

Part 2A of Form ADV

Prelude Capital Management, LLC

Brochure

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This brochure provides information about the qualifications and business practices of Prelude Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at (212) 546-1180 or at info@preludecapital.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “**SEC**”) or by any state securities authority.

Additional information about Prelude Capital Management, LLC also is available on the SEC’s website at www.adviserinfo.sec.gov.

Prelude Capital Management, LLC may refer to itself as a registered investment adviser with the SEC pursuant to the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). These references do not imply a certain level of skill or training.

March 28, 2024

Item 2 Material Changes

Prelude Capital Management, LLC (the “*Investment Manager*,” “*Prelude*,” “*we*,” “*us*” or “*our*”) did not have any material changes in 2023.

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Item 4 **Advisory Business**

A. General Description of Advisory Firm

Prelude is a specialized asset management firm focused on a defined set of global investment strategies. Prelude generally offers asset allocations to a variety of third-party managers selected by Prelude. Such managers could be affiliated or unaffiliated with Prelude. Prelude also offers a strategy focused specifically on direct investment opportunities in the Asia region. Prelude has been in operation since March 2004 and has been providing the type of advisory services described herein since 2010. Prelude is managed by its principal owners and managing members, Gavin Saitowitz and Cisco J. del Valle (the ***“Managing Members”***). With respect to this allocation strategy, Prelude currently provides advice to ten clients that constitute three distinct fund structures.

The first fund structure is comprised of the following entities:

- i. Prelude Opportunity Fund, LP (the ***“Opportunity Master Fund”***),
- ii. Prelude Investors Fund, LP, which acts as a designated feeder into the Opportunity Master Fund (the ***“Opportunity Onshore Fund”***), and
- iii. Prelude Capital Offshore, Ltd., which acts as a designated feeder into the Opportunity Onshore Fund (the ***“Opportunity Offshore Fund”*** and, together with the Opportunity Onshore Fund and the Opportunity Master Fund, the ***“Opportunity Funds”***).

The second fund structure is comprised of the following entities:

- i. Prelude Structured Alternatives Master Fund, LP (the ***“Structured Master Fund”***),
- ii. Prelude Structured Alternatives Fund, LP, which acts as a designated feeder into the Structured Master Fund (the ***“Structured Onshore Fund”***),
- iii. Prelude Structured Alternatives SLP, LP, which acts as a special purpose vehicle and as a designated feeder into the Structured Master Fund (the ***“Structured SLP Fund”***), and
- iv. Prelude Structured Alternatives Offshore, Ltd., which acts as a designated feeder into the Structured Master Fund (the ***“Structured Offshore Fund”***, together with the Structured Onshore Fund, the ***“Structured Feeder Funds”*** and, together with the Structured Onshore Fund, the Structured SLP Fund and the Structured Master Fund, the ***“Structured Funds”***).

The third fund structure is comprised of the following entities:

- i. PAOF, LP (the ***“Asia Master Fund”***), and
- ii. PAOFO, LP, which acts as a designated feeder into the Asia Master Fund, (the ***“Asia Feeder Fund”*** and, together with the Asia Master Fund, the ***“Asia Funds”***).

The fourth fund structure is comprised of the following entities:

- i. CPI Holdings, LP (the ***“CPI Master Fund”***),

- ii. CPI Holdings Onshore, LP, which acts as a designated feeder into the CPI Master Fund, (the “**CPI Onshore Fund**”), and
- iii. CPI Holdings Offshore, LP, which acts as a designated feeder into the CPI Onshore Fund (the “**CPI Offshore Fund**”, together with the CPI Onshore Fund, the “**CPI Feeder Funds**” and, together with the CPI Master Fund, the “**CPI Funds**”).

Certain strategies of the Opportunity Funds, the Structured Funds and the Asia Funds (together, the “**Capital Allocation Strategy Funds**”) and the Opportunity Master Fund, the Structured Master Fund and the Asia Master Fund (together, the “**Capital Allocation Strategy Master Funds**”) are effected through special purpose vehicles (both directly at the Capital Allocation Strategy Master Fund level or indirectly through special purpose vehicles that invest into one or more of the funds).

B. Description of Advisory Services

With respect to the Capital Allocation Strategy Funds, Prelude generally provides investment advisory services focused on the securities markets through allocations made to a variety of portfolio managers (“**Sub-Advisors**”) through separate accounts within the Capital Allocation Strategy Master Funds, each of which utilizes a multi-account structure. Each Sub-Advisor actively manages the assets allocated to it by Prelude in accordance with separate sub-advisory agreements and Prelude provides top-level oversight. In particular, each sub-advisory agreement contains tailored provisions and trading restrictions specific to the relevant Sub-Advisor, subject at all times to Prelude’s supervision; Prelude’s oversight is focused on ensuring that the applicable investment guidelines and parameters are observed. The strategies employed by certain Sub-Advisors may be more appropriate for the Opportunity Master Fund or the Structured Master Fund, respectively, and decisions with respect to the allocation of such opportunities are assessed and made by Prelude’s Investment Committee. Regardless of which Capital Allocation Strategy Master Fund a Sub-Advisor trades for, each Sub-Advisor (or an entity related to the Sub-Advisor (in either instance referred to as a “**Special Limited Partner**”)) generally invests in the applicable Capital Allocation Strategy Master Fund for the purpose of contributing a designated amount of subordinated risk capital corresponding to the allocation it receives from the applicable Capital Allocation Strategy Master Fund.

The investment strategy of each Capital Allocation Strategy Fund is set forth in such Fund’s (as defined herein) respective offering and constituent documents.

Prelude is not limited to providing investment advice with respect to any particular instruments.

C. Availability of Tailored Investment Services

At present, we advise four fund structures, as described above, with the majority of investment activity taking place at the Capital Allocation Strategy Master Funds (directly or through special purpose vehicles). Investments are managed in accordance with the particular investment objectives, strategies, restrictions and guidelines, as described in the offering and constituent documents for each Fund (as defined herein) and are not tailored to the individualized needs of any particular investor. Investors generally cannot place any particular investment restrictions on Prelude’s management of a fund structure and an investment in a fund structure does not create an adviser-client relationship between the investor and Prelude. Prospective investors wishing to impose restrictions or to tailor investment services may consider opening a separately managed account with Prelude in which instance our investment advisory services may be tailored to the individual needs of each such client. In particular,

we would consider a client's size, investment mandate, interest in leverage, tax implications and sophistication when investing. Prelude does not, however, presently advise any separately managed accounts. Investors will be subject to the various risks described in the applicable Fund's offering and constituent documents and should make an independent determination whether a particular Fund managed by Prelude meets their investment objectives and risk tolerance prior to investing.

D. Wrap Fee Programs

Not applicable.

E. Assets Under Management

As of December 31, 2023, Prelude managed on a discretionary basis approximately \$2,076,554,557 in client assets. Prelude does not presently provide investment advisory services for any clients on a non-discretionary basis.

Item 5 Fees and Compensation

A. Fees Related to Advisory Services

The Opportunity Funds:

The Opportunity Onshore Fund currently has four types of limited partners who own: secured limited partnership interests (the "***Secured Investors***"), preferred limited partnership interests (the "***Preferred Investors***"), senior limited partnership interests (the "***Senior Investors***") and subordinated limited partnership interests (the "***Subordinated Investors***"). Each class of limited partner interests has a different fee structure. The Opportunity Offshore Fund invests the majority of its assets into the Opportunity Onshore Fund pursuant to four offered share classes corresponding to the same classes offered at the Opportunity Onshore Fund level. However, the Opportunity Offshore Fund also offers a fifth class of shares which makes investments in a variety of instruments and vehicles outside of the Opportunity Onshore Fund. Such fifth share class is not charged fees by Prelude, but may be subject to fees imposed by the external investments made. Prelude's fees and expenses charged to the Opportunity Funds (which are described in greater detail below) are generally paid at the Opportunity Onshore Fund level. Fees paid by the Opportunity Onshore Fund and the Opportunity Offshore Fund are negotiable.

Prelude charges the Preferred Investors and the Subordinated Investors a management fee. The management fee is set at a fixed amount of \$1,750,000 per month, which is borne by both the Preferred Investors and Subordinated Investors and can be waived or reduced with respect to any individual or class of investor in Prelude's sole discretion; a smaller percentage of this fee is borne by the Preferred Investors compared to the Subordinated Investors.

The Opportunity Onshore Fund is a designated feeder into the Opportunity Master Fund. Within the Opportunity Master Fund, allocations are made by Prelude to Sub-Advisors. Sub-Advisors generally receive compensation from the Opportunity Onshore Fund for the advisory services provided. Generally, either the Sub-Advisor or its related Special Limited Partner (as described more fully in the relevant offering documents) invests in the Opportunity Master Fund for the purpose of contributing a designated amount of subordinated risk capital to the Opportunity Master Fund with respect to the allocation it will receive from the Opportunity Master Fund.

We do not currently charge management fees at the Opportunity Master Fund level.

The Structured Funds:

The Structured Feeder Funds currently offer two distinct classes of interests, the “***Structured General Interests***” and the “***Structured Secured Interests***,” and together, the “***Structured Interests***”). Both classes of interests offer investors exposure to equity centric investments in the Structured Master Fund. Historically there were additional interest classes that have been redeemed and which are not presently offered for investment. Please see “Other Funds” below, for additional information. Each class of the Structured Interests has a different fee structure. The Structured Feeder Funds each invest the entirety of their assets into the Structured Master Fund where Prelude’s management fees are taken as it relates to the Structured General Interests held by investors (although Prelude reserves the right to take such management fees at the Structured Feeder Fund levels). Fees paid by the Structured Onshore Fund and the Structured Offshore Fund are negotiable. The Structured Master Fund will generally pay to Prelude, as of the beginning of each calendar quarter in advance, a management fee at the rate of one-quarter of two percent (2.0%) of the net asset value of each separate account or capital account (as the case may be) held by an investor with respect to the Structured General Interests, for the period(s) that such Structured General Interests are held. The management fee may be waived or reduced with respect to any individual or class of Structured Interests. Certain investors’ fees vary. In some circumstances Prelude will share a percentage of such fees with a financial counterparty that acts as a distribution agent in foreign jurisdictions.

The Structured Feeder Funds are designated feeders into the Structured Master Fund. Within the Structured Master Fund, allocations are made by Prelude to Sub-Advisors. Sub-Advisors generally receive compensation from the Structured Onshore Fund and the Structured Offshore Fund for the advisory services provided. Generally, either the Sub-Advisor or its related Special Limited Partner invests in the Structured Master Fund for the purpose of contributing a designated amount of subordinated risk capital to the Structured Master Fund with respect to the allocation it will receive from the Structured Master Fund.

The Asia Funds:

The Asia Feeder Fund currently offers two distinct classes of interests (the “***Asia Fund General Interests***” and the “***Asia Fund Secured Interests***” and collectively, the “***Asia Fund Interests***”). The Asia Fund Interests offer investors exposure to a variety of strategies executed in certain geographic regions with a focus on Asia, including Greater China, in the Asia Master Fund. The Asia Feeder Fund will invest the entirety of its assets into the Asia Master Fund; investors may also invest directly at the Asia Master Fund level, in Prelude’s discretion. Prelude does not charge management fees with respect to the Asia Fund Interests held by investors at the Asia Feeder Fund level or at the Asia Master Fund level.

The Asia Feeder Fund is a designated feeder into the Asia Master Fund. Within the Asia Master Fund, allocations are made by Prelude to Sub-Advisors. Sub-Advisors generally receive compensation from the Asia Feeder Fund for the advisory services provided. Generally, either the Sub-Advisor or its related Special Limited Partner invests in the Asia Master Fund for the purpose of contributing a designated amount of subordinated risk capital to the Asia Master Fund with respect to the allocation it will receive from the Asia Master Fund. Other investment vehicles under Prelude’s management, including the Opportunity Master Fund and the Structured Master Fund, currently and in the future will invest in the

Asia Master Fund. Fees and expenses will only be charged at one level to the extent applicable and will not be duplicated.

The CPI Funds:

The CPI Funds are closed for investment and currently have one distinct class of interests (the “***CPI Interests***”). The CPI Funds will generally pay to Prelude, as of the beginning of each calendar quarter in advance, a management fee at the rate of (i) one-quarter of one and one-half percent (1.5%) of the net asset value of each separate account or capital account (as the case may be) held by an investor with respect to the CPI Interests, for the period(s) that such CPI Interests are held. The management fee may be waived or reduced.

Please see ***Item 6 Performance-Based Fees and Side-By-Side Management*** for additional information.

