

**PART 2A OF FORM ADV:
FIRM BROCHURE**

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March 2024

This brochure (the “Brochure”) provides information about the qualifications and business practices of Diametric Capital, LP (“Diametric”). If you have any questions about the contents of this Brochure, please contact us at 617.443.2020 or dave.salvietti@Diametriccapital.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Diametric Capital, LP is also available on the SEC’s website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. The CRD number for Diametric Capital, LP is 288409.

Being a "registered investment adviser" or describing Advisor as being "registered" does not imply a certain level of skill or training.

THIS BROCHURE DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITY.

Item 2: Material Changes

There have been no material changes since the most recent Form ADV Part 2A filed March 2023.

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Item 4: Advisory Business

Diametric Capital, LP was founded in 2016 and is organized as a Delaware limited partnership. Nainoor “Nick” Thakore (the “Principal”) is the founder and principal owner of Diametric Capital, LP and Chief Investment Officer of Diametric. Mr. Thakore is responsible for the management of the strategies employed by Diametric and is supported by a team of investment and operational professionals. Diametric Capital GP, LLC serves as the general partner of Diametric and is also principally owned by Mr. Thakore.

Diametric expects to serve as the investment manager and provide discretionary advisory services to certain private funds (each a “Fund” and collectively the “Funds”). Diametric serves as and also provides discretionary investment advisory services to one or more separately managed accounts (the “Managed Accounts” together with the Funds, the “Clients”).

Diametric may, in the future, organize additional investment vehicles or provide investment advisory services to other accounts that follow an investment strategy similar to or different from the investment program of the Clients.

The investment objective of Diametric is to provide consistent absolute returns with limited correlation to overall stock market performance while preserving investor capital. Diametric will seek to achieve this investment objective primarily through investing in assets both long and short in a diversified portfolio of global equity securities and related instruments. In providing services to Clients, among other things, Diametric: (i) manages the Clients’ assets in accordance with the terms of the applicable Client’s confidential offering memorandum, individual limited partnership agreement, investment advisory agreement, memorandum and articles of association or shareholder agreement and other governing documents applicable to each Client (collectively the “Governing Documents”); (ii) formulates investment objectives; (iii) directs and manages the investment and reinvestment of the Clients’ respective assets; and (iv) provides, or causes to be provided, periodic reports to investors and/or Clients, as applicable. Diametric provides investment advice directly to the applicable Client and not individually to limited partners or shareholders of a particular Fund or limited partners, members or shareholders of the owner of a Managed Account.

Fund investors will not generally be permitted to impose restrictions on the types of investments in which their respective Fund may invest. In managing Managed Accounts, Diametric will tailor its investment approach to each Managed Account’s objective, which may include using substantially the same investment approaches and strategies as Diametric uses in managing one or more of the Funds. Any requests for investment restrictions from Managed Accounts are addressed on a case-by-case basis. Investment restrictions for a Client, if any, will generally be established in the Governing Documents of the applicable Client.

As of December 31, 2023, Diametric had \$557,706,282 of regulatory assets under management.

Item 5: Fees and Compensation

Diametric generally expects to charge Clients an asset-based management fee and/or performance allocation or fee.

Diametric expects to deduct its management fees (“Management Fee”) generally from each Fund monthly in advance in such amounts as are set forth in the Governing Documents of such Fund. Diametric Capital GP, LLC (the “General Partner”), a Delaware limited liability company and serve as the general partner or managing member to one or more of the Funds, expects to receive performance-based allocations (“Performance Allocation”) in respect of each Fund on an annual basis in arrears and upon withdrawals by investors in the Funds, subject to a “high-water mark”. For a further discussion of the Performance Allocation and the “high-water mark”, please see Item 6.

Diametric may, in its discretion, waive, reduce or rebate the Management Fee and/or Performance Allocation with respect to the investment of any investor, including its employees, owners, affiliates and/or one or more investors.

Diametric also expects to receive a management fee (the “MA Management Fee”) for the advisory services performed on behalf of a Managed Account. The MA Management Fee rates will be determined on a case-by-case basis with respect to each Managed Account, and are expected to be calculated based on the net assets under management in each respective Managed Account. MA Management Fees may be paid monthly or quarterly in advance or in arrears, as further set forth in the Governing Documents of the applicable Managed Account. Diametric also may receive a performance-based fee or allocation (the “Performance Fee” collectively with the Performance Allocation, the “Performance Compensation”) generally at the end of each year (or at the time of a redemption with respect to the applicable Managed Account or at such other time as may be specified in the applicable Governing Document). The Performance Fee rates will be determined on a case-by-case basis with respect to each Managed Account. The Performance Fee for a Managed Account may also be subject to a high-water mark. The MA Management Fee and Performance Fees are expected to be billed to and paid from the applicable Managed Account promptly after they are determined. For a further discussion of the Performance Fee and the “high-water mark,” please see Item 6 below.

In the event a Client terminates its investment management agreement with Diametric appropriate treatment will be given to all Management Fees and MA Management Fees and other compensation collected in advance (e.g., the Management Fee or MA Management Fee would be pro-rated based upon the number of days elapsed in the applicable period prior to termination and the balance of the Management Fee or MA Management Fee collected would be refunded).

