

## **FIRM BROCHURE**

(Part 2A of Form ADV)

### **MUDDY WATERS CAPITAL LLC,**

**MW DOMINO MANAGEMENT LLC,**

**MUDDY WATERS ASIA LLC, & MUDDY WATERS RESOURCES LLC**

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**This brochure (the “Brochure”) provides information about the qualifications and business practices of Muddy Waters Capital LLC, MW Domino Management LLC, Muddy Waters Asia LLC and Muddy Waters Resources LLC (collectively, “Muddy Waters”). If you have any questions about the contents of this Brochure, please contact us at (415) 488-3167 or [aj@muddwaterscapital.com](mailto:aj@muddwaterscapital.com). The information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission or by any state securities authority.**

**Muddy Waters is registered as an investment adviser with the U.S. Securities and Exchange Commission; however, such registration does not imply a certain level of skill or training and no inference to the contrary should be made.**

**Additional information about Muddy Waters also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

### **BROCHURE DISCLOSURE**

In no event should this Brochure be considered to be an offer of interests in any of Muddy Waters’ private fund clients or relied on in determining whether to invest in any private fund client. It is also not an offer of, or agreement to provide, advisory services directly to any recipient of this Brochure. Rather, this Brochure is designed solely to provide information about Muddy Waters for the purpose of compliance with certain obligations under the Investment Advisers Act of 1940, as amended (the “Advisers Act”) and, as such, responds to relevant regulatory requirements under the Advisers Act, which may differ from the information provided to potential investors in the offering documents. To the extent that there is any conflict between any disclosure in this Brochure and the offering documents provided to investors, the offering documents provided to such investors will govern.

## ITEM 2 – MATERIAL CHANGES

Muddy Waters is required to identify and discuss any material changes since its last annual update, which was made on March 28, 2023. Since our last annual ADV update, Muddy Waters has made the following changes to Part 2 of this ADV:

- Item 4 of this Part 2A of Form ADV to reflect the registration of Muddy Waters Resources LLC and Muddy Waters Asia LLC, as relying advisers, and the establishment of a holding company, Puppies & Rainbows LLC for Muddy Waters' investment adviser entities.
- Items 4, 5, 6 & 7 of this Part 2A of Form ADV to reflect new clients. The fees and expenses, including incentive compensation, that are associated with these clients are described in Items 5 and 6.
- Item 12 of this part 2A of Form ADV to reflect the change in Muddy Waters' policy regarding soft dollars, which is now permitted.

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## ITEM 4 – ADVISORY BUSINESS

Muddy Waters Capital LLC (“Muddy Waters Capital”) is a Delaware limited liability company based in Austin, Texas that commenced operations in June 2015. MW Domino Management LLC (“Domino Management”), Muddy Waters Asia LLC (“MW Asia”), and Muddy Waters Resources LLC (“MW Resources”), each affiliate of Muddy Waters Capital, are registered as relying advisers of Muddy Waters Capital (these relying advisers, together with Muddy Waters Capital, “Muddy Waters” and, each a “Muddy Waters Entity”). Puppies & Rainbows LLC (“Puppies & Rainbows”) is the sole member of each Muddy Waters Entity. Carson Block is sole manager of Puppies & Rainbows and controls and owns substantially all of Puppies & Rainbows. The remainder of Puppies & Rainbows is owned by an entity affiliated with Mr. Block’s family.

As of December 31, 2023, Muddy Waters Capital provides discretionary investment management services to its advisory clients, which are all pooled investment vehicles including:

- Muddy Waters Capital Global Opportunities Fund LP, a Delaware limited partnership (the “GOF Onshore Feeder”);
- Muddy Waters Capital Global Opportunities Fund Ltd., a Cayman Islands exempted company (the “GOF Offshore Feeder” and together with the GOF Onshore Feeder, the “GOF Feeders”);
- Muddy Waters Capital Global Opportunities Master Fund LP, a Cayman Islands exempted limited partnership (the “GOF Master Fund”);
- MWCGOF SPV III LP, a Delaware limited partnership (“SPV III”); and
- two SMA Clients (defined below).

The GOF Feeders invest substantially all of their assets in the GOF Master Fund and are referred to herein collectively as the “Global Opportunities Funds.” SPV III is a special purpose vehicle that holds the securities of a single issuer. Muddy Waters Capital also provides discretionary investment management services to two institutional clients (the “SMA Clients”) in the form of a separately managed account agreement. The SMA Clients are disclosed as pooled investment vehicles in Section 7.B.2 of Part 1 of our Form ADV. Muddy Waters Capital deploys a resource-related investment strategy for these SMA Clients, and the terms of such managed accounts are set forth in the SMA Clients’ managed account agreement (the “SMAs”). For purposes of this Brochure, the term “Clients” generally collectively refers to the Funds and the SMA Clients.

MWCP LLC (“MWCP”), a Delaware limited liability company and an affiliate of Muddy Waters, serves as the general partner of the GOF Onshore Feeder and the GOF Master Fund.

MWCP3 LLC (“MWCP3”), a Delaware limited liability company and an affiliate of Muddy Waters, serves as the general partner of SPV III.

As of December 31, 2023, Domino Management provides discretionary investment management services to its advisory clients, which are private investment funds including:

- Muddy Waters Capital Domino Fund LP, a Delaware limited partnership (the “Domino Onshore Feeder”);
- Muddy Waters Capital Domino Fund Ltd., a Cayman Islands exempted company (the “Domino Offshore Feeder” and together with the Domino Offshore Feeder, the “Domino Feeders”); and
- Muddy Waters Capital Domino Master Fund LP, a Cayman Islands exempted limited partnership (the “Domino Master Fund”).

The Domino Feeders invests all of its assets in the Domino Master Fund and, together with the Domino Master Fund, are referred to herein as the “Domino Funds” and collectively with the Global Opportunities Funds and the SPV III, the “Funds”.

MWCP2 LLC, a Delaware limited liability company and an affiliate of Muddy Waters (“MWCP2” and collectively with MWCP and MWCP3, the “General Partners”), serves as the general partner of the Domino Onshore Feeder and the Domino Master Fund.

Carson Block is also the manager and sole owner of the General Partners.

Each Fund is governed by a limited partnership agreement or articles of association (as applicable) that sets forth the specific guidelines and restrictions applicable to each Fund (the “Governing Documents”). In addition, investors in each Fund are provided with offering documents prior to their investment, which also contain information regarding the intended investment program for such Fund (together with the Governing Documents, the “Offering Documents”). The information contained herein is a summary only and is qualified in its entirety by the Offering Documents.

Muddy Waters seeks to achieve capital appreciation through an investment strategy that opportunistically invests globally across developed, emerging and frontier markets in securities and other instruments, including, but not limited to, equities, equity-related securities, bonds, credit default swaps (“CDS”), other fixed-income investments and foreign exchange as well as options, futures contracts and other derivatives (including swaps) that reference these underlying financial instruments. On behalf of certain Clients, Muddy Waters’ focuses on both long and short-activist single-name securities (with a short bias). On behalf of other Clients, Muddy Waters’ focuses on a particular sector (*i.e.*, the natural resource sector) or a particular region (*i.e.*, Asia, specifically Vietnam). Unless otherwise specified in the Client’s documentation, there are no limits imposed on the types of securities or other instruments in which the Clients may invest, the types of positions it may take, the concentration of its investments by sector, industry, country, company, class or otherwise, the amount of leverage it may employ or the number or nature of short positions it may take. In addition, Muddy Waters has, and may in the future offer co-investment opportunities alongside the Clients to third parties.

