where a Fund trades, have adopted or may adopt reporting requirements. If a Fund's short positions or its strategy become generally known, it could have a material or significant effect on our ability to implement or effect our investment strategies. In particular, it would make it more likely that other investors could cause or lead us or underlying managers into a "short squeeze" in the securities held short by a Fund, forcing a Fund to cover its positions at a loss. Such reporting requirements likely would also limit our ability to access management and other personnel at certain issuers where we seek to take or establish a short position. In addition, if other investors engage in copycat behavior by taking positions in the same issuers as the Funds, the cost of borrowing securities to sell short could increase significantly and the availability of such securities to the Funds could decrease significantly. The SEC has adopted various restrictions or limitations on the short sale of securities which fall more than 10% in a given day (referred to as the "circuit breaker" or "modified uptick rule"). The SEC and regulatory authorities in other jurisdictions could adopt (and in certain cases have adopted) bans or restrictions or limitations on short sales of certain securities or short sales with respect to certain issuers in response to significant market events. Restrictions, limits or bans on short selling may make it more difficult for the Funds or their investments to execute or effect certain investment strategies and may have a material adverse effect on the Funds' ability to achieve their investment objectives and generate returns.

Terrorist Attacks, War and Natural Disasters. Terrorist activities, anti-terrorist efforts, armed conflicts involving the United States or its interests abroad, wars and natural disasters may adversely affect the United States, its financial markets and global economies and markets and could prevent Funds and their investments from meeting their respective investment objectives and other obligations. The potential for future terrorist attacks, the national and international response to terrorist attacks, other acts of war or hostility and recent natural disasters have created many economic and political uncertainties in the past and may do so in the future, which may adversely affect the United States and world financial markets and Funds for the short or long-term in ways that cannot presently be predicted.

In February 2022, armed conflict escalated between Russia and Ukraine and Russia invaded Ukraine. In response to Russia's invasion of Ukraine, the United States, the European Union and various other countries have announced, and continue to announce and expand, sanctions against or targeting Russia and various important Russian people and companies. These sanctions currently include, among others, restrictions or bans on selling or importing goods, services or technology in or from Russia, bans on Russian energy imports, and travel bans and asset freezes impacting connected individuals and political, military, business and financial organizations in Russia. The U.S. and other countries could impose wider or more significant sanctions and take other actions against Russia or its interests should the conflict further escalate or deteriorate.

In October 2023, following a series of attacks by Hamas on Israeli civilian and military targets, Israel declared war on Hamas in Gaza. The Ukraine-Russian and Israel-Hamas conflicts have led to, and may continue to lead to, significant political, geopolitical, economic and market turmoil and volatility, including dramatic increases in oil and gas prices and further supply chain disruptions. For example, recent Houthi attacks on commercial shipping vessels in the Red Sea and Suez Canal, which are related to the Israel-Hamas war, have disrupted global supply chains, resulting in increased shipping costs, freight surcharges, shipment delays, reduced shipping capacity and caused other significant supply chain impacts. It is not possible to predict the broader consequences of these conflicts or the sanctions imposed or applied as a result thereof, which could include further sanctions, embargoes, regional instability, geopolitical shifts, conflicts and adverse effects on macroeconomic conditions, currency exchange rates and financial markets, all of which could impact a Fund's or investment's business, financial condition and results of operations.

Geopolitical Risks and Force Majeure. An unstable geopolitical climate and continued threats of terrorism and armed conflicts could have a material effect on general economic conditions, market conditions and market

liquidity. In addition, the United States and governments globally have seen a rise in populist and nationalist tendencies, with political parties espousing such themes gaining strength in local and national elections.

Geopolitical tensions, such as the Russia-Ukraine and the Israel-Hamas conflicts, have led to disruption, instability and volatility in global markets (including commodities markets) and industries that could negatively impact the Funds and/or their investments. The U.S. and other governments have imposed meaningful sanctions and export controls against Russia and Russian interests and threatened additional sanctions and controls. The Funds' investments will be required to comply with such measures and the full impact of such measures (including supply chain disruptions), as well as potential responses to them by Russia, is currently unknown and may become significant.

The continued threat of terrorism and the impact of military or other action have led to and will likely lead to increased volatility in prices for oil and gasoline and could affect certain investments financial results. Further, the United States government has issued public warnings indicating that energy assets might be specific targets of terrorist organizations. As a result of such a terrorist attack or of terrorist activities in general, such investments may not be able to obtain insurance coverage and other endorsements at commercially reasonable prices or at all.

Additionally, the Funds or investments may be affected by force majeure events such as events beyond the control of the party claiming the event has occurred including, without limitation, fire, flood, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, war, terrorism, and labor strikes. Some force majeure events may adversely affect the ability of a party, including the Funds, any subsidiaries or investment entities utilized by a Fund or counterparties to the Funds or any related investment entities to perform their obligations until they are able to remedy the force majeure event. In certain circumstances, a Fund or an investment entity may be a party to a contract which does not provide a remedy in favor of such Fund or investment entity if a force majeure event occurs. In this event, a Fund or an investment entity may be required to continue to comply with its obligations (including, but not limited to, payment or performance of its obligations) under the contract even though it may not receive some or all of the benefits to which it is entitled under such contract. Such a circumstance may cause a Fund or such investment entity to suffer economic loss, and such loss may be exaggerated if a force majeure event subsists for an extended period of time.