B. Payment of Fees

Management fees at the Opportunity Onshore Fund level are deducted by us out of the Opportunity Onshore Fund’s assets with respect to the relevant class on a monthly basis. Investors may not select an alternative method of fee payment. Fees are deducted on the first day of each month.

Management fees at the Structured Feeder Fund level may be charged at the Structured Master Fund level or directly at the Structured Feeder Fund level. Management fees at the Asia Feeder Fund level as well at the CPI Feeder Fund level are charged in the same manner. Investors may not select an alternative method of fee payment. Fees charged at one Fund will not be duplicated at another. Fees are deducted on the first day of each quarter. Investors may not determine how Prelude deducts its fees.

C. Other Fees and Expenses

The Opportunity Funds:

The Opportunity Onshore Fund is responsible for its own expenses and the expenses of the Opportunity Master Fund, including a portion of the financing and/or brokerage-related expenses (including but not limited to custodial, brokerage, margin interest, expenses related to short sales, clearing and settlement, negative rebates, exchange fees, market access or technology fees, as well as any commitment fees with respect to committed but undrawn capital from any investor or financing counterparty); administrative and operational expenses (including but not limited to fund administration, tax, audit, legal (including but not limited to the legal expenses of any potential investor or counterparty, the cost of any litigation involving the Opportunity Onshore Fund, Prelude or its or their affiliates, including any settlement payments made in connection therewith (without requiring that any related party seek indemnification, provided the party at issue behaved in a manner that would have qualified for indemnification)) and the cost of protecting the Investment Manager’s intellectual property), insurance, cash management, regulatory, compliance, due diligence (on Sub-Advisors and other counterparties, including related travel costs), monitoring, reporting (which shall include all applicable regulatory filing costs of the Investment Manager including, but not limited to, all costs associated with preparing and filing Form ADV, Form PF and any CFTC/NFA filings), data storage, Investment Manager record retention, communications, risk management, Bloomberg terminals and fees, software); organizational expenses (including but not limited to expenses related to the drafting of the Opportunity Onshore Fund’s constitutive documents, any agreement with any Sub-Advisor and any directly or indirectly related

structuring costs); expenses related to the recruitment and retention of Sub-Advisors (including but not limited to travel, lodging, entertainment and meals (including with potential recruiting sources)), conference/speaker fees, telecommunications (including but not limited to any and all equipment, monthly service fees, internet fees, data and service usage), industry association fees, executive search fees; the provision of any office space and support services to Sub-Advisors including but not limited to rent, electrical/utilities, lease or license negotiation, maintenance, contracting services, telecommunications, taxes, information technology, any and all equipment, machinery and appliances, insurance, office supplies, pantry supplies, furniture, fixtures, support services (including, without limitation, with respect to information technology, back and middle office support, legal and compliance, reception and office management) and any associated staffing for any of the foregoing (including but not limited to compensation and benefits) for the benefit of such Sub-Advisors; any Sub-Advisors' "shared expenses", without limitation, as defined in the Opportunity Master Fund's governing documentation and similar expenses of the Opportunity Onshore Fund and the Opportunity Master Fund. The Opportunity Offshore Fund may be charged for its pro rata share of the Opportunity Onshore Fund's and the Opportunity Master Fund's expenses but is currently only charged for its own specific expenses.

The Structured Funds:

The Structured Funds generally will bear the Structured Fund Expenses (defined below). To the extent that Structured Fund Expenses are paid by the Investment Manager or an affiliate thereof, the applicable Structured Fund will promptly reimburse such party for such expenses upon request.

"Structured Fund Expenses" include, among others, the following fees and expenses: (a) all expenses, incurred in connection with the offer and sale of interests and shares (other than placement agent fees), including, but not limited to, marketing/conference attendance expenses, documentation of performance and the admission of investors and each Structured Feeder Fund's proportionate share of the Structured Master Fund's expenses, (b) all organizational expenses and operating expenses of each Structured Feeder Fund such as (i) tax preparation fees (including, without limitation, any such fees related to the preparation of tax returns and Schedule K-1s), (ii) governmental fees and taxes (or any other governmental charges levied against that Structured Fund), (iii) Structured Fund administrator, custodial and prime brokerage fees and expenses and (iv) fees and expenses incurred in connection with communications with Investors, ongoing legal services (including but not limited to the legal expenses of any potential investor or counterparty, litigation and the costs of protecting the Investment Manager's intellectual property), accounting, auditing, administration, appraisal, bookkeeping, independent shadow accounting, insurance, consulting, data storage, Investment Manager record retention, communications, risk management, software and preparation of each Structured Feeder Fund's financial statements and reports, (c) all Structured Fund costs, expenses and charges incurred in connection with the investment and trading activities of the Structured Fund (e.g., brokerage commissions, mark-ups, margin interest, expenses related to short sales, custodial fees, clearing and settlement charges, negative rebates, exchange fees, market access or technology fees, as well as any commitment fees with respect to committed but undrawn capital from any investor or financing counterparty and other transaction costs to brokers) as well as the pro rata fees and expenses of any applicable investment vehicles, (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 each

Structured Feeder Fund, (f) interest on, and fees and expenses arising out of, all borrowings made by each Structured Feeder Fund, (g) expenses of any meetings of the investors, (h) the costs of any litigation and indemnification relating to the affairs of each Structured Feeder 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 terminals and/or services) and historical pricing and other data, order management system, portfolio management system and risk management system and advisory, (j) costs of compliance with applicable laws and regulations of governmental and self-regulatory bodies, including costs incurred by Prelude, the General Partner (as defined herein) and their respective affiliates in complying with laws and regulations that apply to any such entities as a result of their services to each Structured Fund (including, for the avoidance of doubt, pro rata costs of filing on Form ADV and the ongoing compliance costs of the Investment Manager), (k) each Structured Fund's expenses associated with forming and maintaining the legal existence of the Structured Funds, including directors' fees and administrators' fees, (l) all fees and expenses of any kind related to the provision of technology for the Structured Fund or for the Investment Manager, including but not limited to computers, storage, networking and other physical devices, infrastructure and processes to create, process, store, secure and exchange all forms of electronic data, technology associated with research, and/or product testing and remote access, and third party technology providers, (m) costs associated with regulatory filings including but not limited to Form PF and any CFTC/NFA filings, (n) expenses related to the recruitment and retention of Sub-Advisors (including but not limited to travel, lodging, entertainment and meals (including with potential recruiting sources), conference/speaker fees, telecommunications (including but not limited to any and all equipment, monthly service fees, internet fees and data and service usage fees), industry association fees, executive search fees), (o) the provision of any office space and support services to Sub-Advisors including but not limited to rent, electrical/utilities, lease or license negotiation, maintenance, contracting services, telecommunications, taxes, information technology, any and all equipment, machinery and appliances, insurance, office supplies, pantry supplies, furniture, fixtures, support services (including, without limitation, with respect to information technology, back and middle office support, legal and compliance, reception, office management, investor relations, business development and marketing with respect to capital that is intended to be invested in Structured Master Fund interests) and any associated staffing for any of the foregoing (including but not limited to compensation and benefits and any other expenses set forth in this paragraph that are incurred in the provision of such support services) for the benefit of such Sub-Advisors; any Sub-Advisors' "shared expenses" and (p) all other reasonable expenses related to the management and operation of each Structured Feeder Fund and/or the purchase, sale or disposition of the interests and/or shares, including, in the case of any expenses directly related to each Structured Fund's and one or more of its related Funds' investments, any portion of any such joint expenses that the General Partner or the board (as the case may be) determines are properly and ratably allocable to each applicable Structured Fund. Except with respect to certain side pocket investment account expenses, Structured Fund Expenses generally will be shared by all of the investors' pro rata in accordance with their interests or shares.

To the extent the assets of the Structured Feeder Funds are invested in the Structured Master Fund, any or all of Fund expenses payable by each Structured Feeder Fund will be paid at the applicable Structured Feeder Fund or the Structured Master Fund level, but will not be duplicated (other than Structured Fund Expenses separately incurred by the applicable Structured Feeder Fund and the Structured Master Fund such as, without limitation, administration fees).

The Asia Funds:

The Asia Feeder Fund (other than with respect to the Asia Fund Secured Interests) generally will bear the Asia Feeder Fund Expenses (as defined below) in an amount not to exceed five percent (5%) of the Asia Feeder Fund's Net Asset Value on an annual basis. To the extent that Asia Feeder Fund Expenses are paid by the Asia General Partner (as defined herein), the Investment Manager or a respective affiliate thereof, the Asia Feeder Fund will reimburse such persons for those Asia Feeder Fund Expenses promptly upon request.

"Asia Feeder Fund Expenses" include, among others, the following fees and expenses (which shall include all fees and expenses that were incurred prior to the formation and/or launch of the Asia Feeder Fund): (a) all expenses, incurred in connection with the offer and sale of interests (other than placement agent fees), including, but not limited to, marketing/conference attendance expenses, documentation of performance and the admission of investors and the Asia Feeder Fund's proportionate share of the Asia Master Fund's expenses, (b) all organizational expenses and operating expenses of the Asia Feeder Fund and including but not limited to (i) tax preparation fees (including, without limitation, any such fees related to the preparation of tax returns), (ii) governmental fees and taxes (or any other governmental charges levied against the Asia Funds), (iii) Asia Fund administrator, custodial and prime brokerage fees and expenses and (iv) fees and expenses incurred in connection with communications with Investors, ongoing legal services (including but not limited to the legal expenses of any potential investor or counterparty, litigation and the costs of protecting the Investment Manager's intellectual property), accounting, auditing, administration, appraisal, bookkeeping, independent shadow accounting, insurance, consulting, data storage, Investment Manager record retention, communications, risk management, software and preparation of the Asia Feeder Fund's financial statements and reports, (c) all Asia Fund costs, expenses and charges incurred in connection with the investment and trading activities of the Asia Fund (e.g., brokerage commissions, mark-ups, margin interest, expenses related to short sales, custodial fees, clearing and settlement charges, negative rebates, exchange fees, market access or technology fees, as well as any commitment fees with respect to committed but undrawn capital from any investor or financing counterparty and other transaction costs to brokers) as well as the pro rata fees and expenses of any investment vehicles, (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 Asia Feeder Fund, (f) interest on, and fees and expenses arising out of, all borrowings made by the Asia Feeder Fund, (g) expenses of any meetings of the Investors, (h) the costs of any litigation and indemnification relating to the affairs of the Asia Feeder 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 terminals and/or services) and historical pricing and other data, order management system, portfolio management system and risk management system and advisory, (j) costs of compliance with applicable laws and regulations of governmental and self-regulatory bodies, including costs incurred by Prelude, the Asia General Partner, the Investment Manager and their respective affiliates in complying with laws and regulations that apply to any such entities as a result of their services to the Asia Feeder Fund (including, for the avoidance of doubt, pro rata costs of filing on Form ADV and the ongoing compliance costs of the Investment Manager), (k) the Asia Feeder Fund's expenses associated with maintaining the legal existence of the Asia Funds, including directors' fees and administrators' fees, (l) all fees and expenses of any kind related to the provision of technology for the Asia Fund or for the Investment Manager, including but not limited to computers, storage, networking and other physical devices, infrastructure and processes to create, process, store, secure and exchange all forms of electronic data, technology

associated with research, and/or product testing and remote access, and third party technology providers, (m) costs associated with regulatory filings including but not limited to Form PF and any CFTC/NFA filings, (n) expenses related to the recruitment and retention of Sub-Advisors (including but not limited to due diligence and background check and other due diligence costs, travel, lodging, third-party vendor costs, entertainment and meals (including with potential recruiting sources), conference/speaker fees, telecommunications (including but not limited to any and all equipment, monthly service fees, internet fees and data and service usage fees), industry association fees, executive search fees), (o) the provision of any office space and support services to Sub-Advisors including but not limited to rent, electrical/utilities, lease or license negotiation, maintenance, contracting services, telecommunications, taxes, information technology, any and all equipment, machinery and appliances, insurance, office supplies, pantry supplies, furniture, fixtures, support services (including, without limitation, with respect to information technology, back and middle office support, legal and compliance, reception, office management, investor relations, business development and marketing with respect to capital that is intended to be invested in the Asia Master Fund interests) and any associated staffing for any of the foregoing (including but not limited to compensation and benefits and any other expenses set forth in this paragraph that are incurred in the provision of such support services) for the benefit of such Sub-Advisors; any Sub-Advisors' "shared expenses", and (p) all other reasonable expenses related to the management and operation of the Asia Feeder Fund and/or the purchase, sale or disposition of the Interests, including, in the case of any expenses directly related to the Asia Feeder Fund's and one or more of its related Funds' investments, any portion of any such joint expenses that the Asia General Partner determines are properly and ratably allocable to the Asia Feeder Fund. Except as provided above with respect to Side Pocket Investment Account expenses, Partnership Expenses generally will be shared by all of the Investors pro rata in accordance with their Capital Accounts, provided, however, Asia Feeder Fund Expenses payable, identifiable or attributable to a particular class shall be charged to that class, including but not limited to the Organizational Expenses of such class and all transaction costs and Operating Expenses associated with such class.