With respect to its Funds, investment advisory services are provided directly to the Funds and not individually to the Funds’ investors. Muddy Waters has full discretionary authority with respect to investment decisions, and its advice with respect to each Fund is tailored according to such Fund’s

investment objectives, guidelines, and requirements, as set forth in each Fund's Offering Documents.

Muddy Waters has entered (and may in the future enter) into agreements with investors whereby such investors are subject to terms and conditions that are more advantageous than those set forth in a Fund's Offering Documents. For example, such terms and conditions provide, including, without limitation, for special rights to make future investments in a Fund and other investment vehicles; "most favored nation" provisions; special redemption rights, relating to frequency or notice; a reduction or rebate in management fees or incentive allocations to be paid by the investors and/or other terms; rights to receive reports from the Fund on a more frequent basis or that include information not provided to other investors (including, without limitation, more detailed information regarding portfolio positions); transfer rights between and among an investor's affiliates; notice rights upon the occurrence of various events and such other rights as may be negotiated by the Muddy Waters, a Fund and an investor.

Muddy Waters does not participate in any wrap fee programs.

As of December 31, 2023, Muddy Waters manages approximately \$ 439,692,369 of regulatory assets on a discretionary basis.

## ITEM 5 – FEES AND COMPENSATION

Muddy Waters receives a management fee and is eligible to receive performance-based compensation in the form of an incentive fee or allocation in connection with its advisory services. **It is critical that investors refer to the relevant Offering Documents for a complete understanding of how Muddy Waters is compensated for its advisory services. The information contained herein is a summary only and is qualified in its entirety by such documents.**

### Management Fee

The Funds (other than SPV III) pay Muddy Waters a management fee equal to 2.5% of the net asset value of each investor's capital account or common shares (as applicable). The management fee is paid monthly in advance as of the first day each month and is adjusted for subscriptions and redemptions made during the month. To the extent the management fee is paid at the master fund level, no management fee will be paid at the feeder fund level. The Global Opportunities Funds also offer an "activist" class of interests or shares that are not subject to a management fee.

Muddy Waters may, in its sole discretion, waive or modify the management fee for any investor in its Funds.

Neither SPV III nor the SMA Clients are charged a management fee.

### Incentive Compensation

With respect to the Funds (other than SPV III), at the end of each fiscal year, the respective General Partner is entitled to receive an annual incentive allocation equal to 30% of the net profits attributable to each investor's capital account or shares (as applicable) (including unrealized gains and losses), if any, in each case subject to a loss carryforward provision. In the event that an investor withdrawal from its capital account or redeems shares at any time other than at the end of a fiscal year, the allocation of the incentive allocation will be made with respect to such withdrawn capital account or redeemed shares as though it were being made at the end of a fiscal year. The "activist" class of interests or shares in the Global Opportunities Funds are not subject to an incentive allocation or fee, as applicable.

Muddy Waters may, in its sole discretion, waive or modify incentive fee or allocation (as applicable) for any investor in its Funds.

With respect to SPV III, MWCP3 will receive a 25% carried interest following the 100% return of each limited partner's respective capital contribution to the limited partnership.

With respect to the SMA Clients, at the end of each calendar year, Muddy Waters Capital is entitled to receive an annual performance fee equal to 20% of the net profits, if any, subject to a loss carryforward provision.



## **Addition Information and Expenses**

With respect to the Global Opportunities Funds, investors may upon at least 30 days' prior written notice redeem all or any portion of their shares or capital account as of the last business day of each calendar month occurring on or after the two-year anniversary of the applicable subscription date for such investment; provided, however that an investor may redeem a number of its shares or withdraw from its capital account balance with a value less than or equal to "appreciation amount" (as set forth in the Global Opportunities Funds' Offering Documents) as of the last business day of each calendar month upon at least 30 days' prior written notice. In addition, the activist class of interests or shares may upon at least 30 days' prior written notice redeem all or any portion of their shares or capital account as of the last business day of each calendar month.

With respect to the Domino Funds, investors may upon at least 30 days' prior written notice redeem all or any portion of their shares or capital account (or cancel all or any portion of its remaining commitment) as of the last business day of each calendar quarter occurring on or after the two-year anniversary of the applicable subscription date for such investment; provided, however that an investor may redeem a number of its shares or withdraw from its capital account balance with a value less than or equal to "appreciation amount" (as set forth in the Domino Funds' Offering Documents) as of the last business day of each calendar quarter upon at least 30 days' prior written notice. With respect to the Domino Funds, an investor that has made a commitment as of initial closing of a Domino Fund may, upon a least 30 days' prior written notice redeem all or any portion of its shares or withdraw all or a portion of its capital account and/or cancel all or any portion of its remaining commitment as of the last business day of each calendar quarter occurring prior to the two-year anniversary of the applicable commitment, but on or after the one-year anniversary of the applicable commitment subject to an early withdrawal fee equal to 5% of the value of such withdrawal. Any such early withdrawal fee shall be deducted from the amount withdrawn, for the benefit of the applicable Domino Fund.

An investor in SPV III may, upon at least 45 days' prior written notice to the partnership, withdraw all or any part of its capital account as of the last business day of the calendar quarter occurring on or after the 36-month anniversary of the limited partner's initial investment in SPV III and as of the last business day of each calendar quarter thereafter.

Except as set forth in the SMA, an SMA Client may terminate its SMA with Muddy Waters Capital upon at least 61 days' prior written notice to Muddy Waters Capital.

As set forth more fully in the Offering Documents of each Fund, each Fund bears all expenses relating to the Fund's activities, which generally include (without limitation): the management fee; Fund legal (including the costs of negotiating trade-related and account specific counterparty documentation and side letters), compliance (including, but not limited to, costs related to Foreign Account Tax Compliance Act reporting), administrator, audit and accounting expenses (including third party accounting services); shareholder proxy voting services; litigation defense expenses and other indemnification-related expenses for the Funds, Muddy Waters and General Partner and their affiliates, members, and their respective managers, officers, directors, employees, agents,

contractors, consultants, private investigators, researchers or any other person that has a right to an indemnity under the Fund's Offering Documents, organizational expenses; investment expenses such as commissions; fees and expenses related to sourcing, evaluating, consummating, monitoring, managing and enforcing actual investments (including, but not limited to expenses relating to: shareholder and management communication, soliciting proxies, hiring proxy advisory consultants, hosting shareholder forums and hiring public relations consultants); interest on margin accounts and other indebtedness; borrowing charges on securities sold short; custodial fees; bank service fees; any fees and related expenses related to derivative transactions (including any amounts paid as fixed or floating amounts to a dealer); registered agent costs; Fund-related insurance costs (including media liability insurance, cybersecurity insurance, D&O and E&O insurance for the Adviser and the General Partner and outside directorship liability); expenses of regulatory compliance, filings and reporting (including but not limited to Form PF, Section 13 and Section 16 filings); and any other expenses related to the purchase, sale, transmittal or preservation of Fund assets. Further, the Domino Funds will bear the expenses related to Bloomberg and similar subscriptions and data services; trading related technology software costs such as portfolio order and risk management systems. The GOF Offshore Feeder and the Domino Offshore Feeder will also bear their board of director's fees and expenses.