In addition to the Management Fee and Performance Allocation and as set forth in more detail in the applicable Governing Documents, each Fund will pay all costs and expenses related to its investments and its operations. Each Fund will also bear the cost of the annual PM Sleeve Performance Fee. We generally refer to this as an “expense pass-through”. Expenses are generally

shared by all of the investors in the Funds, while expenses related to one or more particular series or classes of investments will be allocated accordingly. In the event that one or more funds invest all or a substantial portion of its assets through a “master fund,” each such “feeder fund” will also be responsible for its pro rata portion of such master fund’s costs and expenses. Expenses of more than one Fund will be shared on an equitable basis among such Funds.

Managed Accounts are expected to be responsible for the payment of all margins, premiums, commissions and other amounts due in connection with transactions effected by Diametric and certain other expenses as shall be set forth in the Governing Documents of each Managed Account.

Notwithstanding the foregoing, the Firm may elect to bear some or all of the above expenses of the Clients.

Diametric and its supervised persons do not accept any compensation (e.g., brokerage commissions) for the sale of securities or other investment products, including interests in the Funds.

For more information regarding Diametric’s brokerage practices and brokerage expenses discussed herein, please see Item 12.

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

Diametric is expected to be entitled to receive from each (i) Managed Account a Performance Fee and (ii) Fund a Performance Allocation, in each case, generally at the end of each year of the applicable Client. The Performance Compensation is expected to be an amount equal to a percentage (as set forth in the applicable Governing Documents of each Client) of the net increase of each Client’s account or shareholdings, as applicable (that is, a share of capital gains on, income derived from, or appreciation of the investment (whether realized or unrealized)) in the applicable Client, measured at the beginning of such year and subject to a high-water mark.

The Diametric Funds will bear the cost of performance fees paid on an annual basis to portfolio sleeve managers. The PM Sleeve Performance Fee for each eligible Portfolio Sleeve Manager will be an amount equal to a percentage (as set forth in the applicable Governing Documents of each Client) of the applicable Portfolio Sleeve’s excess realized and unrealized gross trading profits for such fiscal year reduced by gross trading losses. Each portfolio manager sleeve will be subject to a high-water mark. A PM Sleeve Performance Fee will not be paid to a portfolio manager that is below the high-water mark.

In general, a “high-water mark” means that Diametric will receive Performance Compensation on an investor’s aggregate investment in a Client only when the value of the investment, at the time of determination, is higher than the investment’s highest value as of the date of the most immediately preceding determination of whether a Performance Fee is payable. Should the Client’s investment decrease in value (that is, due to capital losses or depreciation of the investment (whether realized or unrealized)), the investment must increase in value back above the previous

highest value before Diametric will receive Performance Compensation again with respect to such investor.

If a Client redeems capital from the account managed by Diametric, the amount of such investor's high-water mark, if any, will be reduced in proportion to the amount of capital withdrawn.

The Performance Compensation may create an incentive for Diametric to make more speculative investments than would otherwise be made or make decisions regarding the timing and manner of realization of investments differently than if such Performance Compensation was not received.

Diametric is required to act in a manner that it considers fair and equitable, depending on the particular facts and circumstances and the needs and financial objectives of Diametric's various clients, in allocating investment opportunities to the Clients but Diametric is not otherwise subject to any specific obligations or requirements concerning the allocation of time, effort or investment opportunities, or any restrictions on the nature or timing of investments for the Clients. Diametric addresses this conflict through the application of its trade allocation procedures that are designed to avoid or minimize such conflicts of interest, including policies designed to ensure that investment opportunities are allocated equitably among Clients with similar investment objectives. Diametric periodically reviews allocation of investment opportunities and sequencing of transactions to determine whether Clients are treated fairly.

Item 7: Types of Clients

Diametric provides investment advisory services to one or more Funds and/or Managed Accounts.

Investors in the Fund and/or owners of Managed Accounts may include, but are not limited to, high net worth individuals, family offices, fund-of-hedge funds, endowments, foundations, trusts, charitable organizations, pension plans, and corporate or business entities.

Details concerning applicable investor suitability criteria are set forth in the respective Client's Governing Documents. The minimum commitment for an investor is outlined in the applicable Managed Account's Governing Documents, including the discretion of Diametric and its affiliates to accept less than the minimum investment threshold. Each investor is required to meet certain suitability qualifications.

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

The Funds' investment strategies will be described in their respective Governing Documents. Strategies applicable to a Managed Account will be tailored to the objectives of each such accounts.

Diametric will seek to produce absolute returns while controlling volatility and having minimal correlation to the S&P 500 Index (the "Index"). The Investment Manager's Chief Investment Officer will determine capital allocation to a series of portfolio sleeves (the "Portfolio Sleeves"),

which will be managed by domain expert portfolio managers (the, “Portfolio Sleeve Managers”). The goal of each Portfolio Sleeve is to generate a strong ratio of return relative to volatility with the dominant driver being stock specific risk. The Portfolio Managers will determine positions within the Portfolio Sleeves within predetermined rules, including net exposure, gross exposure, the split of factor and stock specific risk as a percentage of overall risk and maximum position size. Portfolio Sleeve Managers will maintain low net exposure through a balance of long and short security positions.