In addition, the cost to an investment or a Fund of repairing or replacing damaged assets resulting from such force majeure event could be considerable. Certain force majeure events such as war or an outbreak of an infectious disease or bank failures could have broader negative impact on the world economy and international business activity generally or in any of the countries in which the Funds have invested. A resulting negative impact on economic fundamentals and consumer confidence may increase the risk of default with respect to particular investments of the Funds, negatively impact market value, increase market volatility and cause credit spreads to widen and reduce liquidity, each of which could have an adverse effect on the performance of the investments, the Funds' returns and the ability of the Funds to make and/or dispose of investments. No assurance can be given as to the effect of these events on the value of, or markets for, investments, or a Fund's or an investment's ability to recover therefrom.

Governmental Intervention. In 2008 and thereafter, the global financial markets underwent significant disruptions that led to certain significant governmental intervention. The COVID-19 global pandemic, as well as bank failures and bank instability, have previously led, and may in the future lead, to substantial (and in certain cases unprecedented) governmental intervention (both in the United States and abroad), including massive stimulus programs, intervention to secure confidence in the financial system and proposed laws and legislation. Such intervention, in certain cases, has been or may be implemented on an "emergency" or unprecedented 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 were or are typically unclear in scope and application, resulting in confusion and uncertainty which in itself can be materially detrimental to the efficient functioning of the markets and the economy, as well as our investment strategies. If governmental intervention programs or actions are unwound, there could likewise be uncertainty and adverse effects on the markets, the economy and our investment strategies. In the case of any future market disruptions, significant economic events, pandemics or other health events, or other events or circumstances, it is impossible to predict what interim or permanent governmental restrictions (or easing of restrictions) may be imposed on the markets or the economy or the effect of such actions on our or any Fund's investment strategies. For all of the foregoing reasons, among others, governmental interventions and other actions could have a material adverse effect on the Funds and their investments.

Changes in Government Policy. Changes in government policy, including monetary, fiscal, tax, trade, inflation, interest rate, exchange and regulatory policies, among many others, have had and will continue to have a significant effect on the economy, financial markets and our investment strategies. Any such changes could be difficult or impossible to anticipate and could have significant unanticipated or unintended consequences. In addition, changes in policy implemented or threatened by one government often lead to changes in policy by other governments, which have their own significant consequences. As just one example, tariffs imposed by the U.S. government on imports from China have led to the imposition of tariffs by China on imports from the U.S., and a similar dynamic has occurred in connection with other changes in trade policy implemented or threatened by various governments. Any of the foregoing could result in a material adverse effect on the Funds or advisory services to the Funds.

Inflation Risk. The rate of inflation has been elevated in recent years and may remain elevated for a significant period of time. Inflation and rapid fluctuations in inflation rates have recently and in the past led to (and may in the future lead to) negative effects on economies and financial markets. For example, wages and prices of inputs increase during periods of inflation, which can negatively impact returns on investments. In an attempt to stabilize inflation, governments may impose wage and price controls or otherwise intervene in the economy. Governmental efforts to curb inflation often have negative effects on the level of economic activity. For example, there may be instances where certain revenues related to such Fund investments may be fixed by contract for meaningful periods of time whereas related expenses may not be. As a result, an unexpected rise in the rate of inflation, or continued elevated inflation rates, could have a material and adverse impact on the Funds and their investments.

Competition. The markets in which the Funds participate are extremely competitive. There can be no assurance that the Funds will be able to identify or successfully pursue attractive investment opportunities in this environment. We and the Funds compete with many firms, some of which may have substantially greater financial resources, more favorable financing arrangements, larger research staffs and more securities traders than are available to us and the Funds.

Less Liquid Instruments. Under certain market conditions, such as during volatile markets or when trading in an instrument or market is otherwise impaired, the liquidity of the Funds' portfolio positions may be reduced. In addition, the Funds may from time to time hold large positions with respect to a specific type of instrument, which may further reduce the Funds' liquidity. During such times, the Funds may be unable to dispose of certain assets, which would adversely affect the Funds' ability to rebalance their portfolios or to meet withdrawal requests. In addition, such circumstances may force the Funds to dispose of assets at reduced prices, thereby adversely affecting their performance. If there are other market participants seeking to dispose of similar assets at the same time, the Funds may be unable to sell such assets or prevent losses relating to such assets. Furthermore, if the Funds incur substantial trading losses, the need for liquidity could rise sharply while their access to liquidity could be impaired. In conjunction with a market downturn, the Funds' counterparties could incur losses of their own, thereby weakening their financial condition and increasing the Funds' credit risk to them.

The Funds may also invest in securities that are subject to legal or other restrictions on transfer. The Funds may be contractually prohibited from disposing of such investments for a specified period of time. The 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. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale. The market prices, if any, for such investments tend to be volatile and may not be readily ascertainable, and the Funds may not be able to sell them when they desire to do so or to realize what they perceive to be their fair value in the event of a sale.