The Funds have engaged and may in the future engage researchers that are not affiliated with the Adviser who will provide in-depth research to Muddy Waters on a potential trade idea. Research related expenses associated with each actual investment will generally be allocated among the Funds on a pro-rata basis relative to their participation. In addition, the Global Opportunities Funds pay to unaffiliated researchers up to 20% of the net profits related to that trade idea, and the Domino Funds pay to unaffiliated researchers up to 20% of the net profits related to the trade ideas provided during such year or, in the Domino Management's sole discretion, a fee of up to 20% of the net realized profits related to each individual trade idea. "Net profit" includes all profits and losses related to trading securities of the target issuer after the deduction of all related trading expenses, including but not limited to all financing-related costs (including stock loan fees, swap financing costs, pay-to-hold fees, and debit or credit interest, if readily identifiable), commissions and research expenses. In certain situations, legal fees (including litigation defense, settlements, awards and indemnification costs) may also be deducted from profits and losses when calculating "net profits." Any amount paid to unaffiliated researchers is an expense of the Funds. To the extent an affiliate of Muddy Waters receives incentive compensation, that amount will be calculated on a net basis after the amounts, if any, are paid to these unaffiliated researchers.

The GOF Onshore Feeder and GOF Offshore Feeder bear their pro-rata share of the GOF Master Fund's expenses. The Domino Offshore Feeder bears its pro-rata share of the Domino Master Fund's expenses.

Neither Muddy Waters nor any of its supervised persons accepts compensation (*e.g.*, brokerage commissions) for the sale of securities or other investment products. Please refer to Item 12 of this Brochure for a description of Muddy Water's brokerage practices.

As set forth in the SMAs, the SMA Clients bears all expenses relating to their SMAs, which generally include (without limitation): trading expenses, brokerage commissions and other

transaction charges, fees and expenses incurred in the borrowing and lending of securities, interest, margin expense and other financing charges, custodial fees, bank service fees, transfer taxes, withholding taxes, and other fees and expenses directly related to the purchase, sale or other disposition of Account assets, and any other reasonable out-of-pocket charges or expenses.

Investors in the Funds and SMA Clients refer to their applicable agreements for a complete understanding of fees and other forms of compensation. The information contained herein is a summary only and is qualified in its entirety by such documents.

## ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As described in Item 5 above, each General Partner is entitled to receive performance-based compensation from investors in that General Partner's respective Fund and Muddy Waters is entitled to receive performance-based compensation from SMA Clients (the SMA Clients, collectively with the Funds, the "Clients"). In addition, certain Clients may have different performance-based compensation arrangements than other Clients engaging in substantially similar investment strategies, including but not limited to higher fees or payments on unrealized (vs. realized) appreciation of Client assets.

As a result, the potential exists for Muddy Waters to seek to favor one Client or series in a Client over another Client in allocating investment opportunities or otherwise. Furthermore, such performance-based compensation arrangements may create an incentive for Muddy Waters to make investments that are riskier or more speculative than would be the case if such an arrangement were not in effect, particularly in any period after losses have been suffered since losses from prior periods must be recovered before any performance fee is payable. In addition, with respect to the Clients, since the allocation is calculated on a basis that includes unrealized appreciation of assets, such allocation may be greater than if it were based solely on realized gains.

Muddy Waters recognizes that it is a fiduciary and as such must act in the best interests of its clients. Further, Muddy Waters' recognizes that it must treat all clients fairly and must refrain from favoring one client's interests over another's. To address this conflict of interest, Muddy Waters has adopted and implemented policies and procedures, including an allocation policy, intended to address conflicts of interest relating to the management of multiple funds and/or managed accounts (such clients, the "Other Clients").

Under normal market conditions, as described within the section entitled "Conflicts of Interest" in each Fund's disclosure documents and in Muddy Waters' allocation policy, Funds generally will be allocated certain investment opportunities (e.g., short-activist positions) on a *pari passu* basis, which may result in certain Funds not participating in full in such investments. Additionally, under normal circumstances and in accordance with applicable disclosure and Muddy Waters' allocation policy, certain Funds are expected to hold certain investments (e.g., short-activist positions) longer than other Funds.

## ITEM 7 – TYPES OF CLIENTS

Muddy Waters currently provides investment advisory services solely to private investment funds and institutional clients through SMAs, which are all pooled investment vehicles. Each investor in the Funds or an SMA must meet certain eligibility provisions.

The offering of the Funds is designed to be exempt from registration under the Securities Act of 1933, as amended (the “Securities Act”) pursuant to Regulation D thereunder. In addition, each Fund is designed to rely on exemptions from registration as an investment company under the Investment Company Act of 1940, as amended (the “Company Act”) pursuant to either Section 3(c)(1) or Section 3(c)(7) of the Company Act.

Admission to the Funds is not open to the general public. Generally, investors in the GOF Onshore Feeder, the Domino Onshore Feeder and SPV III must be “accredited investors” under Regulation D of the Securities Act and “qualified purchasers” as defined in the Company Act. Investors in the GOF Offshore Feeder and the Domino Offshore Feeder are typically either (i) non-U.S. Persons; or (ii) U.S. persons who are exempt from federal income tax and generally also qualify as both “accredited investors” under Regulation D of the Securities Act and “qualified purchasers” as defined in the Company Act. Fund investors may include corporations, endowments, foundations, trusts, estates, individuals and pension and profit-sharing plans.

The minimum investment amount for the Global Opportunities Funds and the Domino Funds is \$10,000,000. The minimum initial capital contribution for SPV III is \$50,000. Muddy Waters may, in its sole discretion, may waive, reduce, increase, or alter these minimum amounts.

The SMA Clients are subject to different terms and fees than the Funds. Such fee arrangements and terms are individually negotiated. Any SMA Client relationships are generally subject to significant account minimums.

## ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

### Method of Analysis and Investment Strategy

The investment objective of the Global Opportunity Funds and the Domino Funds are similar. Each of these Fund's investment objective is to achieve capital appreciation through an activist strategy by opportunistically investing globally across developed and emerging markets in securities and other instruments, including, but not limited to, equities, equity-related securities, bonds, CDS, other fixed income investments and foreign exchange as well as options, futures contracts and other derivatives (including swaps) that reference these underlying financial instruments. The Global Opportunity Funds and the Domino Funds focus on both long and short activist single-name securities (with a short bias) with Muddy Waters (or its affiliates) possibly communicating the Muddy Waters' investment theses to third parties, including to the general public. SPV III is a special purpose vehicle that holds the securities of a single issuer. The SMA Clients invest primarily in resource-related issuers. Under normal market conditions, as described under the section entitled "Conflicts of Interest" in each Fund's disclosure documents and in Muddy Waters' allocation policy, certain Clients generally will be allocated certain investment opportunities (e.g., short-activist positions) on a *pari passu* basis, which may result in certain Clients not participating in full in such investments. Additionally, under normal circumstances and in accordance with applicable disclosure and Muddy Waters' allocation policy, certain Clients are expected to hold investments longer than other Clients.

There are no limits imposed on the types of securities or other instruments in which the Clients may invest, the types of positions they may take, the concentration of their investments by sector, industry, country, company, class or otherwise, the amount of leverage it may employ or the number or nature of short positions they may take.

For the Global Opportunities Funds and the Domino Funds, with respect to shares admitted to trading, or traded, on a non-U.S. trading venue (e.g., a U.K. or an Australian securities market or an EU trading venue as defined in Article 4(1)(24) of the re-cast European Markets in Financial Instruments Directive (Directive 2014/65/EU)), Muddy Waters may delegate investment discretion and trading authority to a third-party delegate. In such instances, Muddy Waters will still determine the maximum overall position size but the third party will have discretion to determine the specific securities to be traded and the size and timing of any trading within the overall parameters set by Muddy Waters.