The Chief Investment Officer, with the support of the Investment Manager’s risk manager, will maintain oversight of the Portfolio Sleeves and analyze the Portfolio Sleeves on a combined basis. Capital allocation decisions amongst Portfolio Sleeves will be made on an ongoing basis considering several factors, including long-term conviction in each Portfolio Sleeve, near-term opportunity set, risk profile of each Portfolio Sleeve, performance drawdowns and correlation to the other Portfolio Sleeves.

The portfolio’s net exposure will be reduced close to zero and factor exposure minimized leading to the overall portfolio (the “True Alpha Portfolio”), targeting the vast majority of risk to be stock-specific and returns to minimally correlated to the Index. Leverage will be utilized to form the Funds. The Fund’s gross exposure levels may vary, but maximum levels are targeted based on the relationship of anticipated long-term volatility relative to long-term average volatility of the Index.

In addition to equities and equity indices, Diametric may invest in preferred stocks, warrants, fixed income instruments, options, futures and other derivatives and financial instruments to supplement its investment strategies.

The description set forth above is general and is not intended to be exhaustive. The risks of each Client’s business are substantial, and each Client could realize losses rather than gains from some or all of the investments described herein. Investing in securities involves a risk of loss that clients should be prepared to bear.

Material Risks

The following is an explanation of the material risks that Diametric believes are associated with its investment strategy. Unless stated otherwise, each risk applies to all of the Clients. Further discussion of these and other risks associated with an investment in each Fund and Managed Account are set forth in the applicable Fund’s or Managed Account’s Governing Documents. The following risk factors do not purport to be a complete list or explanation of all the risks associated with an investment in one or more of the Funds and Managed Accounts.

Investment and Trading Risks. An investment in a Client involves a high degree of risk, including the risk that the entire amount invested may be lost. No guarantee or representation is made that such Client’s investment program will be successful. Diametric intends to invest substantially all of the Clients’ assets in securities, some of which may be particularly sensitive to economic, market, industry and other variable conditions. The markets in which the Clients expect to invest have in recent years experienced significant volatility and losses. No assurance can be given as to

when or whether adverse events might occur that could cause immediate and significant losses to the Clients.

Use of Leverage. Diametric may leverage the Clients' portfolio through margin and other debt in order to increase the amount of capital available for investments. Although leverage increases returns to investors in a Client if such Client earns a greater return on the incremental investments purchased with borrowed funds than it pays for such Clients, the use of leverage decreases returns to the investors if such Client fails to earn as much on such incremental investments as it pays for such funds. In the event that a Client leverages its portfolio, fluctuations in the market value of such Client's portfolio will have a significant effect in relation to such Client's capital and the risk of loss and the possibility of gain will each be increased. In addition, when a Client utilizes leverage, the level of interest rates generally, and the rates at which such Client can borrow in particular, will be an expense of such Client and therefore affect the operating results of such Client. Leverage increases the risk of substantial losses (including the risk of a total loss of capital), and leverage can significantly magnify the volatility of each Client's portfolio.

The Clients may use short-term margin borrowing in purchasing securities positions. Such borrowing, if made, may result in certain additional risks to the Clients. For example, should the securities pledged to brokers to secure the Clients' margin accounts decline in value, the Clients could be subject to a "margin call" pursuant to which the Clients would be required to either deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden, precipitous drop in value of the Clients' assets, the Clients might not be able to liquidate assets quickly enough to pay off its margin debt.

Equity Securities Generally. One or more Clients intend to invest in equity securities and equity-related security derivatives in primarily the U.S. but also in other countries. The value of these financial instruments generally will vary with the performance of the issuer and movements in the equity markets. As a result, a Client may suffer losses from investments in equity instruments of issuers whose performance diverges from Diametric's expectations or if equity markets generally move in a single direction and such Client has not hedged against such a general move.

Short Sales. Diametric will engage in short sales as part of hedging transactions or when it believes securities are overvalued. Short sales are sales of securities the Clients borrow but does not actually own, usually made with the anticipation that the prices of the securities will decrease and the Clients will be able to make a profit by purchasing the securities at a later date at the lower prices. The Clients will incur a potentially unlimited loss on a short sale if the price of the security increases prior to the time it purchases the security to replace the borrowed security. A short sale presents greater risk than purchasing a security outright since there is no ceiling on the possible cost of replacing the borrowed security, whereas the risk of loss on a "long" position is limited to the purchase price of the security. Closing out a short position may cause the security to rise further in value creating a greater loss.