To the extent the assets of the Asia Feeder Fund are invested in the Asia Master Fund, any or all of Fund expenses payable by the Asia Feeder Fund will be paid at the Asia Feeder Fund or the Asia Master Fund level, but will not be duplicated (other than Asia Fund Expenses incurred by both the Asia Feeder Fund and the Asia Master Fund such as, without limitation, administration fees).

The CPI Funds:

The CPI Feeder Funds generally will bear the CPI Feeder Fund Expenses (defined below), respectively. To the extent that CPI Feeder Fund Expenses are paid by the Investment Manager or an affiliate thereof, the applicable CPI Feeder Funds will promptly reimburse such party for such expenses upon request.

"CPI Feeder Fund Expenses" means all fees and expenses with respect to the CPI Feeder Funds, including the following (which shall include all fees and expenses that were incurred prior to the formation and/or launch of the CPI Feeder Funds): (i) all operating expenses of the CPI Feeder Funds 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 CPI Funds), CPI Fund Administrator, custodial and prime brokerage fees (including any affiliated broker-dealers fees) and expenses, communications with Limited Partners and ongoing legal, accounting, auditing, administration, appraisal, bookkeeping, consulting and other professional fees and expenses, including for litigation, and preparation of each CPI Feeder Fund's financial statements and reports; (ii) all CPI Fund costs, expenses, and charges incurred in connection with the sale and/or disposition

activities of the CPI Fund (e.g., brokerage commissions, third-party fees, mark-ups, margin interest, expenses related to short sales, custodial fees, clearing and settlement charges, and other transaction costs to brokers) including any affiliated broker-dealers commissions, fees or related charges; (iii) 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); (iv) all fees and other expenses incurred in connection with the investigation, prosecution, or defense of any claims by or against each CPI Feeder Fund; (v) interest on, and fees and expenses arising out of, all borrowings made by each CPI Feeder Fund; (vi) Organizational Expenses; (vii) expenses of any meetings of the Investors; (viii) the costs of any litigation and indemnification relating to the affairs of each CPI Feeder Fund; (ix) expenses related to trading and portfolio management systems, third party research, research from affiliated entities, publications, data and data services, including real time and historical pricing and market information (such as FactSet, Bloomberg and Reuters services); (x) expenses related to risk management, including third-party risk analysis and monitoring services, systems development, related data services and fees and expenses associated with valuation agent services; (xi) each CPI Feeder Fund's expenses associated with forming and maintaining the legal existence of the CPI Funds, including any directors' fees, Administrator's fees and registered office fees; (xii) insurance premiums (such as D&O and E&O) of the CPI Funds, the CPI General Partner (as defined herein) and the Investment Manager; (xiii) costs associated with regulatory filings made by or on behalf of the Partnership by the Investment Manager or the CPI General Partner; (xiv) the Investment Manager's expenses associated with the engagement of third party compliance consultants; (xv) each CPI Feeder Fund's proportionate share of the CPI Master Fund's expenses that the CPI General Partner determines are properly and ratably allocable to each CPI Feeder Fund; (xvi) all other reasonable expenses related to the management and operation of each CPI Feeder Fund and/or the purchase, sale or disposition of the Interests, including, in the case of any expenses directly related to the each CPI Feeder Fund and one or more of its related Funds' investments, any portion of any such joint expenses that the CPI General Partner determines are properly and ratably allocable to each CPI Feeder Fund and (xvii) fees and expenses of the Oversight Committee.

D. Prepayment of Fees

Prelude's management fee with respect to (1) the Opportunity Funds is prepaid on the first day of each calendar month, (2) the Structured Funds are prepaid on the first day of each calendar quarter and (3) the CPI Funds are prepaid on the first day of each calendar quarter. Management fees will be rebated to reflect any partial periods.

E. Compensation for the Sale of Securities

Neither Prelude nor any of its supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

The Opportunity Funds:

Each class of interest receives a certain percentage of the Opportunity Onshore Fund's profits and has a different level of exposure to its losses. Prelude Capital Partners, LLC, an affiliate of Prelude that serves

as the general partner to the Opportunity Funds and Structured Funds (the “**General Partner**”), is entitled to receive a performance-based allocation of up to fifty percent (50%) of the overall net profits with respect to the Subordinated Investors (the “**Opportunity Performance Allocation**”), payable at the end of each year or at the time of withdrawal of a Subordinated Investor from the Opportunity Onshore Fund. Payment of such Opportunity Performance Allocation does not have an impact on other interest classes. The General Partner will deduct the Performance Allocation directly from each Subordinated Investor’s capital account in arrears.

The Structured Funds:

The General Partner is entitled to receive a performance-based allocation of twenty percent (20%) of the overall net profits with respect to the Structured Funds’ investors (the “**Structured Performance Allocation**”), payable at the end of each year or at the time of withdrawal of an investor from the relevant Structured Fund. The General Partner will deduct the Structured Performance Allocation directly from the investors’ capital accounts in arrears.

The Asia Funds:

PAOF GP (Cayman), LLC, an affiliate of Prelude that serves as the general partner to the Asia Funds (the “**Asia General Partner**”) is entitled to receive a performance-based allocation of twenty percent (20%) of the overall net profits with respect to the Asia Funds’ investors (the “**Asia Performance Allocation**”), payable at the end of each year or at the time of withdrawal of an investor from the relevant Asia Fund subject to certain terms, limitations, and conditions. The Asia General Partner will deduct the Asia Performance Allocation directly from the investors’ capital accounts in arrears.

The CPI Funds:

CPIH GP, LLC, an affiliate of Prelude that serves as the general partner to the CPI Funds (the “**CPI General Partner**”) is entitled to receive a performance-based allocation of fifteen percent (15%) of the overall net profits with respect to the CPI Funds’ investors (the “**CPI Performance Allocation**”), payable at the end of each year or at the time of withdrawal of an investor from the relevant CPI Fund. The CPI General Partner will deduct the CPI Performance Allocation directly from the investors’ capital accounts in arrears.

General:

The right of the General Partner, the CPI General Partner and the Asia General Partner (collectively, the “**Prelude General Partners**”) to receive performance-based compensation could create an incentive for Prelude to cause a client to make investments that are riskier or more speculative than would be the case if the General Partners did not receive such compensation. In addition, Sub-Advisors to the Capital Allocation Strategy Master Funds earn performance-based compensation. The right of such Sub-Advisors to receive performance-based compensation could create an incentive for such Sub-Advisors to make investments that are riskier or more speculative than would be the case if these Sub-Advisors did not receive such compensation.

Given that Prelude operates multiple fund structures, there is the potential for favoritism of one client over the other related to the payment of performance-based compensation as not all fund complexes

are subject to the same level of performance-based compensation. Notwithstanding the foregoing, Prelude will always act in accordance with its fiduciary obligations.

Item 7 Types of Clients

We provide investment advisory services to a variety of private funds, including Delaware limited partnerships, Cayman Islands exempted limited partnerships and Cayman Islands exempted companies, which effect their strategies in some cases through special purpose vehicles and corporations.

The Opportunity Funds:

Investors in the Opportunity Funds are required to meet certain suitability thresholds including, as applicable, being an “accredited investor” (as defined in Regulation D of the Securities Act of 1933, as amended (the “**Securities Act**”)), a “qualified client” (as defined in the Advisers Act), a “qualified eligible person” (as defined in the Commodity Exchange Act, as amended (the “**Commodity Exchange Act**”)) and a “qualified purchaser” (as defined under the Investment Company Act of 1940, as amended (the “**Company Act**”)), and are required to meet general sophistication requirements. All investors in the Opportunity Feeder Funds are required to invest a minimum amount of \$1,000,000, which amount may be reduced in the sole discretion of the General Partner (or an affiliate). There is no minimum amount required to be maintained in the Opportunity Funds other than as required by applicable law.

There is no minimum investment amount required initially with respect to the Opportunity Master Fund, however, there are certain threshold investment amounts that Special Limited Partners must maintain in their capital accounts at the Opportunity Master Fund level. These are negotiated on a case-by-case basis with Prelude. In order for each Special Limited Partner to maintain its investment, its related Sub-Advisor must remain in compliance with the risk guidelines and other terms outlined in its sub-advisory agreement.

The Structured Funds:

Investors in the Structured Funds are required to meet certain suitability thresholds including, as applicable, being an “accredited investor”, a “qualified client”, a “qualified eligible person” and a “qualified purchaser”, and all investors are required to meet general sophistication requirements. All investors in the Structured Feeder Funds are required to invest a minimum amount of \$1,000,000, subject to the terms of the relevant Structured Feeder Fund’s governing documentation, which amount may be reduced in the sole discretion of the General Partner. There is no minimum amount required to be maintained in the Structured Feeder Funds other than as required by applicable law.

There are certain threshold investment amounts that Special Limited Partners must maintain in their capital accounts at the Structured Master Fund level. These are negotiated on a case-by-case basis with Prelude. For each Special Limited Partner to maintain its investment, its related Sub-Advisor must remain in compliance with the risk guidelines and other terms outlined in its sub-advisory agreement.

The Asia Funds:

Investors in the Asia Funds are required to meet certain suitability thresholds including, as applicable, being an “accredited investor”, a “qualified client”, a “qualified eligible person” and a “qualified purchaser”, and all investors are required to meet general sophistication requirements. All investors in the Asia Feeder Fund are required to invest a minimum amount of \$1,000,000, subject to the terms of

the relevant Asia Feeder Fund's governing documentation, which amount may be reduced in the sole discretion of the Asia General Partner. There is no minimum amount required to be maintained in the Asia Feeder Fund other than as required by applicable law.

There are certain threshold investment amounts that Special Limited Partners must maintain in their capital accounts at the Asia Master Fund level. These are negotiated on a case-by-case basis with Prelude. In order for each Special Limited Partner to maintain its investment, its related Sub-Advisor must remain in compliance with the risk guidelines and other terms outlined in its sub-advisory agreement.

The CPI Funds:

Investors in the CPI Funds are required to meet certain suitability thresholds including, as applicable, being an "accredited investor", a "qualified client", a "qualified eligible person" and a "qualified purchaser", and all investors are required to meet general sophistication requirements. All investors in the CPI Funds are required to invest a minimum amount of \$1,000,000, subject to the terms of the relevant CPI Fund's governing documentation, which amount may be reduced in the sole discretion of the CPI General Partner. There is no minimum amount required to be maintained in the CPI Funds other than as required by applicable law.

Separately Managed Accounts:

While Prelude does not currently have any separately managed account clients, if it determines to accept any such clients it will negotiate with them directly regarding the minimum investment amount required.

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

A. Methods of Analysis and Investment Strategies

Prelude allocates assets of its clients to Sub-Advisors within the Capital Allocation Strategy Master Funds who in turn invest in a variety of securities across a range of strategies. Sub-Advisors may be unaffiliated or affiliated with Prelude. The Opportunity Onshore Fund invests exclusively in the Opportunity Master Fund, and the Opportunity Offshore Fund invests substantially all of its assets in the Opportunity Onshore Fund. The Structured Feeder Funds invest all of their assets in the Structured Master Fund. The Asia Feeder Fund will invest all of its assets in the Asia Master Fund. The CPI Feeder Funds invest all of their assets in the CPI Master Fund. Please see ***Item 4 Advisory Business*** for additional information.

Allocations that Prelude makes to Sub-Advisors utilizing the Capital Allocation Strategy Master Funds are generally made in conjunction with an investment of subordinated capital in the relevant Master Fund by such Sub-Advisor's related Special Limited Partner which is equal to a designated percentage of the overall allocation the Sub-Advisor initially receives. The relevant Master Fund can waive the obligation to contribute subordinated capital with respect to any Sub-Advisor. The trading strategies vary and can consist of a variety of securities investments, whether long or short, and can incorporate derivatives, futures, currencies, commodities and other specialized investment techniques with the prior approval of Prelude.

Prelude employs a team of experienced professionals to conduct Sub-Advisor research with respect to the Capital Allocation Strategy Master Funds. This team is responsible for meeting with prospective Sub-

Advisors to ascertain whether or not they would be appropriate to receive a Prelude allocation. Initial meetings focus on the prospective Sub-Advisor's history and track record, including the relevant employment experience of its management and portfolio managers. Later-stage discussions include a more focused review of the prospective Sub-Advisor's investment strategy and portfolio holdings. If Prelude and the prospective Sub-Advisor decide to pursue a relationship, Prelude will conduct additional due diligence on the Sub-Advisor, including conducting background investigations of certain key personnel and employing an independent third-party to conduct additional operational due diligence.