**It is critical that investors refer to the relevant private offering memorandum and other Offering Documents for a complete understanding of Muddy Waters' investment strategies and methods of analysis. The information contained in this Item 8 is a summary only and is qualified in its entirety by such documents.**

## Material Risks

Please note that an investment in the Funds is deemed highly speculative and is not intended as a complete investment program. Investing in the securities markets in general and in the Clients advised by Muddy Waters in particular involves significant risk. Investments in the Clients are designed only for experienced and sophisticated persons who are able to bear the economic risk of the loss of their investment and who have a limited need for liquidity. The following risk factors do not purport to be a complete explanation of all of the risks involved in an investment in the Funds or in any portfolio managed by the Adviser. **With respect to investors in the Funds, Investors should ultimately refer to their Fund's respective Offering Documents for detailed risk disclosures that specifically address the risks of each Fund's investment strategies, methods of analysis, and/or particular types of securities recommended.**

**Nature of Investments.** Muddy Waters has broad discretion in making investments for the Clients. Investments will generally consist of foreign and domestic equities, equity-related securities, foreign and domestic bonds, CDS, other fixed income investments and foreign exchange as well as options, futures contracts and other derivatives (including swaps) that reference these underlying financial instruments. These financial instruments may be affected by business, financial market or legal uncertainties. There can be no assurance that Muddy Waters will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on investments. Prices of investments may be volatile, and a variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of the Funds' activities and the value of its investments. In addition, the value of the Funds' portfolio may fluctuate with changes in monetary policy (in the U.S. and abroad) and as the general level of interest rates fluctuates. No guarantee or representation is made that the Funds' investment objective will be achieved.

**Equity-Related Instruments in General.** With respect to certain Clients, Muddy Waters intends to make long and short equity related investments that may employ a research-based, short-biased investment approach that may be accompanied by public announcement from Muddy Waters. The Clients (other than SPV III and the SMA Clients), at the direction of Muddy Waters, will take short term, very highly concentrated short positions (with the size of single positions possibly well in excess of the capital of those Clients) in certain equity and equity-related instruments (such as options or swaps on certain single name equities). These positions are subject to various types of risks, including market risk, liquidity risk, counterparty credit risk, legal risk (including legal action by companies about whom Muddy Waters or its affiliates speaks publicly), and operations risk. In addition, the Clients' positions may employ a significant amount of economic leverage and may, in some cases, involve significant risks of loss.

**Short Sales.** With respect to the Global Opportunities Funds and the Domino Funds, Muddy Waters employs, at times, a research-based, short-biased investment approach that may be accompanied by public announcement of Muddy Waters' research and/or activist positions. Short sales can, in certain circumstances, substantially increase the impact of adverse price movements on those funds' portfolio. A short sale involves the risk of a theoretically unlimited increase in the

market price of the particular investment sold short, which could result in an inability to cover the short position and a theoretically unlimited loss. There can be no assurance that securities necessary to cover a short position will be available for purchase.

There are also no assurances that the Global Opportunities Funds and the Domino Funds will be able to exit a short position. Historically, in certain periods of market stress, regulators have invoked prohibitions on short sales. Other investors or regulators can cause “short squeezes” that potentially would force the Global Opportunities Funds and the Domino Funds to cover a short position at a loss. Issuers or regulators might indefinitely halt trading in securities in which a fund is short, potentially depriving the fund of an opportunity to exit while causing it to continue to pay borrow fees on the shorted securities. These types of intervention may negatively impact the performance of a fund.

Additionally, the funds will enter into short positions based on research publicly disseminated by Muddy Waters, one of its affiliates or other third-party researchers. Issuers or other investment managers of other private funds may take opposing positions that are adverse to the funds’ interests, and if these other parties prevail in their views, the performance of the fund may be adversely affected.

Furthermore, in certain jurisdictions, investors are required to publicly disclose their short positions. The public disclosure of these short positions may have a negative effect on the performance of the funds and/or limit the opportunities available to the funds. The funds are expected to invest in many of the same issuers, which may, due to public disclosure requirements in certain jurisdictions, limit a fund’s ability to take short positions in certain issuers to the extent it would if the other funds were not also taking short positions in such issuers.

Finally, other jurisdictions (specifically the United States) have proposed, and will likely in the future, adopt new rules and/or legislation related to short selling. These new rules and/or legislation, when implemented, may increase certain costs and expenses that are generally borne by the Funds.

**Regulatory Risks.** The regulatory considerations affecting Muddy Waters’ ability to achieve its client’s investment objectives are complicated and subject to change. In the United States, certain parts of Europe and other jurisdictions, the private funds industry has, over the last several years, been subject to criticism by some politicians, regulators and market commentators. For example, in February 2022, the SEC proposed two extensive new rules aimed at private fund managers as well as short sale disclosures for market participants. New regulations will impact Muddy Waters. Additionally, Muddy Waters has in the past, and may in the future, become the subject of various investigations or inquiries, especially given the negative perception of short selling, in general, and short activism, in particular. The recent negative perception of this industry and the Investment Manager’s role in it in certain countries could make it harder for Funds sponsored by Muddy Waters to execute their respective investment strategies.



**Activist Strategy / Indemnification Obligations.** Muddy Waters' investment strategy involves, at certain times, an aggressive activism that could influence the market's perception or the actions of target companies. There exists the risk that the intended strategy for a particular company will be unsuccessful. Further, when securities are purchased (or sold short) in anticipation of the future direction of a company, a substantial period of time may elapse between a Client's purchase of the securities and the anticipated results. During this period, a portion of that Client's capital would be committed to the securities purchased (or sold short), and that Client typically might finance some portion of such purchases with borrowed money on which it must pay interest (or if short, may be paying a cost of borrow). Additionally, if the anticipated results do not in fact occur, that Client may be required to sell its investment at a loss. Moreover, there may be instances where a Client may be restricted from transacting in or exiting a particular investment as a result of its activist investment strategy. Because there is substantial uncertainty concerning the outcome of transactions involving the target companies in which a Client may invest, there exists a potential risk of loss by that Client of its entire investment in such companies.

When taking short activist positions, the Clients (other than SPV III and the SMA Clients) will accumulate a short position in the equity or debt of a specific issuer (including entering into derivatives that reference the equity, debt or credit of an issuer), and following the accumulation of the position, Muddy Waters or one of its affiliates may publish research or make a public announcement of its research findings, which could be perceived by investors as reasons to reevaluate the target issuer, possibly in ways that result in a generally negative change in sentiment toward the issuer. These public announcements often times disclose findings of, among other things, questionable accounting, fraud or suspect business practices. Muddy Waters expects target issuers to vigorously defend their practices, including by taking legal action, and these Clients may incur high expenses defending any legal claims, including claims against the General Partner and Muddy Waters and their affiliates, personnel and representatives, who are indemnified by these Clients for losses or liabilities resulting from investment decisions or activities on behalf of these Clients. These expenses, if incurred, will negatively impact these Clients' performance. Additionally, this strategy may not be successful, and an investor may lose some or all of its investment.

Muddy Waters may also attempt to build strong relationships with company management. In certain cases, the Clients' attempts to influence a company's management or board of directors may result in an affiliate of Muddy Waters and/or an employee of Muddy Waters taking a seat on the company's board of directors. In such a case, there exists the risk that the Clients will be restricted in transacting in or redeeming its investment in that company as a result of, among other things, legal restrictions on transactions by company directors or affiliates. Because there is substantial uncertainty concerning the outcome of transactions involving the target companies in which the Clients may invest, there exists a potential risk of loss by the Clients of its entire investment in such companies.

When taking an activist position on behalf of the Clients, Muddy Waters might not hedge its "beta" (i.e., the risk related to the overall market or the particular sector related to that activist position).