Short sale transactions have been subject to increased regulatory scrutiny in response to market events in recent years, including the imposition of restrictions on short selling certain securities and reporting requirements. The Clients' ability to execute a short selling strategy may be

materially adversely impacted by temporary and/or new permanent rules, interpretations, prohibitions, and restrictions adopted in response to these adverse market events. Temporary restrictions and/or prohibitions on short selling activity may be imposed by regulatory authorities with little or no advance notice and may impact prior trading activities of the Clients. Additionally, the SEC, its foreign counterparts, other governmental authorities and/or self-regulatory organizations may at any time promulgate permanent rules or interpretations consistent with such temporary restrictions or that impose additional or different permanent or temporary limitations or prohibitions. The SEC might impose different limitations and/or prohibitions on short selling from those imposed by various non-U.S. regulatory authorities. These different regulations, rules or interpretations might have different effective periods.

Regulatory authorities may impose restrictions that adversely affect the Clients' ability to borrow certain securities in connection with short sale transactions. In addition, traditional lenders of securities might be less likely to lend securities under certain market conditions. As a result, the Clients may not be able to effectively pursue a short selling strategy due to a limited supply of securities available for borrowing. The Clients may also incur additional costs in connection with short sale transactions, including in the event that it is required to enter into a borrowing arrangement in advance of any short sales. Moreover, the ability to continue to borrow a security is not guaranteed and the Clients are subject to strict delivery requirements. The inability of the Clients to deliver securities within the required time frame may subject the Clients to mandatory close out by the executing broker-dealer. A mandatory close out may subject the Clients to unintended costs and losses. Certain action or inaction by third-parties, such as executing broker-dealers or clearing broker-dealers, may materially impact the Clients' ability to effect short sale transactions. Such action or inaction may include a failure to deliver securities in a timely manner in connection with a short sale effected by a third party unrelated to the Clients.

Small-Cap and Mid-Cap Risks. The Clients may invest in equities of small- and mid-capitalization companies. While, in Diametric's opinion, the securities of small- and mid-cap issuers may offer the potential for greater capital appreciation than investment in securities of larger-cap issuers, securities of small- and mid-capitalization issuers may also present greater risks. For example, some small- and mid-cap issuers have limited product lines, markets, or financial resources and may be dependent for management on one or a few key persons. In addition, such issuers may be subject to high volatility in revenues, expenses and earnings. Their securities may be thinly traded, may be followed by fewer investment analysts and may be subject to wider price swings and thus may create a greater chance of loss than when investing in securities of larger-cap issuers. In addition, due to thin trading in many smaller capitalization stocks, an investment in such stocks may be characterized by reduced liquidity. Further, the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) is potentially higher than for larger, "blue-chip" companies. The market prices of securities of small- and mid-cap issuers generally are more sensitive to changes in earnings expectations, corporate developments, and market rumors than are the market prices of larger-cap issuers. Transaction costs in securities of small- and mid-cap issuers may be higher than in those of large-cap issuers. There may be less information about small and mid-cap companies than larger cap companies.

Reliance on Corporate Management and Financial Reporting. Diametric will rely on the financial information made available by the issuers in which the Clients may invest. Diametric will have no

ability to independently verify the financial information disseminated by the issuers in which the Client may invest and is dependent upon the integrity of the issuer's management and the financial reporting process in general. The Client may incur losses as a result of corporate mismanagement, fraud and accounting irregularities. Equity prices are particularly vulnerable to corporate mismanagement.

Options. Clients may invest, from time to time, in options. In addition, a Client may write and sell covered and uncovered call and put option contracts. A call option gives the purchaser of the option the right to buy, and obligates the writer to sell, the underlying investments at a stated exercise price at any time prior to the expiration of the option. Similarly, a put option gives the purchaser of the option the right to sell, and obligates the writer to buy, the underlying investments at a stated exercise price at any time prior to the expiration of the option. Options written by a Client may be wholly or partially covered (meaning that such Client holds an offsetting position) or uncovered. Options on specific investments may be used by a Client to seek enhanced profits with respect to a particular investment. Alternatively, they may be used for various defensive or hedging purposes. For example, they may be used to protect against a future adverse change in the market price of particular portfolio investments held by such Client without requiring a sale of the investments.

Investing in options can provide greater potential for profit or loss than an equivalent investment in the underlying asset. The value of an option may decline because of a change in the value of the underlying asset relative to the strike price, the passage of time, changes in the market's perception as to the future price behavior of the underlying asset, or any combination thereof. In the case of the purchase of an option, the risk of loss of an investor's entire investment (i.e., the premium paid plus transaction charges) reflects the nature of an option as a wasting asset that may become worthless when the option expires. Where an option is written or granted (i.e., sold) uncovered, the seller may be liable to pay substantial additional margin, and the risk of loss is unlimited, as the seller will be obligated to deliver, or take delivery of, an asset at a predetermined price which may, upon exercise of the option, be significantly different from the market value. Over-the-counter options that the Clients may use in their investment strategies generally are not assignable except by agreement between the parties concerned, and no party or purchaser has any obligation to permit such assignments. The over-the-counter market for options is relatively illiquid, particularly for relatively small transactions.

Use of put and call options may result in losses to one or more Clients, force the sale or purchase of portfolio investments at inopportune times or for prices higher than (in the case of put options) or lower than (in the case of call options) current market values, limit the amount of appreciation a Client can realize on their investments or cause such Client to hold an investment it might otherwise sell. An adverse price movement may result in unanticipated losses with respect to covered options sold by a Client. The use of uncovered option writing techniques may entail greater risks of potential loss to such Client than other forms of options transactions.