Investing in securities involves risk of loss (as described in greater detail below) and our clients, as well as the investors therein, should be prepared to bear any and all of such losses.

B. and C. Risk of Loss and Risk Associated with a Particular Type of Strategy

As used in this Item 8 B and C, each of the Opportunity Funds, the Structured Funds, the Asia Funds and the CPI Funds shall be referred to individually as a "**Fund**," and, collectively, the "**Funds**," unless the context otherwise requires. Prelude's investment activities involve a significant degree of risk of loss that investors should be prepared to bear. While Prelude seeks to manage the Funds so that risks are appropriate to the return potential for the strategy, it is often not possible or desirable to fully mitigate risks. Any investment includes the risk of loss and there can be no guarantee that a particular level of return will be achieved. Prelude expects that interests in the Funds will not constitute any investor's entire portfolio and are generally not intended to provide a complete investment program. Investors are responsible for appropriately diversifying their assets to guard against the risk of loss.

This section contains a discussion of certain risks associated with Prelude's investment activities; a more complete description of risks is included in the applicable Fund's governing and disclosure documents. The discussion below should not be viewed as a substitute for careful review of those documents.

The following list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Funds. Risk factors set forth below are in alphabetical order and have not been organized by any other criteria.

Accounting, Disclosure Standards and other Information. A portion of the Funds' investments are located in the Asia Pacific region. Availability of information within China and other Asia Pacific nations, including information concerning its economy and the issuers of securities the Funds are invested in, is generally more limited than is the case in the U.S. or other Western economies. The accounting, auditing and financial reporting standards and practices may not be equivalent to those employed in the U.S. or other developed economies and may differ in fundamental respects. There is typically less information available about companies in China and other Asia Pacific nations than about companies in the U.S. or other developed economies.

Asia Pacific Economic Sanctions. Economic sanction laws in the Asia Pacific (including China) region may result in the freezing of Fund assets with respect to one or more investments ultimately made by the Funds. In this instance there may be little to no recourse for the Funds and its investments could ultimately be frozen indefinitely. This could and would likely result in the diminution in value of one or more of the Funds' investments.

Asia Pacific General Risks. Investing in the Asia Pacific region may involve greater risks than investing in the U.S. There is generally less publicly available information about Asia Pacific companies, and there may be less government regulation and supervision of Asia Pacific companies and investments. For

example, security trading practices abroad may offer less protection to investors than in the U.S. There may also be difficulty in enforcing legal rights outside the U.S.

Moreover, Asia Pacific companies may not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those that apply to U.S. companies. Assets and profits appearing on the financial statements of a company with respect to which a Fund has made an investment or proposes to make an investment may not reflect its financial position or results of operations in the way they would be reflected had such financial statements been prepared in accordance with International Financial Reporting Standards. Furthermore, investments in some Asia Pacific countries are prone to fraud and false reporting practices. In certain cases, managers of the companies with respect to which a Fund makes investments and/or other third parties might deliberately falsify or cover up certain company reports or practices, and a Fund may be misinformed regarding its investments. It is also possible that such managers or third parties may, after a Fund has made an investment, engage in acts that are in violation of their agreements with a Fund, or otherwise engage in certain acts that damage the interests of a Fund. Any of these issues may undermine the performance of a Fund's investments.

Additionally, in some Asia Pacific countries, there is the possibility of expropriation or confiscatory taxation, limitations on the removal of securities, property or other assets of a Fund, political, economic or social instability or diplomatic developments, each of which could have an adverse effect on a Fund's investments in such Asia Pacific countries. Additional risks include: (i) the imposition or modification of foreign exchange controls; (ii) the unpredictability of international trade patterns; (iii) the possible imposition of Asia Pacific taxes on income and gains recognized with respect to such Asia Pacific region investments; (iv) the imposition of regulatory minimum hold periods or limits on debt issuance, holdings or concentration; (v) different bankruptcy laws and customs; (vi) less developed corporate laws regarding, among other things, fiduciary duties and the protection of investors; (vii) price volatility and (viii) fluctuations in currency exchange rates. While the Investment Manager and the Sub-Advisors will take these factors into consideration in making investment decisions, no assurance can be given that the any of them will be able to evaluate and successfully minimize these risks.

To the extent that a Fund (directly or indirectly) makes any investment in one or more emerging markets, it may be subject to certain risks and special considerations that are not typically associated with investing in more established economies or markets, including, among other things, (i) higher dependence on exports and the corresponding importance of international trade; (ii) greater risk of inflation; (iii) inability to exchange local currencies for U.S. dollars; (iv) increased likelihood of governmental involvement in and control over the economy; (v) governmental decisions to cease support of economic reform programs or to impose centrally planned economies; (vi) less developed compliance culture; (vii) risks associated with differing cultural expectations and norms regarding business practices; (viii) longer settlement periods for transactions and less reliable clearance and custody arrangements; (ix) less developed, reliable or independent judiciary systems for the enforcement of contracts or claims; (x) greater regulatory uncertainty; (xi) risks associated with the maintenance of the Partnership's investments with non-U.S. broker-dealers, securities depositories, asset servicers or custodians and (xii) threats or incidents of corruption or fraud, all of which may adversely affect the return on a Fund's investments. For example, a Fund and/or its investments may have difficulty in successfully pursuing claims against an entity with which it transacts business or its directors, officers or shareholders in certain Asia Pacific countries compared to a country with a more developed legal system. A Fund and/or its investments may have limited legal recourse in the event of a dispute, and remedies might have to be pursued in the courts of the country in question where it may

be difficult to obtain and enforce a judgment, especially against governmental entities. Further, the laws and regulations in some Asia Pacific countries can be vague, contradictory, not comprehensive and subject to varying interpretation, any of which may expose a Fund and/or its investments to losses.

Some countries, including those in the Asia Pacific region, may experience substantial rates of inflation, which may have negative effects on the economies and securities markets of their economies. Governmental efforts to curb inflation (such as price controls) may involve drastic economic measures affecting the level of economic activities. For example, in the past, such governmental efforts in countries located in the Asia Pacific region had a materially adverse effect on the level of economic activity in such countries. Furthermore, in an attempt to stabilize inflation, certain countries located in the Asia Pacific region have previously imposed price controls. There can be no assurance that the relevant Asia Pacific region governments will be able to exercise effective control over inflation rates or that a high rate of inflation will not have a materially adverse effect on a Fund's investments.

The market and the economy of a particular country in which a Fund may invest may be influenced by economic and market conditions in other countries in the region. For example, financial turmoil in certain countries in the Asia Pacific region in the late 1990s adversely affected the Asia Pacific economy generally. A significant adverse change in the economy of one country, or a loss of investor confidence in the financial systems of emerging and other markets generally, could cause increased volatility in the economies and financial markets of such country and countries throughout the region and the world, and as a result, have an adverse effect on the investments of Fund Events of this nature may adversely affect the economies of affected countries in both the near and long term. No assurances can be given that a Fund's portfolio will not be adversely affected by such events and as a result the performance of a Fund may be materially adversely affected.

Some countries located in the Asia Pacific region have experienced significant increases in the number and size of financially distressed companies caused by, among other factors, excessive capital investments, high levels of indebtedness and foreign currency exposure, longer-term assets financed with shorter-term liabilities, and reduced availability of credit. Such increases can result in market turmoil that affects the economies of one or more countries located in the Asia Pacific region generally. No assurance can be given that a Fund's portfolio will not be adversely affected by such events and as a result the performance of a Fund may be materially adversely affected.

Foreign investment in the assets and/or securities of entities in some countries located in the Asia Pacific region may be subject to varying degrees of restrictions or controls, which may at times limit or preclude foreign investment in such assets and/or entities, limit the types of investments that foreign persons may hold, or limit foreign investors to special investment structures, which may increase the costs and expenses of a Fund. Foreign persons may also be precluded from investing in certain economic sectors (such as communications or natural resources). A Fund could be adversely affected by delays in, or a refusal to grant, any required governmental approval for repatriation of principal or interest on loans held by a Fund. The corporate law, property law and foreign investment related law and regulations of some countries located in the Asia Pacific region may permit less flexibility in structuring transactions than comparable transactions in more developed markets.

Business Practices in Developing Nations. Business practices and ethics in developing nations may be different to those in more developed countries. In particular, the incidence and extent of corruption, in both the public and the private sphere, may be significantly higher in developing nations. For example,

there may be a higher risk of fraud in such nations when compared with other countries with higher levels and traditions of transparency and accountability.

Cybersecurity Breaches and Disruptions. “Cybersecurity” is a general term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from intentional cyber-attacks and hacking 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, or misappropriation of confidential or sensitive data.

Prelude, the Prelude General Partners, the Funds, the Sub-Advisors and their respective service providers (including the Funds’ administrator(s)) depend on both outsourced and internal information technology systems to perform their duties and meet their obligations. Notwithstanding the diligence with which Prelude (as well as any Sub-Advisor) reviews their own information technology systems or those of its or their service providers, a party may not be in a position to verify the risks or reliability of such systems or to protect such systems. Similarly, despite any training or other measures that Prelude (or any Sub-Advisor) performs with regard to its employees, professionals or any service providers, such individuals may intentionally or inadvertently take action, or fail to act, in a manner that poses risks to Prelude, the Prelude General Partners or the Funds (or any Sub-Advisor). Therefore, the Funds, any Sub-Advisor and their service providers could be subject to losses, damage and interruptions arising out of cyber incidents, phishing attempts, cybersecurity breaches, denial-of-service attacks, computer viruses, network failures, computer and telecommunication failures, employee and professional usage errors, power outages, and unauthorized access to computer networks and hardware and computer systems, in addition to catastrophic events, such as fires, hurricanes, floods and other natural disasters, and terrorist incidents.

If Prelude’s or the Funds’ hardware, systems, networks or software are compromised, become inoperable or cease to function properly due to cyber incidents or otherwise, the Funds could incur significant costs to fix or replace them. The damage to, or interruption or failure of, these information technology systems for any reason could cause significant interruptions in Prelude’s, the Funds’ (or any Sub-Advisor’s) operations and result in a compromise of the security, confidentiality or privacy of confidential or sensitive data, including personal information relating to investors (and the beneficial owners of investors) and cause material financial loss or harm. Such an incident could harm Prelude’s (or any Sub-Advisor’s), the Prelude General Partners’, or any of the Funds’ reputation, subject any such entity and their respective affiliates to legal claims and otherwise affect its business and financial performance. Such damage to, or interruption or failure of, these information technology systems might cause losses to the Funds by interfering with the operations of Prelude or the Funds or by requiring a significant amount of Prelude’s time.

The Funds could also incur substantial costs as the result of such an incident, including costs associated with forensic analysis of the origin and scope of the incident, increased and upgraded cybersecurity measures, identity theft, unauthorized use of proprietary information, litigation, adverse investor reaction, the dissemination of confidential or sensitive data, reputational damage and necessary or otherwise appropriate repairs or upgrades to damaged information technology systems. In addition, cybersecurity issues and risks are currently a major focus area of the SEC, the CFTC and other regulatory authorities. Any such regulatory authorities may in the future increase the scrutiny with which they examine and evaluate the policies, procedures, and systems of Prelude (or any Sub-Advisor) and interpret existing statutes and regulations. Any such incidents, or any actual or perceived shortcomings

with respect to applicable statutes and regulations, could expose one or more of the Funds or Prelude (or a Sub-Advisor) to civil, legal or regulatory liability as well as regulatory inquiry or action.

Epidemic Outbreak. An epidemic outbreak and reactions to such an outbreak could cause uncertainty in markets and businesses, including Prelude's business. Such an outbreak may adversely affect the performance of the global economy, including causing market volatility, market and business uncertainty and closures, supply chain and travel interruptions, the need for employees and vendors to work at external locations, and extensive medical absences. Prelude has policies and procedures to address known situations, but because a large epidemic may create significant market and business uncertainties and disruptions, not all events that could affect Prelude's business and/or the markets can be determined and addressed in advance.

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.