Default and Credit Risks. The Funds may invest in debt obligations of both government and corporate issuers. These financial instruments involve the risk that the obligor either cannot or will not fulfill its obligations under the terms of the financial instrument. We and the Funds also will assume credit risk to their brokers, custodians and other counterparties in connection with brokerage arrangements, derivatives and other contractual relationships. In evaluating credit risk, we and the Funds will often be dependent upon information provided by the obligor, which may be materially inaccurate or fraudulent. Any actual default, or any circumstance that increases the possibility of such a default, could have a material adverse effect on the Funds.

Interest Rate Risks. Interest rate risk refers to the risks associated with market changes in interest rates. Interest rate increases have recently affected and may continue to materially impact or affect the value of debt and other investments indirectly (especially where there is a fixed interest rate) and directly (especially where there is an adjustable interest rate). Rising interest rates have recently negatively impacted, and additional interest rate increases

will continue to impact, the price of fixed rate debt instruments. To the extent interest rates fall in the future, such falling interest rates generally are expected to have a positive effect on price. Adjustable rate instruments also relate to interest rate changes in a similar manner, typically to a lesser degree. Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules. In addition, recent interest rate increases have, and any additional future interest rate increases generally will, result in financing for property purchasers and improvements being more costly and difficult to obtain. Further, increases in interest rates after an investment has been acquired by a Fund may negatively impact the value of such investment.

Trading Decisions. Trading decisions made by us are based on fundamental, technical and other analysis. Any factor that would lessen the prospect of major trends occurring in the future (such as increased governmental control of, or participation in, the financial markets) may reduce the prospect that a particular trading method or strategy will be profitable in the future. In the past, there have been periods without discernable trends and, presumably, such periods will continue to occur in the future. Moreover, any factor that would make it more difficult to execute trades at desired prices in accordance with the signals of the trading method or strategy (such as a significant lessening of liquidity in a particular market) would also be detrimental to profitability. Further, many advisors' trading methods utilize similar analyses in making trading decisions. Therefore, bunching of buy and sell orders can occur, which makes it more difficult for a position to be taken or liquidated. No assurance can be given that the Funds' strategies will be successful under all or any market conditions.

Leverage Risks. The Funds have the power to borrow funds and do so when we deem appropriate, including to enhance the Funds' returns and for cash management purposes (e.g., short-term borrowings to make investments in anticipation of additional subscriptions and to fund withdrawals). The Funds may borrow funds from brokers, banks and other lenders to finance their investing and trading operations, which borrowings may be secured by assets of the Funds. The use of such leverage can, in certain circumstances, maximize the losses to which a Fund's investment portfolio may be subject. Any event that adversely affects the value of an investment would be magnified to the extent that a particular asset or a Fund as a whole is leveraged. The cumulative effect of the use of leverage by the Funds in a market that moves adversely to the Funds' investments could result in a substantial loss to the Funds, which would be greater than if the Funds were not leveraged. Leverage may be achieved through, among other methods, direct borrowing, purchases of securities on margin and the use of options, futures, forward contracts, repurchase and reverse repurchase agreements and swaps. The access to capital could be impaired by many factors, including market forces or regulatory changes.

The use of margin and short-term borrowings creates several risks for the Funds. If the value of a Fund's securities falls below the margin level required by a prime broker, additional margin deposits would be required. If a Fund is unable to satisfy any margin call by a prime broker, then the prime broker could liquidate the Fund's position in some or all of the financial instruments that are in the Fund's accounts at the prime broker and cause the Fund to incur significant losses. Furthermore, secured counterparties and lenders may have the right to sell, pledge, rehypothecate, assign, use or otherwise dispose of collateral posted by the Fund. This could increase exposure to the risk of a counterparty default since, under such circumstances, the Fund may be unable to recover the posted collateral promptly or may be unable to recover all of the posted collateral. The occurrence of defaults may trigger cross-defaults under the Fund's agreements with other brokers, lenders, clearing firms or other counterparties, creating or increasing a material adverse effect on the performance of the Fund.

The purchase of options, futures, forward contracts, repurchase agreements, reverse repurchase agreements and equity swaps generally involves little or no margin deposit and, therefore, provide substantial leverage. Accordingly, relatively small price movements in these financial instruments may result in immediate and substantial losses to the Funds.

Limitations of Investment Methodology. Our statistical trading systems may be based solely upon our analysis of historical and current securities market data. Such analysis may indicate probabilities of price movements that are not necessary or inevitable or that may not necessarily recur in the future in a manner that support a profitable trading strategy. Moreover, under the so-called efficient market hypothesis, if and as the securities markets disseminate and absorb relevant information more rapidly, periods of temporary stock mispricings, such as those endeavored to be identified by our methodology, may become shorter, less frequent and of lesser quantitative significance. Many investors, including large institutions, employ a variety of statistically based trading programs that may be similar in varying degrees to ours. Since certain such programs may identify the same or related mispricings as our system, we may effectively be competing in the marketplace with such investors for the timely identification of such opportunities and the favorable execution of resultant transactions. Our methodology also

involves a degree of subjective judgment on our part and favorable transaction costs in order to be successfully implemented.