Convertible Securities and Investments in Equity-Related Convertible Securities. The Client may invest a portion of its capital in convertible securities and equity-related convertible securities. Convertible securities are equities, bonds, debentures, preferred stocks or other securities that may be converted into or exchanged for a specified fixed or variable amount of common stock of the

same or different issuer within a particular period of time at a specified price or formula. A convertible security entitles the holder to receive interest that is generally paid or accrued on debt or a dividend that is paid or accrued on preferred stock until the convertible security matures or is redeemed, converted or exchanged. Convertible securities have unique investment characteristics in that they generally (i) have higher yields than common stocks, but lower yields than comparable non-convertible securities, (ii) are less subject to fluctuation in value than the underlying common stock due to their fixed-income characteristics and (iii) provide the potential for capital appreciation if the market price of the underlying common stock increases. The value of a convertible security is a function of its “investment value” (determined by its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion privilege) and its “conversion value” (the security’s worth, at market value, if converted into the underlying common stock). The investment value of a convertible security is influenced by changes in interest rates, with investment value declining as interest rates increase and increasing as interest rates decline. The credit standing of the issuer and other factors may also have an effect on the convertible security’s investment value. The conversion value of a convertible security is determined by the market price of the underlying common stock. If the conversion value is low relative to the investment value, the price of the convertible security is influenced principally by its investment value. To the extent the market price of the underlying common stock approaches or exceeds the conversion price, the price of the convertible security will be increasingly influenced by its conversion value. A convertible security generally will sell at a premium over its conversion value by the extent to which investors place value on the right to acquire the underlying common stock while holding a fixed-income security. Generally, the amount of the premium decreases as the convertible security approaches maturity. A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security’s governing instrument. If a convertible security held by the Client is called for redemption, the Client will be required, depending on the terms of the security, to permit the issuer to redeem the security, convert it into the underlying common stock, or sell it to a third party. Any of these actions could have an adverse effect on the Client’s ability to meet its investment objective.

American Depositary Securities & Receipts. In certain instances, rather than directly holding securities of non-U.S. companies, the Client may hold these securities through an American Depositary Receipt (an “ADR”). An ADR is issued by a U.S. bank or trust company to evidence its ownership of securities of a non-U.S. company. The currency of an ADR may be U.S. dollars rather than the currency of the non-U.S. company to which it relates. The value of an ADR will not be equal to the value of the underlying non-U.S. securities to which the ADR relates as a result of a number of factors. These factors include the fees and expenses associated with holding an ADR, the currency exchange relating to the conversion of foreign dividends and other foreign cash distributions into U.S. dollars, and tax considerations such as withholding tax and different tax rates between the jurisdictions. In addition, the rights of the Client, as a holder of an ADR, may be different than the rights of holders of the underlying securities to which the ADR relates, and the market for an ADR may be less liquid than that of the underlying securities. The foreign exchange risk will also affect the value of the ADR and, as a consequence, the performance of the investor holding the ADR.

Warrants. Warrants will enable the Client to purchase a specified number of shares of an issuing corporation at a specified price during a specified period of time. Warrants involve the risk of a

loss of the purchase value of the warrant if the right to subscribe to additional shares is not executed prior to the warrants' expiration. The effective price paid for the warrant, when added to the subscription price of the offered security, may in fact be in excess of the value of the offered security if there is no appreciation in such security. Furthermore, the Client may be adversely affected in the event that the securities underlying such warrants decline in value.

Hedging. The Clients may utilize certain financial instruments and investment techniques for risk management or hedging purposes. There is no assurance that such risk management and hedging strategies will be successful, as such success will depend on, among other factors, Diametric's ability to predict the future correlation, if any, between the performance of the instruments utilized for hedging purposes and the performance of the investments being hedged. Since the characteristics of many securities change as markets change or time passes, the success of the Clients' hedging strategies may also be subject to Diametric's ability to correctly readjust and execute hedges in an efficient and timely manner. There is also a risk that such correlation will change over time rendering the hedge ineffective. It may be more difficult to hedge a position in a smaller cap issuer than a larger-cap issuer. The Clients' portfolio is not expected to be completely hedged at all times and at various times Diametric may elect to be more fully hedged and at other times hedged only to a limited extent, if at all. Accordingly, the Clients' assets may not be adequately protected from market volatility and other conditions.

Illiquid Securities. The Clients do not generally expect to purchase assets that are illiquid, restricted or difficult to value as of the date of purchase. Notwithstanding the foregoing, in certain circumstances, general economic or market conditions may adversely affect the liquidity of, or ability to value, certain investments held by the Clients to such a degree that such previously liquid assets are rendered illiquid, restricted or difficult to value. The resale of restricted and illiquid securities often may have higher brokerage charges. Such investments may be difficult to value.

Investments in Preferred Stock. The Clients may invest in the preferred shares of certain companies. Preferred shares may pay dividends at a specific rate and generally have preference over common stock in the payment of dividends in a liquidation of assets but rank after debt securities. Unlike interest payments on debt securities, dividends on preferred shares are generally payable at the discretion of the board of directors of the issuer. The market prices of preferred shares are subject to changes in interest rates and are more sensitive to changes in the issuer's creditworthiness than are the prices of debt securities.