Foreign Securities. Foreign securities historically have been highly volatile and may involve greater risks than comparable U.S. investments, because of, among other things, instability of some foreign governments, the possibility of expropriation, limitations on the use or removal of funds or other assets, changes in governmental administration or economic or monetary policy (in the U.S. or abroad) or changed circumstances in dealings between nations. The application of foreign tax laws (e.g., the imposition of withholding taxes on dividend or interest payments) or confiscatory taxation may also affect investment in foreign securities. Higher expenses also may result from investment in foreign securities than would be the case with domestic securities because of the costs that are incurred in connection with conversions between various currencies and because foreign brokerage commissions may be higher than the U.S. Foreign securities markets also may be less liquid, more volatile and less subject to governmental supervision than those in the U.S. Investments in foreign countries could be affected by other factors not present in the U.S., including lack of uniform accounting, auditing and financial reporting standards and potential difficulties in enforcing contractual obligations.

Forward Trading. The Funds' investment program could include forward contracts. Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market 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 would otherwise be desired, to the possible detriment of the Funds. In respect of such trading, the Funds would be subject to the risk of counterparty failure or the inability or refusal by a

counterparty to perform with respect to such contracts. Market illiquidity or disruption could result in substantial losses to the Funds.

Futures. The Funds at times engage in futures transactions. The Funds are not limited in the amount of futures activity in which they may engage. Futures contracts are usually made on a futures exchange which call for the future delivery of a specified “commodity” at a specified time and place. These contractual obligations, depending on whether one is a buyer or a seller, may be satisfied either by taking or making physical delivery of the “commodity” or by making an offsetting sale or purchase of an equivalent futures contract on the same exchange prior to the end of trading in the contract month. Futures prices may be highly volatile. Financial instrument and foreign currency futures prices are influenced by, among other things, interest rates, changes in balances of payments and trade, domestic and international rates of inflation, international trade restrictions and currency devaluations and revaluations. The Capital Allocation Strategy Master Funds’ profitability will depend on the relevant Sub-Advisor’s or Sub-Advisors’ ability to analyze price movements in those markets. Because low margin deposits are normally required, an extremely high degree of leverage is obtainable in futures trading. A relatively small price movement in a futures contract, consequently, may result in large losses. Thus, like other highly leveraged investments, any purchase or sale of a futures contract may result in losses which exceed the amount invested.

Government, Regulatory and Political Risks. There is often a high degree of government regulation of economies. Action by governments may directly affect investments and may also have a significant indirect effect on the market prices of assets and of the payment of dividends or interest. The level of government action has increased recently as governments and their agencies are implementing measures to seek to stabilize and encourage growth in their relevant markets in response to the COVID-19 pandemic, exacerbating many of the risks related to government action.

Changes in policy with regard to taxation, fiscal and monetary policies, economic stimulus and relief, repatriation of profits and other economic regulations are possible, any of which could have an adverse effect on investments. In addition, governments from time to time intervene (directly and by regulation) in economic affairs, and such intervention may adversely affect the performance of a Fund and its investment activities. The response by governments, central banks and other policymakers to any financial crisis could have an adverse impact on the performance of a Fund, including by distorting market prices, impairing the ability of private sector investors (such as a Fund) to pursue investment opportunities in certain markets or creating significant additional regulatory burdens or delays with respect to a Fund’s investment activities or operations.

Many countries have undergone a substantial political and social transformation. There can be no assurance that the economic, educational and political reforms necessary to complete political and economic transformation will continue. The state of development of certain political systems makes them susceptible to changes and potential weakening from economic hardship and social instability. In certain countries, the extent of the success of economic reform is difficult to evaluate. Information on these economies is often contradictory or absent. In certain countries, much of the workforce remains underemployed or unemployed. Continued unemployment could hinder the ability of various governments to keep deficit spending in check.

Changing political environments, regulatory restrictions, and changes in government institutions and policies could adversely affect a Fund’s investment activity and opportunity. Civil unrest, ethnic conflict or regional hostilities may contribute to instability in some countries. Such instability may impede

business activity and adversely affect the environment for investments. The Funds do not intend to obtain political risk insurance. Actions in the future of one or more governments could have a significant effect on the various economies, which could affect market conditions, prices and yields of investments in the Funds' portfolios. Political and economic instability in any of the countries in which the Funds invest could adversely affect the Funds' investments.

Hedged and Arbitrage Strategies. The use of "hedged" or arbitrage strategies does not necessarily mean these strategies are relatively low risk. Substantial losses may be recognized on hedge or arbitrage positions, and illiquidity and default on one side of a position can effectively result in the position being transformed into an outright speculation. Every hedge or arbitrage strategy involves exposure to some second order risk of the markets, such as the implied volatility in convertible bonds or warrants, the yield spread between similar term government bonds or the price spread between different classes of stock for the same issuer. Among the risks of arbitrage transactions are that two or more buy or sell orders may not be able to be executed simultaneously at the desired prices, resulting in a loss being incurred on both sides of a multiple trade arbitrage transaction. Also, the transaction costs of arbitrage transactions can be especially significant because separate costs are incurred on each component of the combination. Consequently, a substantial favorable price movement may be required before a profit can be realized.

Hedging Transactions. The Funds utilize a variety of financial instruments such as derivatives, options, swaps and forward contracts, both for investment purposes and for risk management purposes. Hedging also involves special risks including the possible default by the other party to the transaction, illiquidity and, to the extent our assessment of certain market movements is incorrect, the risk that the use of hedging could result in losses greater than if hedging had not been used. The Funds are subject to the risk of the failure or default of any counterparty to its or their transactions. If there is a failure or default by the counterparty to such a transaction, the Funds will have contractual remedies pursuant to the agreements related to the transaction (which may or may not be meaningful depending on the financial position of the defaulting counterparty). The Funds may seek to minimize counterparty risk through the selection of financial institutions and types of transactions employed. However, the Funds' operational mechanisms may involve counterparty and other risk elements that may create unforeseen exposures.

Index Valuation. Investors should keep in mind that an index can respond only to reported price movements in its constituent securities. An index will therefore reflect the stock market as a whole, or particular market segments, only to the extent that the securities in the index are being traded, the prices of those trades are being promptly reported, and the market prices of those securities, as measured by the index, reflect price movements in the relevant markets. The index level will be affected by all of the factors that may at the time affect prices in the relevant markets for the constituent securities of the index, including, among other things, applicable laws, regulations and trading rules, the market-making and order processing systems of those markets, the liquidity and efficiency of those markets, and the prices and price behavior of futures contracts on that index or a related index.

Leverage. The Funds utilize leverage in their investment program within the confines of applicable regulations which can, in certain circumstances, maximize the adverse impact to which the Funds' investments may be subject. Sub-accounts employ leverage insofar as they are established by Prelude using equity and margin financing provided by the Funds' various prime brokers. As such, the amount of such leverage will at times be substantial. Leverage creates an opportunity for greater yield and total return, but at the same time increases exposure to capital risk and higher current expenses. If the Funds or any Sub-Advisor purchase securities on margin and the value of those securities declines, the Funds

could be obligated to pay down the margin loans to avoid liquidation of the securities. If loans to the Funds are collateralized with portfolio securities that decrease in value, the Funds could be obligated to provide additional collateral to the lender in the form of cash or securities to avoid liquidation of the pledged securities. Any such liquidation could result in substantial losses. Further, as a result of trading with a high degree of leverage, a relatively small price movement in a security may result in immediate and substantial losses to the Funds or to any Capital Allocation Strategy Master Fund sub-account (which could immediately trigger a loss of the total amount of subordinated risk capital invested by any Sub-Advisor through its affiliated Special Limited Partner). As a result, any trade could result in losses in excess of the amount invested, which would likely have a detrimental impact on a Sub-Advisor's sub-account and could result in losses for the Capital Allocation Strategy Master Funds, notwithstanding the fact that such Sub-Advisor may have contributed subordinated risk capital. It is also possible that the Funds will lose more than their initial margin deposit on a trade. Further, counterparties of the Funds, in their sole discretion, may change the leverage limits that they extend to the Funds, which could have a detrimental impact on any positions currently maintained through the use of leverage by the Funds or any Sub-Advisor.

Investing in Emerging Markets. The Funds will seek to realize gains on certain of their investments by selling into the public markets of an emerging market country or countries. Trading activity on the exchanges of some such emerging market countries may vary in substantial ways from operations on larger, more international public markets, and may be less liquid and more volatile, with less sophisticated settlement systems. This may affect a Fund's ability to dispose of investments at the price and time it wishes to do so. The trading markets of some such emerging market countries may be susceptible to being influenced by large investors trading significant blocks of securities. Commissions for trading on exchanges in some countries can be higher than commissions for trading on stock exchanges in certain other markets. In addition, these markets may have less rigorous disclosure standards or otherwise be less regulated than larger, more international, public markets and any regulatory supervision that is in place may be subject to manipulation or control. Some emerging market countries do not have mature legal systems comparable to those of more developed countries. Moreover, the process of legal and regulatory reform may not be proceeding at the same pace as market developments, which could result in investment risk. Legislation to safeguard the rights of private ownership may not yet be in place in certain areas, and there may be the risk of conflict among local, regional and national requirements or authorities. In certain cases, the laws and regulations governing investments in assets may not exist or may be subject to inconsistent or arbitrary application or interpretation. Both the independence of judicial systems and their immunity from economic, political or nationalistic influences remain largely untested in many countries. The Funds may also encounter difficulties in pursuing legal remedies or in obtaining and enforcing judgments in non-U.S. courts.

In addition to their smaller size, reduced liquidity, less developed settlement systems and lower regulation, the individual markets of some emerging countries are, to varying degrees, influenced by economic and market conditions in other markets in their respective regions. Although economic conditions are different in each country, investors' reactions to developments in one country can have effects on issuers in other neighboring countries. There can be no assurance that individual markets will not continue to be affected negatively by events elsewhere, or that such events will not adversely affect the value of the Fund's investments.

Legal Risks. The investments of the Funds may be directly or indirectly exposed to the laws of foreign countries. It is possible that the Funds may (directly or indirectly) need to resort to a foreign legal

system for settlement of disputes. Certain foreign nations lack a fully developed legal system and the body of commercial law and practice typically found in countries with more sophisticated market economies. Laws and regulations, in particular those concerning foreign investment and taxation, can change quickly and unpredictably. The judicial and civil procedures in emerging markets are complex and may be unwieldy. Courts may lack experience in commercial dispute resolution, may be subject to political or other influence, and many of the procedural remedies for enforcement and protection of legal rights found in more developed jurisdictions may not be available. The extent to which local parties and entities, including local governmental agencies, will recognize the contractual and other rights of the parties with which they deal is uncertain. The Funds (directly or indirectly) may therefore be unable to protect and enforce their rights (including with respect to legal and management control) against local governmental and private entities to the same extent as it would otherwise be able to achieve in jurisdictions with more developed legal systems. In addition, it may be more difficult, time consuming and expensive to obtain and/or enforce a judgment in a court located in a developing nation, compared with the procedures available in more developed countries.

Model Risk. Certain of the investment strategies employed by the Funds and Sub-Advisors, as applicable, are highly dependent on quantitatively based pricing theories and valuation models, which the Funds and Sub-Advisors, as applicable, use to evaluate investment opportunities. Such models generally seek to forecast future price changes based upon a limited number of factors and inputs. The forecasts generated by these models can differ substantially from actual future price realizations, resulting in material losses to the Funds. There can be no assurance that such models will be effective or that they will be effectively utilized by the Funds and Sub-Advisors, as applicable. The models used by the Funds and Sub-Advisors, as applicable, often depend upon inputs from various sources, and in the event such inputs are not accurate, unexpected losses could be incurred. The Funds and Sub-Advisors, as applicable, anticipate the continued modification, enhancement and development of models. Each new generation of models (including incremental improvements to current models) exposes the Funds to the possibility of unforeseen losses from a variety of factors, including conceptual failures and implementation failures.

Options. The Funds engage from time to time in various types of options transactions. An option gives the purchaser the right, but not the obligation, upon exercise of the option, either (i) to buy or sell a specific amount of the underlying security at a specific price (the “strike” price or “exercise” price), or (ii) in the case of a stock index option, to receive a specified cash settlement. To purchase an option, the purchaser must pay a “premium,” which consists of a single, nonrefundable payment. Unless the price of the securities underlying the option changes and it becomes profitable to exercise or offset the option before it expires, the Funds could lose the entire amount of the premium. The purchaser of an option runs the risk of losing the entire investment. Thus, the Funds could incur significant losses in a relatively short period of time. The ability to trade in or exercise options also could be restricted in the event that trading in the underlying securities interest becomes restricted. Options trading could also be illiquid in the event the Funds’ assets are invested in contracts with extended expirations. The Funds can purchase and write put and call options on specific securities, on stock indices or on other financial instruments and, to close out its positions in options, can make a closing purchase transaction or closing sale transaction. In theory, the exposure to loss is potentially unlimited in the case of an uncovered call writer (i.e., a call writer who does not have and maintain during the term of the call an equivalent long position in the stock or other security underlying the call), but in practice the loss is limited by the term of existence of the call. The risk for a writer of an uncovered put option (i.e., a put option written by a writer that does not have and maintain an offsetting short position in the underlying stock or other security) is that the price of the underlying security may fall below the exercise price.