Reliance on Technical Trading Systems. Trading decisions made by us in connection with our trading methodology based on systematic and technical analysis vary with the accuracy of the forecasts generated by our trading program technology. The profitability of technical analysis varies with the accuracy of the forecasts of price movements of financial instruments, whether short or long term. No assurance can be given of the accuracy of the forecasts. In addition, the calculations which underlie our trading systems, methods and strategies involve the extensive use of computers. We may direct the purchase or sale of financial instruments for the Funds in accordance with computer-generated trading signals and information. Such models and systems may entail the use of sophisticated statistical calculations and complex computer systems, and there is no assurance that we will be successful in carrying out such calculations correctly or that the use of these quantitative models and systems will not expose the Funds to the risk of significant losses. The use of a computer in collating information or in developing and operating a trading method does not assure the success of the method because a computer is merely an aid in compiling and organizing trade information and executing algorithms generated by human beings. Moreover, because the Funds' trading methodology is long-term, such technical trading may not discern a fundamental causative event in a timely manner, and the Funds could make, or remain in, an investment in a financial instrument that proves unprofitable. Accordingly, no assurance is given that the trading decisions based on computer-generated information will produce profits for the Funds.

Broad Range of Potential Strategies. The Funds' investment activities will not be limited to the specific strategies or techniques described herein or in the Funds' offering and governing documents. Rather, the Funds may pursue any investment strategy that is primarily systematic and is determined by us to be appropriate from time to time, in our discretion, without any notice to investors. This broad range of potential strategies may include substantial investments in strategies not previously pursued by us and with which we and our personnel have no or limited experience. New strategies, assets and markets are likely to involve material and as-yet unanticipated risks. There can be no assurance that any of the investment strategies pursued by or on behalf of the Funds will be successful.

The Future Will Be Different than the Past. Systematic strategies and related risk management techniques are generally based on observed historical patterns or market behavior. Any patterns or behavior observed in the past could be entirely different in the future, which could result in material losses for the Funds. In many cases, the explanation for an observed pattern or behavior is not fully known or understood, which makes it particularly difficult to anticipate changes or to decide how and when to react to changes. For example, if prices diverge substantially from those predicted by a particular model, it may be difficult or impossible for us to know whether it should increase the Funds' exposure to such model in order to earn attractive returns when the historical relationship is restored or whether it should discontinue the use of such model entirely because it will never again be effective. In such cases, we may be forced to make a decision without sufficient information. Any attempt to predict future price movements is inherently risky and inaccurate and could result in material losses for the Funds.

Counterparty Risks. The Funds have established relationships to obtain financing, engage in derivative transactions and obtain prime brokerage services, all of which permit the Funds to trade in any variety of markets or asset classes over time; however, there can be no assurance that the Funds will be able to maintain such relationships or establish such relationships in the future. An inability to establish or maintain such relationships would limit the Funds' trading activities and could create losses, preclude the Funds from engaging in certain transactions, financing, derivative intermediation and prime brokerage services and prevent the Funds from trading at optimal rates and terms. Moreover, a disruption in the financing, derivative and prime brokerage services provided by any such relationships before the Funds establish additional relationships could have a significant impact on the Funds' business due to their reliance on such counterparties.

Some of the markets in which the Funds may effect their transactions are "over-the-counter" or "inter-dealer" markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange-based" markets. This exposes the Funds to the risk that a counterparty will not settle a transaction due to a credit or liquidity problem, thus causing the Funds to suffer a loss. In addition, in the case of a default, the Funds 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 Funds have concentrated their transactions with a single counterparty or small group of counterparties.

Furthermore, there is a risk that any of the Funds' counterparties could become insolvent and/or the subject of

insolvency proceedings. If one or more of the Funds' counterparties were to become insolvent or the subject of insolvency proceedings, there exists the risk that the recovery of the Funds' securities and other assets from the Funds' prime brokers or broker-dealers will be delayed or be of a value less than the value of the securities or assets originally entrusted to such prime broker or broker-dealer.