Purchasing Securities of Initial Public Offering. From time to time the Clients may purchase securities that are part of initial public offerings. The prices of these securities may be very volatile. The issuers of these securities may be undercapitalized, have a limited operating history, and lack revenues or operating income without any prospects of achieving them in the near future. Some of these issuers may only make available a limited number of shares for trading and therefore it may be difficult for the Clients to trade these securities without unfavorably impacting their prices. In addition, investors may lack extensive knowledge of the issuers of these securities. The Clients may invest in securities that are "new issues," as defined by Rule 5130 of the Financial Industry Regulatory Authority, Inc. ("FINRA"). Rule 5130 and Rule 5131 of FINRA restrict certain persons from participating in "new issues."

Other Derivative Investments. Derivative instruments or “derivatives” include futures, options, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark currency or index at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are leveraged, and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement may expose a Client to the possibility of a loss exceeding the original amount invested. Derivatives may also expose investors to liquidity risk, as there may not be a liquid market within which to close or dispose of outstanding derivatives contracts. Swaps and certain options and other custom instruments are subject to the risk of non-performance by the swap counterparty, including risks relating to the creditworthiness of the swap counterparty.

Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits.” Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent Diametric from promptly liquidating unfavorable positions and subject a Client to substantial losses.

Swap Transactions. A Client may enter into swap agreements with respect to securities, indexes of securities and other assets or other measures of risk or return. Swap agreements are typically two-party contracts entered into primarily by institutional investors for periods ranging from a few weeks to many years. In a standard “swap” transaction, two parties agree to exchange the returns (or the differential in rates of return) earned or realized on particular predetermined investments, instruments, or indices. The gross returns to be exchanged or “swapped” between the parties are generally calculated with respect to a “notional amount”. Whether a Client’s use of swap agreements will be successful will depend on Diametric’s ability to select appropriate transactions for such Client. Swap transactions may be highly illiquid. Moreover, a Client bears the risk of loss of the amount expected to be received under a swap agreement in the event of the default or insolvency of its counterparty. Many swap markets are relatively new and still developing. It is possible that developments in the swap markets, including potential government regulation, could adversely affect a Client’s ability to terminate existing swap transactions or to realize amounts to be received under such transactions. Swaps and certain other custom instruments are subject to the risk of non-performance by the swap counterparty, including risks relating to the creditworthiness of the swap counterparty.

Total return swaps are another form of swap transaction that a Client may utilize in its investment program. A total return swap allows the total return receiver to receive the change in market value of an asset (whether a security, interest rate, form of debt, currency or other asset) from the total

return payer in return for paying a floating or fixed interest-rate on a predetermined amount. The total return payer is synthetically short and the total return receiver is synthetically long. Thus, total return swap agreements may effectively add leverage to a Client's portfolio because, in addition, to its total net assets, such Client would be subject to investment exposure on the notional amount of the swap agreement.

Forward Trading. The Clients may engage in forward trading. Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements, and speculative position limits are not applicable. For example, there are no requirements with respect to record keeping, financial responsibility or segregation of customer funds or positions. In contrast to exchange-traded futures contracts, interbank traded instruments rely on the dealer or contracting counterparty to fulfill its contract. As a result, trading in interbank foreign exchange contracts may be subject to more risks than futures or options trading on regulated exchanges, including, but not limited to, the risk of default due to the failure of a counterparty with which the Clients has forward contracts. Although the Investment Manager seeks to trade with responsible counterparties, failure by a counterparty to fulfill its contractual obligation could expose the Clients to unanticipated losses. 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 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 currency market traded by the Clients due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward trading to less than that which Diametric would otherwise recommend, to the possible detriment of the Clients. Market illiquidity or disruption could result in significant losses to the Clients.

Foreign Securities. The Clients may invest in securities of non-U.S. issuers. The Clients' investments in securities and instruments in foreign markets involve substantial risks not typically associated with investments in U.S. securities. Foreign securities investments may be affected by changes in currency rates or exchange control regulations, changes in governmental administration or economic or monetary policy (in the United States and abroad) or changed circumstances in dealings between nations. Changes in foreign currency exchange rates relative to the U.S. dollar will affect the U.S. dollar value of the Clients' assets denominated in that currency and thereby impact the Clients' total return on such assets. The Clients may utilize options and forward contracts to hedge against currency fluctuations, but there can be no assurance that such hedging transactions will be effective.

Investments in foreign securities will also occasion risks relating to political and economic developments abroad, including the possibility of expropriations or confiscatory taxation, limitations on the use or transfer of Client assets and any effects of foreign social, economic or political instability. Foreign companies are not subject to the regulatory requirements of U.S. companies and, as such, there may be less publicly available information about such companies. Moreover, foreign companies are not subject to uniform accounting, auditing and financial

reporting standards and requirements comparable to those applicable to U.S. companies. Finally, in the event of a default of any foreign debt obligations, it may be more difficult for the Clients to obtain or enforce a judgment against the issuers of such securities.