Political, Social and Economic Uncertainty Risk. Social, political, economic and other conditions and events (such as natural disasters, epidemics and pandemics, terrorism, conflicts and social unrest) will occur that create uncertainty and have significant impacts on issuers, industries, governments and other systems, including the financial markets, to which the Funds and the issuers in which they invest are exposed. As global systems, economies and financial markets are increasingly interconnected, events that once had only local impact are now more likely to have regional or even global effects. Events that occur in one country, region or financial market will, more frequently, adversely impact issuers in other countries, regions or markets, including in established markets such as the U.S. These impacts can be exacerbated by failures of governments and societies to adequately respond to an emerging event or threat.

Uncertainty can result in or coincide with: increased volatility in the global financial markets, including those related to equity and debt securities, loans, credit, derivatives and currency; a decrease in the reliability of market prices and difficulty in valuing assets; greater fluctuations in currency exchange rates; increased risk of default (by both government and private issuers); further social, economic, and political instability; nationalization of private enterprise; greater governmental involvement in the economy or in social factors that impact the economy; greater, less or different governmental regulation and supervision of the securities markets and market participants and increased, decreased or different processes for and approaches to monitoring markets and enforcing rules and regulations by governments or self-regulatory organizations; limited, or limitations on, the activities of investors in such markets; controls or restrictions on foreign investment, capital controls and limitations on repatriation of invested capital; inability to purchase and sell assets or otherwise settle transactions (*i.e.*, a market freeze); unavailability of currency hedging techniques; substantial, and in some periods extremely high, rates of inflation, which can last many years and have substantial negative effects on markets as well as the economy as a whole; recessions; and difficulties in obtaining and/or enforcing legal judgments.

For example, in early 2020, a novel coronavirus (SARS-CoV-2) and related respiratory disease (COVID-19) emerged and spread rapidly across the world, including to the U.S. This outbreak has led and is likely to continue to lead to disruptions in the worldwide economy, particularly with respect to economies of nations where the novel coronavirus has arisen and also the global markets at-large. This outbreak and any future outbreaks could have a further adverse impact on the global economy in general, including volatility in or disruption in the securities, derivatives, currencies and other financial markets, which could have a material adverse impact on the Funds. As of the date hereof, it is impossible to determine the scope of this outbreak, or any future outbreaks, or its full potential impact on the Funds and the issuers in which they invest. Moreover, due to the emerging nature of this outbreak, reasonable expectations about any of the risks to which a Fund is subject could prove inaccurate.

Although it is impossible to predict the precise nature and consequences of these events, or of any political or policy decisions and regulatory changes occasioned by emerging events or uncertainty on applicable laws or regulations that impact the Funds' investments, it is clear that these types of events are impacting and will, for at least some time, continue to impact the Funds and their investments and, in many instances, the impact is likely to be adverse and profound. The issuers in which the Funds invest could be significantly impacted by emerging events and uncertainty of this type and the Funds will be negatively impacted if the value of their portfolio holdings decreases as a result of such events and the uncertainty they cause. There can be no assurance that emerging events will not cause a client to suffer a loss of any or all of its investments or interest thereon. The Funds will also be negatively affected if the operations and effectiveness of the adviser, its affiliates, the issuers in which the Funds invest or their

key service providers are compromised or if necessary or beneficial systems and processes are disrupted.

Each of the risks discussed in this Item 8 is subject to these Political, Social and Economic Uncertainty Risks, and should be considered in light of these risks and uncertainties.

Russian Invasion of Ukraine and Related Sanctions. Russia launched a large-scale invasion of Ukraine in February of 2022. The extent and duration of the military action, impact of resulting sanctions and future market disruptions, including declines in stock markets and the value of the ruble against the U.S. dollar, are impossible to predict but could be significant. Governments in the U.S. and many other countries (collectively, the “Sanctioning Bodies”) have imposed economic sanctions on certain Russian individuals, including politicians, and Russian corporate and banking entities. These sanctions froze certain Russian assets and prohibited, among other things, trading in certain Russian securities and doing business with specific Russian corporate entities, large financial institutions, officials, and oligarchs. The sanctions could impact, directly or indirectly, one or more Investors in the Funds. As a result, the Funds or their Affiliates may encounter additional legal and/or reputational risk. Despite the Funds’ anti-money laundering and compliance procedures, it is possible the Funds or their Affiliates may inadvertently violate the sanctions, which may result in fines or other penalties. The sanctions also included the removal of some Russian banks from the Society for Worldwide Interbank Financial Telecommunications (“SWIFT”), the electronic network that connects banks globally, and imposed restrictive measures to prevent the Russian Central Bank from undermining the impact of the sanctions. The Sanctioning Bodies, or others, could in the future institute broader sanctions on Russia, including further excluding Russia from global payments systems that facilitate cross-border payments, such as SWIFT. These sanctions, or even the threat of further sanctions, may result in the decline of the value and liquidity of Russian securities, a weakening of the ruble or other adverse consequences to the Russian economy. These sanctions could also result in the immediate freeze of Russian securities and funds invested in prohibited assets, impairing the ability of the Funds to buy, sell, receive, or deliver those securities and assets. Sanctions could also result in Russia taking counter measures or retaliatory actions which may further impair the value and liquidity of Russian securities.

A number of large corporations and U.S. states have also announced plans to divest interests or otherwise curtail business dealings with certain Russian businesses. These sanctions and any additional sanctions or other intergovernmental actions that may be undertaken against Russia in the future may result in the devaluation of the Russian currency, a downgrade in the country’s credit rating, and a decline in the value and liquidity of Russian securities. The long term impact on global markets is not known but may be significant and may, directly or indirectly, impact the Funds.

Risks of Derivatives. The Funds at times trade derivatives. The risks posed by derivatives include (1) credit risks (the exposure to the possibility of loss resulting from a counterparty’s failure to meet its financial obligations); (2) market risks (adverse movements in the price of a financial asset or commodity); (3) legal risks (an action by a court or by a regulatory or legislative body that could invalidate a financial contract); (4) operations risks (inadequate controls, deficient procedures, human error, system failure or fraud); (5) documentation risks (exposure to losses resulting from inadequate documentation); (6) liquidity risks (exposure to losses created by the inability to prematurely terminate a derivative); (7) system risks (the risk that financial difficulties in one institution or a major market disruption will cause uncontrollable financial harm to the financial system); (8) concentration risks (exposure to losses from concentration of closely-related risks such as exposure to a particular industry

or exposure linked to a particular entity); and (9) settlement risks (the risk that a client faces when it has performed its obligations under a contract but has not yet received value from its counterparty).

Short Selling. The Funds might sell short securities of an issuer in the expectation of covering the short sale with securities purchased in the open market at a price lower than that received in the short sale. If the price of the issuer's securities declines, the Funds could then cover the short position with securities purchased in the market. The profit realized on a short sale will be the difference between the price received in the sale and the cost of the securities purchased to cover the sale. The possible losses from selling short a security differ from losses that could be incurred from a cash investment in the security; the former could be unlimited, whereas the latter can only equal the total amount of the cash investment. Short selling activities are also subject to restrictions imposed by the federal securities laws and the various national and regional securities exchanges, which restrictions could limit a client's investment activities. There can be no assurance that securities necessary to cover a short position will be available for purchase.

Side Letters. The Funds will from time to time, to the fullest extent permitted by the relevant Fund's constitutive documents and applicable law, seek to induce investment in such Fund by offering investment terms to certain prospective or current investors which are not generally available to investors in that Fund. In such cases the parties will enter into a written side arrangement varying the standard terms of an investment in such Fund. Such variations could include, without limitation but as permitted by the relevant Fund's constitutive documents and applicable law, variations to fees, minimum investment or redemptions, with the effect that not all investors in such Fund will invest on the same terms and some investors may be expected to enjoy more favorable terms than others.

Small- to Mid-Cap Stocks. While smaller companies generally have potential for rapid growth, they often involve higher risks because they lack the management experience, financial resources, product diversification and competitive strength of larger corporations. In many instances, the frequency and volume of their trading is substantially less than is typical of larger companies. As a result, the securities of smaller companies may be subject to wider price fluctuations. Also, due to thin trading in some of these stocks, an investment therein may be considered less liquid than an investment in many larger-capitalization stocks, making purchases or sales at desired prices or in desired quantities more difficult. Accordingly, the returns may be more volatile within the CSI 500 Index than would be the case with respect to an index comprised of large-cap stocks.

Subordinated Risk Capital Investment. A Special Limited Partner's investment in a Capital Allocation Strategy Master Fund, which constitutes a contribution of risk capital to such Capital Allocation Strategy Master Fund relevant to the allocation its related Sub-Advisor manages on behalf of such Capital Allocation Strategy Master Fund, sits in a subordinated position with respect to losses incurred by such related Sub-Advisor's sub-account. Any losses incurred by the Sub-Advisor's sub-account will be borne first by such Special Limited Partner's risk capital contribution and as such, a Special Limited Partner must be prepared to bear the potential loss of such capital, up to the entire amount of its investment, as described in detail in each Capital Allocation Strategy Master Fund's offering documents and partnership agreement, as well as any sub-advisory agreement to which it is a party. Furthermore, in the event an Opportunity Master Fund's Sub-Advisor's trading results in the loss of the entirety of its related Special Limited Partner's risk capital contribution, losses in excess of such contribution will be allocated to the Opportunity Onshore Fund and subsequently borne by its investors.

Trading in OTC Markets. The Funds may engage in over-the-counter ("**OTC**") derivative transactions,

such as currency forward contracts traded in the interbank market; options on currency forward contracts and certain swap agreements. In general, there is less governmental regulation and supervision of transactions in the OTC markets than of transactions entered into on organized exchanges. Most of the protections afforded to participants on U.S. and certain non-U.S. exchanges, such as daily price fluctuation limits and the performance guarantee of an exchange clearinghouse, will not be available in connection with OTC transactions. The Funds will be exposed to greater risk of loss through default than if they confined their trading to organized exchanges.

Transaction Expenses. The Funds may make frequent trades in securities. Frequent trades may impact investment performance, as this practice typically results in correspondingly high transaction costs.

Use of Sub-Advisors. The Capital Allocation Strategy Master Funds are in part dependent upon the expertise and abilities of the Sub-Advisors, who each have investment discretion over a portion of each Capital Allocation Strategy Master Fund's assets. Therefore, the investment decisions made by any Sub-Advisor or its principals, as well as the death, incapacity or retirement of any Sub-Advisor or its principals, could potentially adversely affect investment results of the Capital Allocation Strategy Master Funds. While Prelude performs due diligence and conducts risk analyses on each Sub-Advisor prior to providing it with an allocation, and while Prelude closely monitors the investment parameters and performance of each Sub-Advisor's allocation, it should be noted that Prelude may not be able to prevent substantial losses from being incurred by a Sub-Advisor. Furthermore, it could be difficult for Prelude to uncover fraudulent activity, violations of laws, rules or regulations, or breaches of sub-advisory agreements perpetrated by one or more Sub-Advisors.

In view of the foregoing considerations, an investment with Prelude is suitable only for investors who are capable of bearing the relevant risks (including a total loss of investment) and conflicts of interest. To the extent that prospective investors would benefit from an independent review, such benefit is not available through Prelude or any of its affiliates. Prospective investors are encouraged to seek the advice of independent legal counsel in evaluating the risks of any offering. In addition, as an investment program develops and changes over time, an investment with Prelude may be subject to additional and different risks.

Item 9 Disciplinary Information

Not applicable.

Item 10 Other Financial Industry Activities and Affiliations

A. Registration as a Broker-Dealer

Neither Prelude nor any of Prelude's management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

B. Registration as a Futures Commissions Merchant, Commodity Pool Operator or Commodity Trading Advisor

Prelude is not registered as a futures commission merchant, commodity pool operator (a "**CPO**"), a commodity trading advisor or an associated person of any of the foregoing. The General Partner, which is Prelude's related person, is registered as a CPO and is a member of the National Futures Association

(the “**NFA**”). Gavin Saitowitz and Cisco J. del Valle, the managing members of Prelude and the General Partner, are registered as associated persons of the General Partner.