Cyber Security Breaches and Identity Theft. We, the Funds, other market participants and our respective service providers increasingly depend on information technology and electronic communications systems to conduct business functions, including through expanded remote work activities. These systems are subject to a number of different threats or risks that could adversely affect the Funds and investors, despite our efforts and those of the Funds' service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to the Funds and investors. Moreover, notwithstanding the diligence that we may perform on such service providers, we may not be in a position to verify the risks or reliability of such information technology systems. We, the Funds and our respective service providers are subject to risks associated with a breach in cybersecurity. "Cybersecurity" is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from both intentional cyber-attacks and hacking by other computer users as well as unintentional damage or interruption that, in either case, can result in damage and disruption to hardware and software systems, loss or corruption of data, and/or misappropriation of confidential information. Our, the Funds' and our service providers' information and technology systems are vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes, which can result in a material adverse impact on the Funds. Despite the various protections utilized, systems, networks, or devices potentially can be breached. Cybersecurity breaches can include unauthorized access to systems, networks, or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. Cybersecurity breaches may cause disruptions and impact business operations, potentially resulting in financial losses to a Fund; impediments to trading; the inability by us and other service providers to transact business; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs; as well as the inadvertent release of confidential information. Although we and our affiliates have implemented and will continue to implement various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, we and/or the Funds may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in our and the Funds' operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm our or the Funds' reputations, subject any such entity and its respective affiliates to legal claims and otherwise affect its business and financial performance. Such damage or interruptions to information technology systems may cause losses to the Funds or individual Investors by interfering with our or any affiliates' operations. The Funds may also incur substantial costs as the result of a cybersecurity breach, including those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, adverse investor reaction, the dissemination of confidential and proprietary information and reputational damage. Any such breach could expose one or more of the Funds or us to civil, legal or regulatory liability as well as regulatory inquiry and/or action, and the Funds may be required to indemnify us against any losses incurred in connection therewith. Cybersecurity issues and risks are currently a major focus area of the SEC, the U.S. Department of Labor and other regulatory authorities.

Public Health Risk. Our business activities as well as Funds' and our respective affiliates' and service providers' and their operations and investments could be materially adversely affected or impacted in the future by the effects of a widespread outbreak of contagious disease, such as the COVID-19 pandemic. Public health crises can develop rapidly and unpredictably, which may prevent governments, asset managers, companies or others (including us, the Funds or Funds' investments) from taking timely or effective steps to mitigate or reduce any adverse impacts to Funds and their investments. The extent and duration of any such impacts will depend on future developments, which are highly uncertain and cannot be predicted at this time.

Any outbreak of contagious disease or other adverse public health developments, together with any resulting

disruptions or restrictions on travel, quarantines or “stay-at-home” orders, social distancing policies and/or quarantines imposed or recommended by governments and private parties in the jurisdictions where Funds or their investments are based (together, the “Isolation Measures”), could have a material and adverse effect on Funds and their investments, including by disrupting or otherwise adversely affecting the human capital, business operations or financial resources of Funds, their investments, or their respective service providers (which could, in turn, adversely impact the ability of such service providers to fully support the administration and operations of Funds or their investments).

In addition, a significant outbreak of contagious disease in the human population, and any containment or other remedial measures imposed (including Isolation Measures), may result in a widespread health crisis that could severely disrupt global, national and/or regional economies and financial markets and cause an economic downturn that could adversely affect the performance of Funds and/or their investments. Although the long-term economic fallout of the COVID-19 pandemic is difficult to predict, it is likely to continue to contribute to market volatility and lead to an economic slowdown given the disruption to supply chains across sectors and industries worldwide, which may reduce investment activity more generally and materially and adversely affect Funds and/or their investments. To the extent an epidemic or pandemic, including COVID-19, is present in jurisdictions in which we have offices or other operations or investments, it could affect the ability of us and our affiliates to operate effectively, including the ability of personnel to function, communicate and travel to the extent necessary to carry out the investment strategies and objectives of the Funds.

The performance of the Funds may also be affected by particular issues affecting companies, regions or sectors of their investments. The extent of any such impacts will depend on future developments, which are highly uncertain and cannot be predicted at this time. There are no comparable recent events in the United States or globally that provide guidance as to the effect of the spread of a pandemic such as COVID-19 on the economy as a whole and the specific sectors in which the Funds may invest. Prospective investors should note that any information provided regarding the most recent valuations of an investment, including our historical investments and assets under management, was determined and relates to periods after the widespread outbreak of COVID-19. Given the levels of uncertainty, economic and financial market disruptions and volatility in connection with the outbreak, it is possible recent valuations and/or current or prior performance of prior Funds and their investments could be adversely impacted for current and future periods (at least in the short term).

New Private Fund Adviser Rules. On August 23, 2023, the SEC adopted new rules and rule amendments under the Advisers Act that will significantly impact and affect private fund advisers, including those registered with the SEC and those exempt from registration (the “Private Fund Adviser Rules”). The Private Fund Adviser Rules generally provide for (i) significantly increased disclosure and periodic reporting requirements, including with respect to financial performance, preferential treatment provided to investors, and fees and expenses, (ii) mandatory annual audits of private funds, (iii) certain disclosure and other requirements with respect to adviser-led secondary transactions, including requirements to obtain and distribute third-party fairness or valuation opinions in connection with such transactions, (iv) investor disclosure and/or consent requirements with respect to certain types of restricted activities, including, but not limited to, charging fees or expenses related to a portfolio investment on a non-pro rata basis, borrowing from a private fund, charging certain regulatory, compliance or regulatory investigation fees and expenses to a private fund, and (v) prohibitions on granting preferential redemption rights or providing preferential portfolio information rights or transparency to certain private fund investors. The dates by which private fund advisers will be required to comply with the Private Fund Adviser Rules vary with respect to the specific provisions of the rules and by the size of the private fund adviser (in general, the compliance date will be either September 14, 2024 or March 14, 2025). The Private Fund Adviser Rules will significantly increase the costs of compliance for private fund advisers and private funds, including the us and the Funds, and may require significant amendments and revisions to the governing documents of the Funds and/or our practices and/or disclosures with respect to the Funds, some of which may materially alter the terms and/or costs of an investment in the Funds.