Therefore, the Clients might be exposed to the overall direction of the market or sector (including, but not limited to any implicit currency exposure related to a specific activist position).

There exists a potential risk of loss by the investors of their entire investment in the Clients. As a result of the Funds' investment strategy and the almost certainly that the Funds (other than SPV III and the SMA Clients) will participate in contentious activist short selling or similar activities, it is possible that these Clients will become involved in litigation or other proceedings (as either plaintiff or defendant), and will have related expenses and liabilities as a result of its indemnification obligations of the General Partner and Muddy Waters under the Offering Documents. Litigation and other related proceedings entails expense and the possibility of claims or counterclaims against these Clients, or against the General Partner and/or Muddy Waters, or their representatives, for which they are indemnified by the applicable Clients, and ultimately judgments may be rendered against such Clients, the General Partner, Muddy Waters, or their representatives, including judgments by a target company for more than the investment in such company and for which those Clients may not carry insurance. Under the Offering Documents, these Clients indemnifies Muddy Waters and its affiliates, members, managers, officers, directors, employees, agents, contractors, consultants, private investigators, researchers, any other person that assists in research or activist campaigns related to a position that these Clients takes and affiliates against any and all loss, liability and expense incurred or suffered in connection with the good faith performance by such person of his, her or its responsibilities to these Clients.

**Event Driven Strategy Risk.** There are significant business risks associated with event driven investing. Because of the inherently speculative nature of this activity, the results may fluctuate from period to period, and, as part of a Client's investment strategy, are not expected to correlate with the direction of the equity markets. Accordingly, the results of a particular period will not necessarily be indicative of results which may be expected in future periods. The significant business risks associated with event driven strategies include, but are not limited to, the items discussed below.

With respect to the Global Opportunity Funds and the Domino Funds, these Funds invest (long and/or short) in a company in anticipation of an event that may occur in the future, including the possible success of an activist campaign. The reliance on these events is inherently speculative, and the movement of any financial instrument is also subject to market, financial and monetary forces that affect prices. Additionally, any profit may be offset by carrying costs (*e.g.*, the cost of a stock borrow) or expenses (*e.g.*, litigation).

These Funds may seek to capitalize on these events through the use of derivatives, including options. While options can provide an effective way to execute an investment strategy, the price of an option is a function of the time to expiry. If the event does not affect price in the time frame expected, the price of the option will decay in time and these Funds could lose money in respect of that investment. Investments based on an event driven strategy are speculative and bear a high risk of loss.

**Futures Contracts.** The use of futures is a specialized activity that involves investment strategies and risks different from those associated with ordinary portfolio securities transactions, and there can be no guarantee that their use will increase a Client's return or not cause a Client to sustain large losses. While the use of these instruments by a Client may reduce certain risks associated with portfolio positions, these techniques themselves entail certain other risks. A Client could experience losses if the values of its futures positions were poorly correlated with its other investments, or if it could not close out its positions because of an illiquid market. In addition, Clients will incur transaction costs, including trading commissions, in connection with its futures transactions and these transactions could significantly increase a Client's investment turnover rate. There is no assurance that a liquid secondary market will exist for futures contracts or options purchased or sold, and a Client may be required to maintain a position until exercise or expiration, which could result in losses. Many futures exchanges limit the amount of fluctuation permitted in contract prices during a single trading day. Once the daily limit has been reached in a particular contract, no trades may be made that day at a price beyond that limit. Contract prices could move to the daily limit for several consecutive trading days permitting little or no trading, thereby preventing prompt liquidation of futures and options positions and potentially subjecting a Client to substantial losses.

**Options.** Muddy Waters may deploy an options strategy on behalf of Clients, where a Client buys puts and/or sell calls on certain securities it wants to take a short position in, or a Client buys calls and/or sell puts on certain securities it wants to take a long position in. Clients may sell calls to express a short view on a particular security. The selling of calls or puts may result in losses that are substantially in excess of any premium received by a Client and entail large amounts of speculative risks.

The purchase or sale of an option involves the payment or receipt of a premium by the investor and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying security, commodity or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so that the investor loses its premium. Selling options involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security rather than only the premium payment received (which could result in a potentially unlimited loss). Over-the-counter options also involve counterparty solvency risk.

**Debt Securities.** Clients (other than SPV III) may take positions in debt securities which rank junior to other outstanding securities and obligations of the issuer, all or a significant portion of which may be secured on substantially all of that issuer's assets. Clients (other than SPV III) may take positions in debt securities which are not protected by financial covenants or limitations on additional indebtedness. Clients (other than SPV III) may invest in securities which are moral obligations of issuers or subject to appropriations. Clients (other than SPV III) will therefore be subject to credit and liquidity risks. Clients (other than SPV III) may also sell short debt securities. When selling short a debt security, Clients (other than SPV III) will be responsible for making the interest payments on securities that it shorted.

**U.S. Government Securities.** Clients may invest in U.S. Government securities. Generally, these securities include U.S. Treasury obligations and obligations issued or guaranteed by U.S. Government agencies, instrumentalities or sponsored enterprises. U.S. Government securities also include Treasury receipts and other stripped U.S. Government securities, where the interest and principal components of stripped U.S. Government securities are traded independently. These securities are subject to market and interest rate risk. Clients (may also invest in zero coupon U.S. Treasury securities and in zero coupon securities issued by financial institutions, which represent a proportionate interest in underlying U.S. Treasury securities. A zero coupon security pays no interest to its holder during its life, and its value consists of the difference between its face value at maturity and its cost. The market prices of zero coupon securities generally are more volatile than the market prices of securities that pay interest periodically. In certain cases, Clients may short U.S. government securities.

**Derivatives.** The derivatives markets are frequently characterized by limited liquidity, which can make it difficult as well as costly to close out open positions in order to either realize gains or to limit losses. Additionally, many derivatives are valued on the basis of dealers' pricing of these instruments. However, the price at which dealers value a particular derivative and the price which the same dealers would actually be willing to pay for such derivative should Clients be required to sell such position, may be materially different. Such differences may have a materially adverse effect on Clients if they are required to sell derivative instruments in order to raise funds for margin purposes or to pay withdrawals. The pricing relationships between derivatives and the underlying instruments on which they are based may not conform to anticipated or historical patterns, resulting in unanticipated losses.

To the extent that Clients invest in swaps, derivative or synthetic instruments, repurchase agreements or other over-the-counter transactions or, in certain circumstances, non-U.S. securities, Clients may take a credit risk with regard to parties with whom it trades and may also bear the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions that generally are backed by clearing organization guarantees, daily mark-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default. It is expected that all securities and other assets deposited with custodians or brokers will be clearly identified as being assets (directly or indirectly) of Clients, and hence Clients should not be exposed to a credit risk with regard to such parties. However, it may not always be possible to achieve this segregation, and there may be practical or time problems associated with enforcing rights to its assets in the case of an insolvency of any such party.

**Credit Default Swaps.** The "buyer" of a credit default swap ("CDS") is obligated to pay the "seller" a periodic stream of payments over the term of the CDS in return for a contingent payment upon the occurrence of a credit event with respect to an underlying reference obligation. Generally, a credit event means bankruptcy, failure to pay or obligation acceleration. If a credit event occurs, the seller typically must make a contingent payment to the buyer, which is typically the notional

amount of the CDS minus the final price of the reference obligation multiplied by the notional amount of such CDS, where the “final price” is equal to the auction price of the “cheapest to deliver” reference obligation. The contingent payment may be a cash settlement or by physical delivery of the reference obligation in return for payment of the face amount of the obligation. For cleared CDS, this “final price” of the reference obligation is generally determined by a committee consisting of dealers and certain large asset managers, who determine the price based on auction protocol usually run by the International Swaps and Derivatives Association, Inc. (“ISDA”). In certain cases, the auction run by ISDA has resulted in final prices that were close to par and buyers of protection did not receive the prices that were aligned with the cash market for such underlying credit.