C. Material Relationships

Certain related affiliates of Prelude serve as general partner of the Opportunity Onshore Fund, the Structured Onshore Fund, each Capital Allocation Strategy Master Fund, the Asia Funds and the CPI Funds, and, in that role, receive incentive compensation. This creates an incentive for Prelude to make investment allocations that are riskier or more speculative than would be the case if the Prelude General Partners did not receive such incentive compensation. Further, Prelude may have an additional related person serving as the general partner of an investment vehicle whereby, in that role, it may receive incentive compensation. The strategy of such vehicle will not create a foreseeable conflict with the Prelude General Partners or other related persons receiving incentive compensation. The Managing Members serve in the same capacity to the Asia General Partner and CPI General Partner.

Aside from the Funds, Prelude serves as the manager of Prelude Real Estate Holdings, LLC and its four wholly owned subsidiaries, each of which owns title to a stabilized multi-family real property located in the Sun Belt or Midwest. Prelude also receives fees from Prelude Real Estate GP, LLC and De Tonty JV, LLC, which own title to a stabilized multi-family real property located in the Midwest.

Each property was acquired in 2021, 2022, 2023 and is further managed by local property managers engaged directly by Prelude.

Prelude also serves as the manager of Prelude Credit Opportunities, LLC, which invests in various private funds managed by third parties. The underlying assets of such funds include triple-net lease commercial properties with investment grade tenants, multi-family value-add properties, development properties and loans secured by mortgages. Each strategy is national in scope.

D. Conflicts of Interest in Selecting Other Investment Advisers for which Prelude Receives Compensation

Prelude provides oversight to four fund complexes, and the Capital Allocation Strategy Master Funds employ comparable strategies. The General Partner, the Asia General Partner, the Investment Manager and the Sub-Advisors, as applicable, shall, under normal conditions, allocate investment opportunities between all Funds on a fair and equitable basis, subject to applicable law and client guidelines. Furthermore, the General Partner, the Asia General Partner and the Investment Manager, as applicable, will make their own decisions for the Funds, which decisions may differ given the goals of the different fund complexes. There is a conflict of interest insofar as the General Partner, the Asia General Partner or the Investment Manager, or its or their other related persons serving in comparable roles, may identify investment opportunities generally suitable to the investment strategy of one Fund that the General Partner, the Asia General Partner or the Investment Manager may direct to another Fund in their respective and applicable capacities as the general partner and investment manager of the Funds.

In light of this conflict, the Investment Manager will work internally to determine, in its reasonable judgment, that every investment opportunity is fairly allocated in the best interests of the Funds, where applicable. The Investment Manager will do this by convening a weekly meeting or meetings of certain members of senior management who comprise its Investment Committee (which includes the members of its conflicts of interest committee), which will be tasked with considering whether such an investment opportunity is more appropriately suited for the Opportunity Funds, the Structured Funds or the Asia

Funds. The CPI Funds are not taking on additional investment opportunities presently. The Investment Committee analyzes multiple variables including, not limited to, strategy, liquidity, credit, geographic region and market risk to ensure the suitability of such investment opportunity and that investors in the Funds are at all times being treated equitably. For the avoidance of doubt, the resolution of such conflicts vis-à-vis the Capital Allocation Strategy Master Funds, shall be resolved in the sole discretion of the General Partner, the Asia General Partner and the Investment Manager. As a general matter, with respect to the Capital Allocation Strategy Master Funds, it is anticipated that certain fundamental features of a potential Sub-Advisor's strategy will be more appropriate for one of the Capital Allocation Strategy Master Funds over the others. That said, there will be occasions when a Sub-Advisor's strategy would work for more than one of the Capital Allocation Strategy Master Funds, and the allocation of such an investment opportunity shall be undertaken in furtherance of the fiduciary duty owed to all investors.

The Capital Allocation Strategy Master Funds can allocate capital to be managed by related parties, including by Prelude or third parties retained by Prelude, as described herein. There is a conflict of interest in Prelude, an affiliated Sub-Advisor or a third-party agent on behalf of Prelude managing a sub-account for the Capital Allocation Strategy Master Funds, as Prelude typically negotiates agreement terms with Sub-Advisors and in such a situation an arms' length negotiation would not be possible. In light of these potential conflicts, should such circumstances arise, Prelude will work internally to determine, in its reasonable judgment, that any proposed action and negotiated terms are consistent with the best interests of the Capital Allocation Strategy Master Funds and are on terms that are commercially reasonable. Prelude will do this by convening a meeting or meetings of certain members of senior management who comprise its Investment Committee, which will be tasked with considering the facts and ensuring the course of conduct decided upon is one which Prelude would approve if it were not a party to the transaction. The purpose of the Investment Committee's analysis in such circumstances is to determine whether the Capital Allocation Strategy Master Funds' investors are at all times being treated fairly and equitably, that the terms of such arrangements are commercially reasonable and that actions taken by Prelude or any third parties are reasonably believed to be in the Capital Allocation Strategy Master Funds' best interests.

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

A. Code of Ethics

In accordance with Rule 204A-1 of the Advisers Act, Prelude has adopted a code of ethics (the "**Code**"). The Code sets forth standards of conduct expected of advisory personnel, addresses safeguarding material nonpublic information about client transactions and addresses conflicts that arise from personal trading by advisory personnel. For the avoidance of doubt, the Code is applicable to Prelude's employees only and is not applicable to the Sub-Advisors. Each Sub-Advisor is responsible for the compliance program of its organization.

It is our policy that our operations be conducted in compliance with the law and with the highest ethical standards. This policy applies to all employees and others working on behalf of Prelude wherever located. Each employee has an obligation to act at all times in an honest and ethical manner and with the highest integrity in dealings with clients and/or any third party.

The Code is designed to, among other things, provide a statement of the general standards of conduct required by us of our employees, including in such areas as conflicts of interest, confidential information, use of Prelude property, personal securities investing and illegal insider trading.

The foundation of the Code consists of three underlying principles: (1) employees must at all times place the interests of Prelude's clients before their own interests, (2) employees must make sure that all personal securities transactions are conducted consistent with the Code and the Prelude employee investment policy (the "**EIP**"), and in such a manner as to avoid any actual or potential conflicts of interest or any abuse of an individual's position of trust and responsibility and (3) employees should not take inappropriate advantage of their positions (for example, the receipt of investment opportunities, perquisites or gifts from persons seeking business with Prelude could call into question the exercise of an employee's independent judgment).

As with all policies and procedures, the Code is designed to cover a variety of circumstances and conduct; however, no policy or procedure can anticipate every potential conflict of interest that can arise in connection with personal trading. Consequently, employees are expected to abide not only by the letter of the Code, but also by the spirit of the Code.

Because our policies, governmental regulations and industry standards relating to personal trading and potential conflicts of interest can change over time, we may modify any or all of the policies and procedures set forth in the Code. Employees will be given written notification in the event that Prelude revises the Code. It is the responsibility of each employee to become familiar with any modifications to the Code.

We will provide a copy of the Code to any investor or prospective investor upon request. Such a request should be submitted by contacting Prelude at (212) 546-1180 or at legalteam@preludecapital.com.

B. Potential Conflicts Regarding Securities Recommendations

Prelude makes recommendations and allocations across the Capital Allocation Strategy Master Funds consistent with our fiduciary duties and on a fair and equitable basis, subject to applicable law and client guidelines. To the extent other conflicts arise from time to time, Prelude addresses them in accordance with upholding its fiduciary duty to its clients. Please see **Item 4 Advisory Business** for additional information.

C. Personal Trading and Related Issues

We permit our employees to engage in personal trading, subject to the provisions of the Code and the EIP. Prelude takes various steps to limit potential conflicts of interest and to monitor employee trading. Specifically, we prohibit any employee from representing Prelude or a client in any transaction where the employee's outside business interests could compromise his or her ability to fairly represent Prelude or its clients. Our employees are prohibited from owning interests in any corporation or participating in any outside business activity which Prelude reasonably believes could compromise the employee's loyalty to Prelude or its clients. Employees have a duty to notify the Chief Compliance Officer and his team (the "**Compliance Team**") of any outside business activity, so the Compliance Team may monitor the situation for potential conflicts.

Our employees must pre-clear all trades with the Compliance Team (with limited exceptions for non-covered accounts or securities, such as open-ended mutual funds or ETFs). Employees provide the

Compliance Team with their brokerage statements on an annual and quarterly basis and complete quarterly holding reports. Employees also provide the Compliance Team with the account information of all covered trading accounts so they may be accurately monitored.

Since it is not possible to contemplate all situations that might involve conflicts of interest, it is our policy that if an employee has any doubts or questions about the appropriateness of any interests or activities, that employee should contact the Chief Compliance Officer immediately.

With respect to potential conflicts regarding an employee's personal trading and, in a broader sense financial interests in general, no employee or other person working on behalf of Prelude, individual members of the employee's immediate family, or persons living in the employee's household is permitted to own, directly or indirectly, any interest in any corporation or other entity if ownership of such interest could compromise the loyalty or judgment of such employee or person working on behalf of Prelude. Whether a particular financial interest will constitute a conflict of interest or the appearance thereof will vary depending on the circumstances.

We strictly prohibit employees from engaging in any activity that could be considered illegal insider trading. We specifically forbid, among other things: (1) any trading while in possession of material, non-public information; (2) recommending the purchase or sale of any securities while in possession of material, non-public information and (3) communicating material, non-public information to others. Prelude attempts to curb any illegal insider trading by monitoring, and requiring the pre-clearance of, its employees' trades and by educating its employees as to what could constitute illegal insider trading, what actions are prohibited and what the potential penalties are for engaging in such illegal conduct.

Compliance and Code training for employees is held at least annually and may be held periodically as determined by the Chief Compliance Officer in relation to any relevant legal developments which could impact Prelude. Training can include a thorough review of Prelude's relevant policies and procedures, as well as current regulatory topics, conducted by either the Compliance Team or an independent third-party hired for such purpose. Specifically, employee training focuses on those issues Prelude deems most crucial related to its employees, including extensive discussions of the definition of insider information and the practices which may constitute illegal insider trading, marketing rules, employee conflicts of interest and trading policies, expense policy, cybersecurity policy, political contribution policy and gift policy.

D. Transactions in Securities Recommended to Clients

Certain of our employees and related persons invest in one or more of the Funds. Such employees and related persons have a direct interest in the success of the Fund in which they have invested. In addition, Prelude employees could from time to time invest in securities in their personal accounts that are held in the Capital Allocation Strategy Master Funds by one or more Sub-Advisors.

Item 12 Brokerage Practices

A. Broker-Dealer Selection and Reasonableness of Compensation

Prelude does not generally trade on behalf of the Capital Allocation Strategy Master Funds, although it retains the right to do so, as such trading is conducted by the individual Sub-Advisors. Each Sub-Advisor may clear and settle securities transactions through various brokers, subject to Prelude's approval and the terms of each sub-advisory agreement. The relevant sub-account will be charged commissions by

any broker or dealer it utilizes to effect trading in the sub-account on each trade executed in the sub-account per the terms of the applicable sub-advisory agreement.

Generally, portfolio transactions for the Capital Allocation Strategy Master Funds are cleared through brokerage accounts maintained at various brokerage institutions, each of which may or may not also act as a custodian for the Capital Allocation Strategy Master Funds. In Prelude's discretion, portfolio assets will at times be held for the benefit of the Capital Allocation Strategy Master Funds by other financial institutions, including any brokers or dealers or other institutions through which a Sub-Advisor effects transactions on the Capital Allocation Strategy Master Funds' behalf. The Capital Allocation Strategy Master Funds may engage and pay fees and/or commissions to other or additional custodians, prime brokers and/or brokers, including without limitation, affiliates of Prelude, at any time. We can replace existing brokers without notice to the limited partners.

Portfolio transactions are executed by brokers and dealers selected on behalf the Capital Allocation Strategy Master Funds on the basis of their ability to effect prompt and efficient executions at competitive rates and also in consideration of such brokers' provision or payment of brokerage or research services (referred to as payment made by "soft dollars," as further described herein). Reasonableness of commissions is assessed based on numerous factors, including but not limited to the nature of the services provided and the rates charged by competitors for the same or similar services.

1. Research and Other Soft Dollar Benefits

Section 28(e) of the United States Securities Exchange Act of 1934, as amended, establishes a safe harbor (the "Section 28(e) safe harbor") allowing investment managers to use client funds, by way of commission dollars, to purchase certain brokerage and research services. The use of such commission dollars to obtain research or other products or services benefits the clients, who do not have to produce or pay for such research, products or services. Further, the amount of commissions paid by a client, if any (directly or indirectly), must be reasonable in light of the value of the brokerage or research services offered, taking into account various factors, including commission rates, financial responsibility and strength and ability of the broker to efficiently execute transactions. This practice could create an incentive to select or recommend a broker-dealer based on research or other products rather than on a client's interest in best execution.