Financial Institution Risk; Distress Events. An investment in the Funds is subject to the risk that banks, brokers, hedging counterparties, lenders or other custodians or counterparties (each, a “Financial Institution”) of some or all of the Funds’ assets fail to timely perform their obligations or experience insolvency, closure, receivership or other financial distress or difficulty (each, a “Distress Event”). Distress Events can be caused by factors including eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance or accounting irregularities. In the event a Financial Institution experiences a Distress Event, the Funds and/or we may not be able to access deposits,

borrowing facilities or other services, either permanently or for an extended period of time. Although assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by organizations such as the Federal Deposit Insurance Corporation (the “FDIC”), in the case of banks, or the Securities Investor Protection Corporation, in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk of total loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose increased risk of loss. While in recent years governmental intervention has often resulted in additional protections for depositors and counterparties during Distress Events, there can be no assurance that such intervention will occur in a future Distress Event or that any such intervention undertaken will be successful or avoid the risks of loss, substantial delays or negative impact on banking or brokerage conditions or markets.

Specifically, in March 2023, both Silicon Valley Bank (“SVB”) and Signature Bank were closed and swept into receivership with the FDIC. In addition, First Republic Bank’s credit rating was downgraded after securing billions in funds from other financial institutions to avoid closure, and Credit Suisse was rescued with a buy-out from UBS. Such failures led to depositors withdrawing their funds from these and other financial institutions, leading to severe market disruption and extreme volatility in the prices of the securities issued by financial institutions. Losses of depositor, creditor and counterparty confidence could lead to losses or defaults by Funds or other institutions. In response to the bank failures at SVB and Signature Bank and the resulting market reaction, the Secretary of the Treasury, the Federal Reserve and the FDIC indicated that all depositors of SVB and Signature Bank would have access to all deposits by utilizing the Deposit Insurance Fund, including bridge banks to assume all of the deposit obligations of the failed banks, while leaving unsecured lenders and equity holders of such institutions exposed to such losses. The Federal Reserve also created the Bank Term Funding Program to ensure banks have the ability to meet the needs of their depositors. There is no guarantee that the Department of Treasury, FDIC and the Federal Reserve will provide access to uninsured funds in the future in the event of the closure of other financial institutions (or do so in a timely fashion) and it is uncertain whether these steps by the government will be sufficient to calm the financial markets, reduce the risk of significant depositor withdrawals at other institutions and thereby reduce the risk of additional bank failures.

Any Distress Event has a potentially adverse effect on our ability to manage the Funds and their investments and on our ability to maintain operations, which in each case could result in significant losses. Such losses have the potential to include a loss of funds and the inability of Funds to acquire or dispose of investments or acquire or dispose of such investments at prices that we believe reflect the fair value of such investments. If a Distress Event leads to a loss of access to a Financial Institution’s services, it is also possible that the Funds will incur additional expenses or delays in putting in place alternative arrangements or that such alternative arrangements will be less favorable than those formerly in place (with respect to economic terms, service levels, access to capital or otherwise). Although we expect to exercise contractual remedies under agreements with Financial Institutions in the event of a Distress Event, there can be no assurance that such remedies will be successful or avoid losses or delays. The Funds are subject to similar risks if a Financial Institution utilized by investors in the Funds or by suppliers, vendors, service providers or other counterparties of the Funds becomes subject to a Distress Event, which could have a material adverse effect on the Funds.

A Financial Institution may require, as a condition to using its services (including lending services), that the Funds and/or we maintain all or a set amount or percentage of their respective accounts or assets with the Financial Institution, which heightens the risks associated with a Distress Event with respect to such Financial Institution. Although we seek to do business with Financial Institutions that we believe are creditworthy and capable of fulfilling their obligations to the Funds, we are under no obligation to use a minimum number of Financial Institutions with respect to any Fund or to maintain account balances at or below the relevant insured amounts.

THE FOREGOING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE OR COMPREHENSIVE DESCRIPTION OR OVERVIEW OF ALL OF THE RISKS ASSOCIATED WITH OR THAT MAY BE ASSOCIATED WITH THE INVESTMENT PROGRAMS OF THE FUNDS. PROSPECTIVE INVESTORS SHOULD READ THIS BROCHURE AND THE OFFERING AND GOVERNING DOCUMENTS OF THE FUNDS IN THEIR ENTIRETY BEFORE MAKING ANY INVESTMENT DECISIONS.

Item 9: Disciplinary Information

Not applicable.

Item 10: Other Financial Industry Activities and Affiliations

With respect to each of the Funds, we and/or one of our affiliates currently are exempt from registration with the CFTC as commodity pool operators pursuant to an exemption from registration provided by CFTC Rule 4.13(a)(3).