Securities of foreign issuers may be less liquid than comparable securities of U.S. issuers and, as such, their price changes may be more volatile. Furthermore, foreign exchanges and broker-dealers are generally subject to less government and exchange scrutiny and regulation than their U.S. counterparts. Brokerage commissions, dealer concessions and other transaction costs may be higher in foreign markets than in the U.S. In addition, differences in clearance and settlement procedures in foreign markets may occasion delays in settlements of the Clients' trades affected in such markets.

In addition, changes or modifications in existing judicial decisions or in the current positions of the IRS, either taken administratively or as contained in published revenue rulings and revenue procedures (which changes or modifications may apply with retroactive effect), and the passage of new legislation, could lead to unfavorable treatment of certain non-U.S. investments which could adversely impact the Clients' portfolio.

Investments in Corporate Debt and other Fixed Income Securities. The Clients may invest in bonds or other fixed income securities, including, without limitation, bonds, notes and debentures issued by corporations, limited partnerships and other similar entities. The Clients may also invest in debt securities issued or guaranteed by the U.S. or foreign government or one of its agencies or instrumentalities, commercial paper, and "higher yielding" (and, therefore, higher risk) debt securities of the former categories. These securities may pay fixed, variable or floating rates of interest, and may include zero coupon obligations. Fixed income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (i.e., market risk). A major economic recession could disrupt severely the market for such securities and may have an adverse impact on the value of such securities. In addition, any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default for such securities.

Index-Linked Securities. A Client may invest in index-linked securities whose prices are indexed to the prices of securities indices, currencies, or other financial statistics. Indexed securities typically are debt securities or deposits whose value at maturity and/or coupon rate is determined by reference to a specific instrument or statistic. The performance of indexed securities fluctuates (either directly or inversely, depending upon the instrument) with the performance of the index, security or currency. At the same time, indexed securities are subject to the credit risks associated with the issuer of the security, and their value may substantially decline if the issuer's creditworthiness deteriorates. Recent issuers of indexed securities have included banks, corporations and certain U.S. government agencies.

Exchange Traded Funds. The Clients may invest in and sell short shares of exchange traded funds ("ETFs") and other similar instruments. These transactions may be used to adjust the Clients' exposure to the general market or industry sectors and to manage the Clients' risk exposure. ETFs

and other similar instruments involve risks generally associated with investments in a broadly based portfolio of common stocks, including the risk that the general level of stock prices, or that the prices of stocks within a particular sector, may increase or decrease, thereby affecting the value of the shares of the ETF or other instruments.

Money Market Instruments. The Clients' assets may be invested, for defensive purposes or otherwise in high quality fixed-income securities, money-market instruments, and foreign money-market mutual funds, or hold cash or cash equivalents in such amounts as Diametric deems appropriate under the circumstances. Money market instruments are high quality, short term fixed-income obligations, which generally have remaining maturities of one year or less, and may include U.S. government securities, commercial paper, certificates of deposit and bankers' acceptances issued by domestic branches of United States banks that are members of the Federal Deposit Insurance Corporation, and repurchase agreements. However, there can be no assurances that such investments will not be subject to significant risks.

Currencies. The Clients may invest portions of their assets in instruments denominated in non-U.S. currencies or instruments the prices of which are determined with reference to currencies other than the U.S. dollar, including, without limitation, options on non-U.S. currencies. The Clients, however, value their securities and other assets in U.S. dollars. Diametric may or may not seek to hedge all or any portion of the foreign currency exposure of the Clients. To the extent unhedged, the value of the assets of the Clients will fluctuate with U.S. dollar exchange rates as well as the price changes of the positions of the Clients in the various local markets and currencies. Thus, an increase in the value of the U.S. dollar compared to the other currencies in which the Clients make their investments will reduce the effect of increases and magnify the effect of decreases in the prices of the securities and other financial instruments owned by the Clients in the local markets of such other currencies. Conversely, a decrease in the value of the U.S. dollar will have the opposite effect on the non-U.S. dollar securities and other financial instruments owned by the Clients.

Inside Information. From time to time, Diametric may be in possession of material, non-public information concerning the issuer of securities or other instruments in which the Clients have invested, or as to which it is evaluating an investment. The possession of such information may limit the ability of Diametric to cause the Clients to buy or sell such securities or other instruments. Accordingly, the Clients may be required to refrain from buying or selling such securities or other instruments at times when Diametric might otherwise wish to cause the Clients to buy or sell such securities or other instruments. Diametric has policies and procedures in place that seek to ensure that its investment practices do not violate federal and state securities law prohibitions on trading on inside information.

General Economic and Market Conditions. The success of the Clients' activities will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the Clients' investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect, among other things, the level and volatility of securities' prices, the liquidity of the Clients' investments and the availability of certain securities and investments. Volatility or

illiquidity could impair the Clients' profitability or result in losses. The Clients may maintain substantial trading positions that can be materially adversely affected by the level of volatility in the financial markets – the larger the positions, the greater the potential for loss.