While Prelude does not currently directly utilize soft dollars, we do permit those Sub-Advisors managing assets for the Capital Allocation Strategy Master Funds to do so, provided that all such benefits are within the Section 28(e) safe harbor. Under such circumstances, given that it is a Sub-Advisor and not Prelude or the Capital Allocation Strategy Master Funds incurring (and putting to direct use) these soft dollar commissions, the soft dollar benefits at issue are monitored, and any invoices are paid, at the prime broker level for each sub-account (i.e., the Sub-Advisor maintains a soft dollar account with the prime broker where the sub-account is maintained). Any research or other permissible expenses are paid by the prime broker and Prelude is not provided with specific details regarding the benefit received at the Sub-Advisor level. When a Sub-Advisor uses brokerage commissions to obtain research or other products or services, the Sub-Advisor receives a benefit because it does not have to produce or pay for the research, product or services. Each prime broker with whom each Capital Allocation Strategy Master Fund maintains a relationship is aware that any soft dollar commissions must be utilized for services within the Section 28(e) safe harbor.

To the extent the Capital Allocation Strategy Master Funds are required to pay commissions, if Prelude determines in good faith that the amount of commissions that a broker charges a Sub-Advisor seem reasonable in relation to the value of the brokerage or research services provided by such broker, then the Sub-Advisor would be permitted to trade with such broker. The Capital Allocation Strategy Master Funds are enabled to pay commissions (or markups or markdowns) to a broker in an amount greater than the amount another broker might charge under such circumstances, in return for soft dollar benefits. Prelude has not directed client transactions to any particular broker-dealer in return for soft dollar benefits; however, individual Sub-Advisors are enabled to direct transactions to particular broker-dealers for a variety of reasons, which could include obtaining soft dollar benefits.

The Section 28(e) safe harbor is only available under certain circumstances and covers research services provided by brokers which generally include advice, analyses and reports, and could specifically include traditional research reports analyzing the performance of a particular company or stock, certain financial newsletters and trade journals, quantitative analytical software and software that provides analyses of securities portfolios, seminars, conferences and other services that reflect substantive content (*i.e.*, the expression of reasoning or knowledge relating to the subject matter of Section 28(e)) and provide lawful and appropriate assistance to Prelude in the performance of its investment decision-making responsibilities on behalf of a client.

The Section 28(e) safe harbor is available only when a Sub-Advisor, on behalf of the Capital Allocation Strategy Master Funds, conducts business with a broker that is involved with “effecting” the trades and which “provides” the research. “Effecting” trades generally involves executing, clearing or settling the trade. A broker “provides” the product or service if the broker that is effecting transactions for the advised accounts is either legally obligated to pay for the research or, is not legally obligated to pay, but pays the research preparer directly and takes steps to ensure that the services being paid with client commissions are eligible under the Section 28(e) safe harbor.

To the extent applicable, Prelude permits the use soft dollars within the parameters of the Section 28(e) safe harbor, for items including but not limited to research advice, analyses and reports and products and services that relate to the execution of a trade (*e.g.*, connectivity services and trading software). Soft dollar items, whether provided directly or indirectly, can be utilized for the benefit of any of a Sub-Advisor’s client accounts, not strictly the Capital Allocation Strategy Master Funds. Such items need not be allocated proportionately to client accounts which generated the soft dollar credits and it is possible that the Capital Allocation Strategy Master Funds will not obtain the full benefit to which it would otherwise be entitled due to a Sub-Advisor’s trading. Prelude permits the use of client commissions to acquire soft dollar items that a Sub-Advisor could otherwise be obligated to provide to, or acquire at its own expense for, its clients. In such an instance, the relevant party will analyze and determine that such soft dollar items may provide such client with benefits by supplementing the research and services otherwise available to such client.

2. Brokerage for Client Referrals

In addition to the factors described above, Prelude could consider a broker’s referrals or the potential for future referrals when selecting brokers. As with client commission payments for brokerage and research services and/or products, a conflict of interest could arise as in some cases the transaction compensation paid might be higher than that obtainable from another broker-dealer who did not provide (or undertake to provide) referrals, although Prelude will seek to avoid such a result and will seek best execution. Awarding transaction business to brokers in recognition of past or future referrals

could create an incentive for Prelude to cause a client to affect more transactions than it might otherwise do in order to stimulate more referrals.

In the last fiscal year Prelude did, in some instances, refer potential Sub-Advisors (and consequently the transactions they executed on behalf of the Capital Allocation Strategy Master Funds) to specific brokers, generally under circumstances where such broker made the initial introduction to the Sub-Advisor. It is expected that similar referrals will be made in the future with regard to each of the Capital Allocation Strategy Master Funds.

3. *Directed Brokerage*

Not applicable.

B. Trade Aggregation

With respect to any direct trading conducted by Prelude, we adhere to the policy set forth below. It is Prelude's policy that trades be aggregated to facilitate best execution, or the execution of securities transactions for its clients in such a manner that the clients' total costs or proceeds in each transaction are the most favorable under the circumstances. As a matter of fiduciary duty, advisers must ensure that, when aggregating and allocating securities transactions, clients are treated in a fair and equitable manner over time.

Prelude's aggregation policy requires that all clients be treated fairly and equitably over time and that unless otherwise noted, each participating account receives pro rata the average price while transaction costs are shared pro rata based on participation. Further, we will not aggregate transactions unless to do so is consistent with our duty to seek best execution for our clients and participating clients (as well as the allocation methods) are specified before entering into an aggregated order.

Orders on behalf of clients which will be aggregated, as well as orders on behalf of future client accounts whose orders will be aggregated, will be deposited with one or more banks or broker-dealers, and neither the client's cash nor their securities will be held collectively any longer than is necessary to settle the purchase or sale in question on a delivery versus payment basis; cash or securities held collectively for the clients will be delivered out to the custodian or broker-dealer as soon as practicable following the settlement. Our books and records will reflect securities held by, or bought or sold for, clients that participate in an aggregation. No additional compensation will be due as a result of aggregation.

Item 13 Review of Accounts

A. Periodic Review of Client Accounts

Prelude's Managing Members review client accounts periodically and on an as-needed basis. Such meetings involve discussing whether particular strategies or investment limitations would suit a client. Prelude's research team meets regularly to discuss current and potential Sub-Advisors and their strategies. In addition, Prelude's risk team consistently monitors the trading activity within client accounts to ensure compliance with the applicable investment strategies and limitations.

B. Non-Periodic Reviews

A Sub-Advisor's material or repeated violation of its risk parameters, or a decrease below a certain level in its related Special Limited Partner's capital account balance, generally triggers a non-periodic review of the relevant account by Prelude's Managing Members, research team and risk team. Such a review would, at such time, involve working with the Sub-Advisor at issue to understand the circumstances and devise an appropriate solution.

C. Client Reporting

As soon as practicable following completion of the annual audit of the Opportunity Funds, the Structured Funds, the CPI Funds and other related Funds and within the timeframes dictated by applicable laws, Prelude will prepare and mail (which, for purposes of this Item 13 includes email), or will cause to be prepared and mailed, to each investor, limited partner or shareholder a written financial report presented in accordance with US generally accepted accounting principles ("**GAAP**"), together with the report thereon submitted by the accountants selected by the Prelude General Partners, setting forth, as of the end of such Fiscal Year and for each Fund in which they are invested: (a) a balance sheet, (b) an income statement and (c) a statement showing the aggregate fund gains and aggregate fund losses for such year.

In addition, as soon as practicable following the end of each month, Prelude prepares and mails, or causes to be prepared and mailed, to each investor a statement of such investor's capital account balance.

Tax information, including, but not limited to a Form K-1, is provided and sets forth in sufficient detail such information as shall enable each limited partner, or former limited partner, as necessary, to prepare its respective income tax returns in accordance with the laws, rules and regulations then prevailing.

Item 14 Client Referrals and Other Compensation

A. Economic Benefits Provided by Non-Clients

Broker-dealers (including, without limitation, prime brokers) and other counterparties generally provide a variety of services, including capital introduction services and introductions to potential Sub-Advisors. Prelude is not required to direct any volume of business in return for these services. However, it has an incentive to maintain relationships with these firms based on their prior and continued services and thus to not use or consider other counterparties even though such other counterparties may offer different or arguably superior products and services. Notwithstanding the foregoing, Prelude periodically reassesses its relationships with its counterparties and always acts in accordance with its fiduciary duty to its clients taking into account all the relevant facts and circumstances.

B. Compensation for Client Referrals

While not presently retained, we reserve the right to retain one or more affiliated or non-affiliated Placement Agent(s). Our Chief Compliance Officer will determine whether any such arrangements are subject to SEC Rule 206(4)-3 and if so, whether the arrangements comply with such rule and any other applicable laws.

Item 15 Custody

As noted above, certain affiliates of Prelude serve as the general partner of the Funds and, as applicable, CPO of the Funds. As such, Prelude is deemed to have custody of the client funds and securities. Investors in the Funds receive audited financial statements prepared in accordance with GAAP within 90 days of each of the relevant Fund's fiscal year end, due to the fact that the General Partner is registered with the NFA. Investors should contact us if they have any questions about the audited financial statements or fail to receive them timely.

Item 16 Investment Discretion

We have broad discretionary authority to manage securities accounts on behalf of the limited partners who are investors in our Funds under management. Prelude is delegated such authority through relevant Funds' governing documents, including limited partnership agreements and subscription booklets of the Funds, which each limited partner must execute prior to becoming an investor in the relevant Fund, and the Investment Management Agreement of the Funds. Each Capital Allocation Strategy Master Fund grants its Sub-Advisors a limited power of attorney to exercise investment discretion only with respect to the assets that the Sub-Advisor has been allocated.

Prelude is not restricted in its discretionary authority; however, its advice will be consistent with the risk profile and investment guidelines of each Fund. All Sub-Advisors managing allocations on behalf of one of the Capital Allocation Strategy Master Funds are subject to risk guidelines and investment restrictions, which are tailored to protect the investments of all investors in the relevant Funds. For additional information on Prelude's advisory services in general, please see ***Item 4 Advisory Business***.

Item 17 Voting Client Securities

Prelude has been given discretionary authority for investment decisions by its clients, and thus has authority to vote proxies on behalf of its clients unless an investment advisory agreement stipulates otherwise. If Prelude has discretionary authority, clients do not direct voting in any particular proxy solicitation.

Were Prelude to vote proxies, where applicable and when given authority, it would do so in the best interests of its clients in terms of maximizing clients' rate of return on investment. In certain cases, this may involve refraining from voting when the cost of voting exceeds the expected benefit. Prelude has authority to vote proxies on behalf of the Capital Allocation Strategy Master Funds, however it does not as a general matter do so given the structure and strategies of the Capital Allocation Strategy Master Funds. The Sub-Advisors who have been delegated trading authority are able to vote any relevant proxies and maintain their own proxy voting policies.

In the event Prelude does have occasion to vote proxies, potential material conflicts of interests may arise with any particular proxy solicitation. Such conflicts may include, but are not limited to, the following: the individual designated to vote proxies owns an interest in the company in which Prelude will vote on a proxy; the individual designated to vote proxies will receive some unusual compensation or profit based on how Prelude votes on a proxy; the individual designated to vote proxies serves as a director in the company in which Prelude will vote on a proxy; the individual designated to vote proxies has an immediate family member (spouse, child, parent, sibling, or in-law) that is a director in the company in which Prelude will vote on a proxy; the individual designated to vote proxies has a personal relationship with an executive or director in the company in which Prelude will vote on a proxy; and the

individual designated to vote proxies has a personal relationship with a candidate to be a director in the company in which Prelude will vote on a proxy. In the event of such a conflict of interest, Prelude's proxy voting committee may determine that the individual designated to vote proxies has such a conflict of interest and is to be recused from voting the proxy at issue. In such cases, the remaining non-conflicted members will vote the proxy.

To comply with SEC Rule 206(4)-6 and amended Rule 204-2, Prelude maintains a copy of its Proxy Voting Policy and Procedures; it also maintains records of proxy statements received pertaining to client securities and records of votes cast by Prelude, any documents prepared by Prelude that were material to making a decision how to vote or that memorialized the basis for the decision and records of each client request for proxy voting records as well as Prelude's response to such requests.

We will provide a copy of Prelude's Proxy Voting Policies and Procedures and information on how Prelude has voted proxies to any investor or prospective investor upon request. Such a request should be submitted by contacting Prelude at (212) 546-1180 or at legalteam@preludecapital.com.

Item 18 Financial Information

A. Balance Sheet

Not applicable.

B. Financial Conditions that Could Impair Contractual Commitments to Clients

Not applicable.

C. Bankruptcy

Not applicable.