We also currently are exempt from registration with the CFTC as a commodity trading advisor.

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

CODE OF ETHICS

We have adopted and implemented a code of ethics, which sets forth various policies and procedures applicable to our employees. Our code of ethics is primarily designed to educate employees about our philosophy regarding ethics and professionalism, emphasize our fiduciary duties to the Funds, encourage employees to comply with applicable laws, prevent the misuse of material non-public information, the circulation of rumors and other forms of market abuse and address conflicts of interest that arise from personal trading by employees. Among other things, we impose restrictions on employees relating to the purchase or sale of securities for their own accounts and the accounts of certain affiliated persons. We also maintain certain policies and procedures designed to prevent employees and principals from misusing material non-public information. A copy of our code of ethics will be made available to investors upon request.

GIFTS AND ENTERTAINMENT

Subject to certain restrictions, our employees may on occasion accept or provide gifts or invitations to entertainment. Our gifts and entertainment policy implements internal controls to monitor such activity, which includes reporting the giving or accepting of gifts and entertainment above certain thresholds and prohibiting or limiting the provision or receipt of cash gifts, as well as gifts or entertainment to government employees, foreign officials and certain other categories of recipients.

POLITICAL CONTRIBUTIONS

Our employees are required to seek prior approval before making political contributions to any political official, candidate for political office, political party or political action committee. Political contributions are generally permitted except where such contributions may raise issues under the pay-to-play rule.

OTHER ACTIVITIES

Neither we nor any of our affiliates is required to devote all or any specific amount of time to the Funds and their investment activities, and their activities outside of the Funds may require a significant amount of time. We and certain of our affiliates may also engage in other activities in the future and such other activities may result in actual or potential conflicts of interest.

TRANSACTIONS INVOLVING CONFLICTS OF INTEREST

We may enter into principal transactions and other arrangements that may be viewed as matters involving potential conflicts of interest with respect to the Funds. We will review the foregoing and other transactions involving material conflicts of interest and take such other steps as we may deem necessary to ensure that the terms of such transactions are fair and reasonable under the circumstances and, if we approve, we may consent thereto. We may (but will not be required to) seek the consent and approval of a Fund's investor committee, a majority in interest of its investors or an independent third party with respect to principal transactions, certain actual or potential conflicts of interest or other transactions requiring client consent under Section 206(3) of the Investment Advisers Act of 1940, as amended (the "Advisers Act"), or any other applicable laws or regulations, and the approval of any such persons will be conclusive and binding on the Fund and each of its investors.

Item 12: Brokerage Practices

SELECTING BROKERAGE FIRMS

In general, we have authority to select the brokers and other counterparties to be used for client transactions and negotiate commission rates and other monies paid by clients. We select broker-dealers on the basis of obtaining the best overall terms available, which we evaluate based on a variety of factors, including, among other things: the ability to achieve prompt and reliable executions at favorable prices; the operational efficiency with which transactions are effected; the financial strength, integrity and stability of the broker; the value of research or other brokerage provided; and the competitiveness of commission rates in comparison with other brokers satisfying our other selection criteria. Because commission rates in the United States as well as other jurisdictions are negotiable, selecting brokers on the basis of considerations which are not limited to applicable commission rates may at times result in higher transaction costs than would otherwise be obtainable.

BEST EXECUTION

In placing orders for the purchase and sale of securities, we seek best net execution, which includes both commissions and execution prices. Orders are placed with brokers or dealers which we believe to be responsible and provide effective execution of client orders under conditions most favorable to client accounts.

SOFT DOLLAR PRACTICES

Our overall policy and goal is to avoid, as much as practical, “soft dollar” arrangements and the use of soft dollars for our benefit. Nevertheless, broker-dealers may, in addition to execution, provide certain other products and services to us and the Funds including, but not limited to, routine broker research publications, pricing information, economic analyses and certain software designed to analyze trades offered by the broker-dealer.

In many instances, it is not possible or practical for us to reduce transaction costs by “unbundling” or stripping out such products and services. We generally expect to accept such products and services and may thereby be deemed to be using “soft dollars.” The term “soft dollars” refers to the receipt by an investment manager of products and services (including research) provided by brokers without any cash payment by the investment manager, based on the volume of revenues generated from brokerage commissions for transactions executed for clients of the investment manager. Where it is practical to unbundle such products and services and reduce transaction costs, we expect to do so for the benefit of the Funds.

Using soft dollars to obtain investment research and/or related services creates a conflict of interest between us and the Funds. Soft dollars may be used to acquire products and services that are not exclusively for the benefit of the Funds and that may primarily or exclusively benefit us. If we are able to acquire these products and services without expending our own resources (including management fees paid by the Funds), our use of soft dollars would tend to increase our profitability. Furthermore, we may have an incentive to select or recommend brokers based on our interest in receiving research or other products or services, rather than on the Funds’ interest in receiving most favorable execution. We do not expect to cause the Funds to pay commissions (or markups or markdowns) higher than those charged by other brokers in return for soft dollar benefits.

Soft dollar benefits generally are used to service the Funds.