Clients may be either the buyer or seller in the transaction. If a Client is a buyer and no credit event occurs, Clients may make fixed payments for a period of time and recover nothing, or it may make fixed payments for a period of time and Clients may exit its position at a loss. Additionally, if a credit event occurs, the buyer may not receive an amount that is representative of the cash markets. As a seller, Clients receives a fixed rate of income throughout the term of the contract, which typically is between one month and five years, provided that no credit event occurs. If a credit event occurs, the seller may pay the buyer the full notional amount of the CDS.

CDS involve greater risks than if a Client had invested in the reference obligation directly. CDS is a derivative linked to the credit of a specific reference entity, and it does not necessarily reference the value of a particular bond in the market. In addition to general market risks, CDS are subject to liquidity risk and credit risk of the dealer (or in the case of cleared CDS, the credit risk of the clearing house).

**Use of Leverage.** Clients may utilize leverage. This could result in a Client controlling substantially more assets than Client has equity, possibly concentrated in a single investment. Leverage increases a Client’s returns if a Client earns a greater return on investments purchased with borrowed funds than a Client’s cost of borrowing such funds. However, the use of leverage exposes a Client to additional levels of risk, including (i) greater losses from investments than would otherwise have been the case had that Client not borrowed to make the investments, (ii) margin calls or interim margin requirements which may force premature liquidations of investment positions and (iii) losses on investments where the investment fails to earn a return that equals or exceeds a Client’s cost of borrowing such funds. In the event of a sudden, precipitous drop in value of a Client’s assets, that Client might not be able to liquidate assets quickly enough to repay its borrowings, further magnifying its losses.

In an unsettled credit environment, Muddy Waters may find it difficult or impossible to obtain leverage for Clients. In such event, a Client could find it difficult to implement its strategy. In addition, any leverage obtained, if terminated on short notice by the lender, could result in Muddy Waters being forced to unwind a Client’s positions quickly and at prices below what Muddy Waters deems to be fair value for such positions.

**Hedging Transactions.** Muddy Waters employs hedging techniques in certain circumstances to mitigate portfolio-related risks. Clients may utilize a variety of financial instruments such as derivatives, options, swaps, caps and floors, futures and forward contracts for both risk management and general investment and speculation purposes. With respect to a Client's risk management and hedging transactions, there can be no assurances that a particular hedge is appropriate, or that a certain risk is measured properly. Further, while a Client's may enter into hedging transactions to seek to reduce risk, such transactions may result in poorer overall performance and increased (rather than reduced) risk for that Client than if it did not engage in any such hedging transactions. In addition, a Client's may choose not to enter into hedging transactions with respect to some or all of its positions. The extent to which hedging will be used to mitigate portfolio-related risks is likely to vary; and all or some of such risks may not be hedged or may not be successfully hedged all or some of the time. The extent to which hedging will be used to mitigate portfolio-related risks is likely to vary; and all or some of such risks may not be hedged or may not be successfully hedged all or some of the time.

**Portfolio Turnover.** The investment strategy of a Client may require the Investment Manager to actively trade that Client's portfolio, and as a result, turnover and brokerage commission expenses of a Client may significantly exceed those of other investment entities of comparable size. The Investment Manager expects notional portfolio turnover to exceed 300% a year. High portfolio turnover will result in higher expenses, which will impact a Client's performance.

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

**Market Volatility and Economic Instability.** The securities markets have in recent years been characterized by high degrees of volatility and unpredictability. In addition, the U.S. and other national economies have recently undergone significant disruptions, and future economic conditions are uncertain. Both market and economic conditions and events such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws (including laws relating

to taxation of Clients' investments), trade barriers, currency exchange controls, national and international political circumstances (including wars, terrorist acts, or security operations), and the occurrence of various events (including hurricanes, earthquakes, other natural disasters and disease outbreaks or pandemics) may be expected to have an impact (potentially adverse) on the profitability of the Funds. On February 24, 2022, the Russian Federation invaded Ukraine for the second time in less than a decade. This invasion has led to increased market volatility and may have adverse long-term effects on U.S. and world economies and markets generally. The invasion may adversely impact the Funds' investments. Its full impact, including on securities markets, the global economy and business operations, is not yet known.

**Dependence on Software.** The Domino Funds' investment strategy may rely on the Adviser's software (LANA) to inform the timing for exiting individual positions held by the Domino Funds. LANA is relatively new and has been put to limited use to date in portfolio management activities. There can be no guarantee that LANA does not contain errors or will achieve its intended objectives.

*Investors and prospective investors are provided offering materials that contain a detailed description of certain material risks related to the investment. Investors and prospective investors are advised to review all risk factors set forth in the offering materials and Governing Documents carefully.*

## ITEM 9 – DISCIPLINARY INFORMATION

Not applicable.



## ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Neither Muddy Waters nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Each of Muddy Waters and the General Partner (as applicable) have claimed an exemption with respect to each applicable Fund from certain of the CFTC's disclosure, reporting and recordkeeping requirements applicable to registered commodity pool operators pursuant to Rule 4.13(a)(3) under the Commodity Exchange Act.

Muddy Waters and the General Partner serve as the investment manager and general partner (respectively) to the Funds. Muddy Waters, its employees, affiliates or their related persons may also invest directly in some or all of the Funds.

Carson Block is the founder and principal owner of Muddy Waters Research, an online research publication that produces due diligence-based reports on publicly traded securities. The research reports are freely available.

Carson Block is also the founder and owner of 1158 Media LLC, which operates Zer0es.tv, which is an online media company that publishes content related to activist short selling.

Further, Muddy Waters and its personnel can be expected to receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of the Funds that will neither be subject to an offset against any Management Fees payable to the Funds nor will otherwise be shared with the Funds or investors. For example, airline travel or hotel stays incurred typically result in cash rebates, "miles," "points" or credit in loyalty/status programs, and such benefits and/or amounts will, whether or not de minimis or difficult to value, inure exclusively to Muddy Waters and/or such personnel (and not the Funds or investors) even if the cost of the underlying service is borne by the Funds or investors.

Although Muddy Waters does not receive compensation in connection with such arrangement, with respect to shares admitted to trading, or traded, on a non-U.S. trading venue (e.g., a U.K. or an Australian securities market or an EU trading venue as defined in Article 4(1)(24) of the re-cast European Markets in Financial Instruments Directive (Directive 2014/65/EU)), Muddy Waters may delegate investment discretion and trading authority to a third party delegate (through a sub-advisory agreement). In such instances, Muddy Waters will still determine the maximum overall position size but the third party will have discretion to determine the specific securities to be traded and the size and timing of any trading within the overall parameters set by Muddy Waters.

## ITEM 11 – CODE OF ETHICS

Muddy Waters has adopted a Code of Ethics (the “Code”), which is a part of Muddy Waters’ compliance manual. The Code is designed to comply with Rule 204A-1 of the Advisers Act and applies to Muddy Waters’ “Access Persons.” Access Persons include, generally, any partner, officer or director of Muddy Waters and any employee or other supervised person of Muddy Waters who, in relation to the Funds, (1) has access to non-public information regarding any purchase or sale of securities, or non-public information regarding securities holdings or (2) is involved in making securities recommendations, executing securities recommendations, or has access to such recommendations that are non-public. All of Muddy Waters’ employees are deemed to be Access Persons.

The Code sets forth a standard of business conduct that takes into account Muddy Waters’ status as a fiduciary and requires Access Persons to place the interests of the Funds above their own interests. The Code is designed to: (i) prevent improper personal trading by Access Persons; (ii) prevent improper use of material, non-public information about securities recommendations made by Muddy Waters or securities holdings of the Funds; (iii) identify conflicts of interest; and (iv) provide a means to resolve any actual or potential conflict in favor of the Funds.

The Code requires Access Persons to comply with applicable federal securities laws. Further, Access Persons are required to bring violations of the Code to the attention of Muddy Waters’ Chief Compliance Officer promptly. All Access Persons are provided with a copy of the Code and are required to acknowledge receipt of the Code on at least an annual basis.

The Code also sets forth certain reporting and pre-clearance requirements with respect to personal trading by Access Persons. As a general rule, Access Persons are prohibited from transacting in any securities currently held in the portfolio of a Fund and from taking long or short positions in any single name issuers. Access Persons are permitted to make long investments in single name issuers in custodian accounts held for the benefit of that Access Person’s minor child. In addition, the Code requires Access Persons to obtain prior approval from the Chief Compliance Officer before selling any legacy long positions or the covering of any legacy short positions in single name issuers, purchasing IPOs, or entering into transactions in private placements in a personal account. The Code also contains a holding period for all transactions. In addition, under the Code, Muddy Waters maintains a “restricted list” of companies about which a determination has been made that it is prudent to restrict trading activity (*e.g.*, companies about which investment personnel may have acquired material, non-public information).

Access Persons must provide the Chief Compliance Officer with a list of their personal accounts and an initial holdings report within 10 days of becoming an Access Person. In addition, Access Persons must provide annual holdings reports and quarterly transaction reports in accordance with Rule 204A-1 under the Advisers Act.

Investors or prospective investors may obtain a copy of the Code of Ethics by contacting the Chief Compliance Officer at (415) 488-3167 or [aj@muddywaterscapital.com](mailto:aj@muddywaterscapital.com).

As noted in Item 10 above, Muddy Waters and the General Partner serve as the investment manager and general partner to the Funds. Muddy Waters and its employees (or their related persons) may also invest directly in some or all of the Funds. As described above, however, Muddy Waters' Code includes procedures for, and restrictions on, access person trading intended to prevent access persons from benefiting from, or appearing to benefit from, any price movement that may be caused by Fund transactions.

From time to time, Access Persons or other related persons of Muddy Waters may have an interest or position in certain securities that may also be recommended to a Fund. However, all personal securities transactions are subject to compliance with the Code, as described above (including a prohibition against transacting in securities that a Fund current holds).

## ITEM 12 – BROKERAGE PRACTICES

When performing investment management services for its Clients, Muddy Waters has full discretion to place buy and sell orders with or through such brokers or dealers as it may deem appropriate. Muddy Waters' policy and practice is to strive for the best price and execution that are competitive in relation to the value of the transaction ("best execution"). In seeking best execution, Muddy Waters may consider the full range of a broker's services, including the value of research provided and execution capability, commission rate, financial responsibility and responsiveness. Specifically, in selecting a broker, dealer or other intermediary, Muddy Waters will consider such factors that in good faith and judgment it deems reasonable under the circumstances, including, but not limited to: financial stability of the broker; the actual executed price of the security and the broker's commission rates; research (including economic forecasts, investment strategy advice, fundamental and technical advice on individual securities, valuation advice and market analysis), custodial and other services provided by such brokers and/or dealers that are expected to enhance the Adviser's general portfolio management capabilities; the size and type of the transaction; the difficulty of execution and the ability to handle difficult trades; the operational facilities of the brokers and/or dealers involved (including back office efficiency); and the ability to handle a block order for securities and distribution capabilities.

Muddy Waters has entered into soft dollar arrangements and limits such arrangements for research and brokerage services as permitted within the safe harbor of Section 28(e) of the Securities Exchange Act of 1934, as amended. The term "soft dollars" refers to a means of paying brokerage firms for products and services through commission revenue, based on the volume of brokerage commission revenues generated from securities transactions executed through brokers by an investment manager on behalf of advisory clients. Section 28(e) of the Securities Exchange Act of 1934, as amended, allows Muddy Waters to pay broker-dealers more than the lowest commission available in order to obtain research and brokerage services without breaching its fiduciary duties to clients or imposing a duty upon Muddy Waters to obtain the lowest commission if certain conditions are met and Muddy Waters makes a good faith determination that the commissions paid are reasonable in relation to the value of the brokerage or research services on behalf of its advisory clients. The determination may be viewed in terms of either the particular transaction involved or the overall responsibilities of Muddy Waters with respect to the accounts over which it exercises investment discretion. In determining if something is research, thus falling within the safe harbor provisions, the controlling principle is whether it provides lawful and appropriate assistance to an investment adviser in the performance of its investment decision-making responsibilities. Muddy Waters, and related persons, are expected to derive substantial direct and indirect benefit from these services and items, particularly to the extent soft dollars are used to pay expenses which Muddy Waters or related persons would otherwise be required to pay. The products and services available from brokers include both internally generated items (such as research reports prepared by employees of the broker), as well as items acquired by the broker from third parties (such as outside research or equipment providing market data). Research services furnished by the brokers may include written information and analyses concerning

specific securities, companies or sectors; market, financial and economic studies and forecasts; statistics and pricing or appraisal services, discussion with research personnel, and invitations to attend conferences or meetings with the management of companies representing prospective investment targets or industry consultants (but not travel expenses in connection therewith). The availability of these benefits may influence Muddy Waters to select one broker rather than another to perform services for its Clients. Muddy Waters' management fees and incentive allocations are not reduced as a consequence of the receipt of such supplemental information and products.

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

In selecting brokers and negotiating commission rates, Muddy Waters will take into account the financial stability and reputation of brokerage firms, and the research, brokerage or other services provided by such brokers. Muddy Waters may place transactions with a broker or dealer that (i) provides Muddy Waters (or an affiliate) with the opportunity to participate in capital introduction events sponsored by the broker-dealer or (ii) refers investors to a Client or other products advised by Muddy Waters (or an affiliate), if otherwise consistent with seeking best execution; provided Muddy Waters is not selecting the broker-dealer in recognition of the opportunity to participate in such capital introduction events or the referral of investors. Similarly, Muddy Waters may elect to work with an unaffiliated researcher that is not necessarily the most prominent with respect to a particular issuer or industry, or that is not as well known, if the firm believes that such selection will generate other benefits for a Client and is in a Client's overall best interest. Additionally, certain broker-dealers who provide quality brokerage and execution services may furnish research services to Muddy Waters. Because commission rates in the United States are negotiable, Muddy Waters' selection of broker-dealers on the basis of considerations which are not limited to applicable commission rates may at times result to a Client being charged higher transaction costs than it would otherwise obtain. Nonetheless, Muddy Waters's decision about which broker-dealer to utilize will be fully driven by its effort to seek best execution. Research services received from broker-dealers are supplemental to Muddy Waters' own research effort and, if utilized, are subject to internal analysis before being incorporated by Muddy Waters into its investment process. Consistent with obtaining best execution, transactions for advisory clients may be directed to brokers in return for research services furnished by them to Muddy Waters. Such research generally will be used to service all of Muddy Waters' Clients, but brokerage commissions paid may be used to pay for research that is not used in managing a specific account. Therefore, research may not necessarily benefit all accounts paying commissions to such brokers. Accordingly, Muddy Waters

cannot readily determine the extent to which commission rates charged by broker-dealers reflect the value of their research services. Muddy Waters generally assesses the reasonableness of commissions in light of the total brokerage and research services provided by each particular broker-dealer. Muddy Waters may receive a wide range of services from broker-dealers. These services may include: information on the economy, industries, groups of securities, individual companies, statistical analysis, performance analysis, and analysis of corporate responsibility issues. These services provide both domestic and international perspective. Research services are received primarily in the form of written reports, computer generated services, telephone contacts, and personal meetings with security analysts. In addition, such services may be provided in the form of meetings arranged with corporate and industry spokespersons, economists, academics and government representatives. In some cases, research services are generated by third parties but are provided to Muddy Waters by or through broker-dealers.