During the last fiscal year, we did not acquire any products or services with the Funds’ brokerage commissions other than research.

Section 28(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), provides a safe harbor to advisers who use soft dollars generated by client accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to us in the performance of investment decision-making responsibilities. We intend that any soft dollars that we receive in connection with client-related matters would be within the limitations set forth in Section 28(e) of the Exchange Act.

BROKERAGE FOR REFERRALS

In selecting or recommending brokers, we may consider whether we receive investor referrals from such brokers.

DIRECTED BROKERAGE

We do not recommend, request or require clients to direct us to execute transactions through a specified broker-dealer. We also do not permit clients to direct brokerage for order execution purposes.

Item 13: Review of Accounts

REVIEWS OF ACCOUNTS

We generally conduct reviews of the Funds and their investments on a daily basis. Our managers are responsible for reviewing the Funds and their investments. With respect to accounting matters, we have engaged an accounting firm to conduct annual audits of the Funds.

We invest the capital of the Fund's in securities, derivatives and other financial instruments. In monitoring the performance of the investments, we perform various levels of review. Among other items, we consider short and long-term rates of return, investment diversification and risk allocations.

REPORTS TO INVESTORS

We provide all investors in the Funds with monthly performance reports, annual audited financial statements and certain annual U.S. income tax information. All such statements and reports are written. In response to questions and requests and in connection with due diligence meetings and other communications, we provide additional information to certain investors that is not distributed to other investors.

Item 14: Client Referrals and Other Compensation

THIRD PARTY COMPENSATION

Except as described in Item 12 above, we currently do not receive any economic benefit from any non-client in connection with providing investment advisory services to our clients.

REFERRALS

We currently do not compensate any third party for investor referrals.

Item 15: Custody

We are deemed to have custody of the Funds' cash and securities for purposes of Rule 206(4)-2 under the Advisers Act. In accordance with Rule 206(4)-2, the Funds' cash and securities are held with one or more qualified custodians. We may change the custodians at any time and from time to time without the consent of, or notice to, investors. We have engaged an accounting firm to conduct annual audits of the Funds, and audited financial statements (prepared in accordance with generally accepted accounting principles) are provided to investors on an annual basis. We generally provide such statements to investors within 120 days after the end of each fiscal year, but there can be no assurance that we will be successful in this regard. Qualified custodians do not provide statements directly to investors in the Funds.

Item 16: Investment Discretion

DISCRETIONARY AUTHORITY

We have discretionary power and authority over the types and amount of financial instruments to be bought or sold on behalf of the Funds. We have authority to determine the broker-dealer or other counterparty to be used for transactions and the negotiation of commission rates and other consideration to be paid by the Funds.

LIMITED POWER OF ATTORNEY

Each investor in the Fund generally grants us a limited power of attorney to enable us to execute the Fund's partnership agreement and documents relating thereto on its behalf.

Item 17: Voting Client Securities

We have the authority to vote proxies on behalf of the Funds. However, given the nature of the current Funds' investment strategy, we do not expect to vote proxies. While we generally do not intend to take directional views with regard to valuations of corporate securities such as stock or bonds, the funds may, as part of their options hedging activities, directly hold long positions in individual corporate equities or convertible bonds. As a result of the generally passive nature of these positions, we do not believe that it is in the best interest of the Funds to incur the expense of voting proxies on their behalf. Accordingly, we generally will not vote proxies on behalf of clients unless we specifically agree to exercise proxy voting authority on behalf of a particular client, or determine, based on the nature of a particular portfolio position, that it is in the best interest of a Fund to do so.

In the event that we agree to exercise proxy voting authority with respect to one or more clients, or elect to vote a proxy for a specific portfolio position, we will endeavor to vote such proxy proposals, amendments, consents or resolutions in a manner that serves the best interests of the Funds, as we determine in our discretion. In general, we expect to vote in accordance with the proxy voting recommendations of an industry leading proxy consulting firm, such as Institutional Shareholder Services. Investors may not direct or otherwise influence our vote with respect to any particular proxy solicitation. Clients may obtain copies of our proxy voting policy, together with information regarding how we have voted past proxies, by contacting us.

Item 18: Financial Information

Not applicable.

General Information

PRIVACY POLICY

We have adopted policies and procedures reasonably designed to protect various records and information of investors. Except as set forth in the applicable offering materials and as otherwise authorized by each investor, private information about investors in the Funds is disclosed only as permitted by applicable law to our affiliates and service providers, including our accountants, attorneys, brokers, custodians, transfer agents and any other parties whose services are necessary or convenient to the operation of the Funds. Notice of our privacy policy is provided to investors in connection with their initial subscriptions for interests in the Funds and on an annual basis thereafter.

TRADE ERRORS

While we endeavor to make and implement investment decisions on behalf of the Funds with the utmost care, occasional trading errors may nevertheless occur. It is our policy to correct (to the extent practicable) any trade error as soon as possible after detection and in such a manner that minimizes any impact on the Funds. Pursuant to the partnership agreements, the Funds generally will bear any losses arising from trade errors (except for errors resulting from our gross negligence, fraud or willful misconduct).