Muddy Waters does not permit or require clients to direct brokerage. Muddy Waters has complete discretion in deciding what brokers and dealers Clients will use and in negotiating the rates of compensation the Funds will pay.

Muddy Waters is not required to allocate either a stated dollar or stated percentage of transactions to any broker-dealer for any minimum time period, and will review counterparty relationships periodically. As outlined above, Muddy Waters recognizes its duty to seek “best execution” in effecting transactions on behalf of the Funds.

In addition, Muddy Waters has established allocation and aggregation procedures for the allocation of investment opportunities across Clients. The allocation and aggregation procedures are designed to ensure that each Fund is treated fairly and that transactions are allocated in a manner that is fair and equitable to each Client relative to the other Clients, taking into account all relevant facts and circumstances. Muddy Waters will always take into account each Client’s investment objectives and investment allocation policy in the allocation process. In general, if an investment is appropriate for multiple Clients, such investment will sought be to be allocated to Clients in a manner that is fair and equitable over time,. Under normal market conditions, as described under the section entitled "Conflicts of Interest" in each Client's disclosure documents and in Muddy Waters' allocation policy, certain Clients generally will be allocated certain investment opportunities (e.g., short-activist positions) on a *pari passu* basis, which may result in certain Clients not participating in full in such investments. Muddy Waters also expects to, generally under normal conditions, based on the investment objectives of other Clients, cause certain Clients to enter positions before other Clients and/or hold investments longer than other Clients, in each case, as disclosed in the applicable Client's documentation. Notwithstanding the foregoing, Muddy Waters may determine to allocate investments among the Clients in any other manner. There may be circumstances where the Clients effectively engage in opposite transactions with respect to a particular investment and/or invest in different parts of an issuer’s capital structure. Further, in making allocation decisions, Muddy Waters may take into consideration factors including (but not limited to): investment objective and strategies; risk profile (including market volatility and global events); tax status; restrictions placed on a client’s portfolio by the client or by virtue of federal or state law; size of client account; total portfolio invested position; nature and liquidity of the

security to be allocated; size of available position; supply or demand for a security at a given price level; current market conditions; and timing of cash flows and account liquidity.

Further, if Muddy Waters has determined that an investment opportunity is appropriate for multiple Clients at or near the same time, it may, in its sole discretion, aggregate client orders for the purchase or sale of securities at or near the same time across all broker-dealers. Muddy Waters will generally follow the guidelines including: (i) unless otherwise permitted, no Client will be favored over any other Client when aggregating transactions; (ii) each Client that participates in an aggregated order will participate at the average share price for all Client transactions in that security on a given business day and transaction costs will be shared pro rata based on each Client's participation in the aggregated order; and (iii) the aggregated order generally will be allocated among Clients in accordance with Muddy Waters' allocation policy; subject to the exceptions (*e.g.*, partially filled orders, avoidance of odd lots or excessively small allocations).

Muddy Waters may also determine that the size of an available investment opportunity being considered by a Client meaningfully exceeds the amount that is appropriate for such Client (taking into consideration the relevant provisions of the applicable Client governing documents). If so, Muddy Waters has and may form one or more co-investment vehicles specifically to take up such excess opportunity. In such cases, Muddy Waters has and may offer one or more persons (including, but not limited to, investors in the relevant Client) the opportunity to participate in such co-investment vehicles. Muddy Waters will determine the person(s) to whom it offers any such opportunity, and the relative amounts offered to each such person, taking into account such factors as MWC determines appropriate based on the relevant facts and circumstances.

## ITEM 13 – REVIEW OF ACCOUNTS

The Clients' portfolios are under ongoing review by Carson Block, Muddy Waters' Chief Investment Officer. Mr. Block and the firm's investment team review the portfolios on an ongoing basis to assure conformity with the Clients' objectives and guidelines.

Further, Muddy Waters' Chief Compliance Officer periodically reviews the firm's trading to ensure consistency with applicable laws and regulations.

On an annual basis, Fund investors receive a copy of the relevant Fund's annual audited financial statements within 120 days (on or before April 30) of the relevant Fund's fiscal year end (December 31). Investors in the Global Opportunities Funds and the Domino Funds receive monthly account statements provided by the Fund administrator. SPV III investors receive quarterly account statements from the Fund administrator. The frequency and type of reporting to the SMA Clients are subject to terms that are individually negotiated.



#### ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

Neither Muddy Waters nor any related person directly or indirectly compensates any person for referrals of clients to Muddy Waters.

## ITEM 15 – CUSTODY

Muddy Waters does not have physical custody of any Client assets. All Client assets are maintained with qualified custodians. However, Muddy Waters is deemed to have custody of the assets of the Funds because it (or the respective General Partner) has legal ownership of, or access to, Fund monies or securities.

To comply with Rule 206(4)-2 under the Advisers Act, Muddy Waters will ensure that the Funds are subject to annual audit by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board in accordance with its rules and that the Funds' audited financial statements prepared in accordance with generally accepted accounting principles are distributed to all investors within 120 days of the end of each fiscal year. The Funds are also subject to audit upon liquidation. In the event of a liquidation audit, the audited financial statements will be distributed to all investors promptly after the completion of such audit. Investors should carefully review all such audited financial statements.

## ITEM 16 – INVESTMENT DISCRETION

Muddy Waters has discretionary authority to manage the investment activities of the Clients, as set forth in the Governing Documents of each Client. Investment advisory services are provided directly to the Clients, and not to the Clients' investors individually. Investors in the Clients do not have the ability to impose limitations on Muddy Waters' discretionary authority.

## ITEM 17 – VOTING CLIENT SECURITIES

Muddy Waters has adopted Proxy Voting Policies and Procedures (the “Proxy Policy”) to address how it will vote proxies, as applicable, for the Clients’ portfolio investments. The Proxy Policy seeks to ensure that Muddy Waters votes proxies in the best interest of the Clients, including where there may be material conflicts of interest in voting proxies. In the event a conflict of interest is identified and deemed to be material, Muddy Waters will generally seek to mitigate the conflict by either appointing an independent third party to vote the proxy or disclosing the conflict to affected Investors.

In addition, the Proxy Policy sets forth certain specific proxy voting guidelines that Muddy Water will consider when voting proxies on behalf of a Client. For example, Muddy Waters may consider factors such as whether the proposal acts to entrench existing management; whether the proposal poses a threat to existing rights of shareholders; and whether the proposal affects management or director accountability to shareholders.

Clients or prospective clients may request a copy of Muddy Waters’ proxy policy by contacting the Chief Compliance Officer at (415) 488-3167 or [aj@muddywaterscapital.com](mailto:aj@muddywaterscapital.com).

## ITEM 18 – FINANCIAL INFORMATION

Muddy Waters does not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance. Further, Muddy Waters is not aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its advisory clients, and has not been the subject of a bankruptcy petition at any time during the past ten years.