The Clients may incur major losses in the event of disrupted markets and other extraordinary events in which historical pricing relationships become materially distorted. The risk of loss from pricing distortions is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving. The financing available to a Client from its banks, dealers and other counterparties will typically be reduced in disrupted markets. Such a reduction may result in substantial losses to such Client. Market disruptions may from time to time cause dramatic losses for such Client, and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk.

Market Disruptions; Governmental Intervention; Dodd-Frank Wall Street Reform and Consumer Protection Act. The global financial markets have in recent years gone through pervasive and fundamental disruptions that have led to extensive governmental intervention. Such intervention was in certain cases implemented on an “emergency” basis, suddenly and substantially eliminating market participants' ability to continue to implement certain strategies or manage the risk of their outstanding positions. In addition, certain of these interventions have been unclear in scope and application, resulting in confusion and uncertainty which in itself has been materially detrimental to the efficient functioning of the markets as well as previously successful investment strategies.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”), which aims to reform various aspects of the U.S. financial markets, covers a broad range of market participants including investment advisers (registered and unregistered) such as Diametric. The Dodd-Frank Act may directly affect Diametric by mandating additional new reporting requirements, including, but not limited to, position information, use of leverage and counterparty and credit risk exposure. Until the SEC implements the new reporting requirements, it is unknown how burdensome such new reporting requirements will be.

The Dodd-Frank Act may also affect the Clients in a number of other ways. Pursuant to the Dodd-Frank Act, banks and other financial firms (like the Clients and Diametric) may be designated as “Systemically Important Financial Institutions” or SIFIs. Any bank or financial firm so designated will be subject to regulation by the Federal Reserve Board. In the area of derivatives, the Dodd-Frank Act provides for the registration and comprehensive regulation of “major swap participants.” Although Diametric believes it is unlikely to be classified as SIFIs and is not subject to the requirements for “major swap participants,” the consequences of being so classified could be substantial and adverse. In addition, the cost of derivative transactions may substantially increase as result of the Dodd-Frank Act as additional margin, capital and collateral obligations are implemented.

Counterparty Risk. Some of the markets in which the Clients may effect transactions are “over-the-counter” or “interdealer” markets. The participants in such markets are typically not subject to the credit evaluation and regulatory oversight to which members of “exchange-based” markets are subject. This exposes the Clients to the risk that a counterparty will not settle a transaction in

accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Clients to suffer a loss. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Clients have concentrated their transactions with a single or small group of counterparties. Counterparties in foreign markets face increased risks, including the risk of being taken over by the government or becoming bankrupt in countries with limited if any rights for creditors. The Clients are not restricted from concentrating any or all of their transactions with one counterparty. The ability of the Clients to transact business with any one or number of counterparties and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Clients. Counterparty risks also include the failure of executing brokers to honor, execute, or settle trades.

Pursuant to the Dodd-Frank Act (as defined below), some derivatives transactions will be subject to mandatory clearing and will also be subject to the margin requirements set forth by the clearinghouse. The additional margin, capital and collateral obligations may increase the cost of derivatives transactions and thereby potentially decrease the profitability of certain positions.

Broker Risk. The Clients’ assets may be held in one or more accounts maintained for the Clients by their prime brokers or at other brokers or custodian banks, which may be located in various jurisdictions, including emerging market jurisdictions. The prime brokers, other brokers (including those acting as sub-custodians) and custodian banks are subject to various laws and regulations in the relevant jurisdictions that are designed to protect their customers in the event of their insolvency. Accordingly, the practical effect of the laws protecting customers in the event of insolvency and their application to the Clients’ assets may be subject to substantial variations, limitations and uncertainties. For instance, in certain jurisdictions brokers could have title to the Clients’ assets or not segregate customer assets. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a prime broker, another broker or a clearing corporation, it is impossible further to generalize about the effect of the insolvency of any of them on the Clients and their assets. Investors should assume that the insolvency of any of the prime brokers, local brokers, custodian banks or clearing corporations may result in the loss of all or a substantial portion of the Clients’ assets or in a significant delay in the Clients having access to those assets.

Cash Holdings. One or more Clients may hold substantial cash balances which will vary depending on Diametric’s view of available investment opportunities. During times in which substantial capital is held in cash or cash equivalents, such capital may not be subject to the same returns as the rest of a Client’s portfolio.

Item 9: Disciplinary Information

Diametric is not aware of any legal or disciplinary events that are material to a client's or prospective client's evaluation of Diametric’s advisory business or the integrity of Diametric’s management.

Item 10: Other Financial Industry Activities and Affiliations

Diametric claims an exemption from registration as a commodity pool operator, pursuant to Rule 4.13(A)(3) under the Commodity Exchange Act of 1936, as amended (the “CEA”), and Diametric also claims an exemption from registration as a commodity trading advisor, pursuant to Rule 4.14(A)(8), each under the CEA.

Diametric and its principals and employees (the “Staff Members”) are not registered, and do not have any application pending to register, with the SEC as a broker-dealer or a registered representative of a broker-dealer.

Diametric currently engages two third party investment advisers to manage portion of the Funds’ assets. In addition, Diametric does not currently expect to invest any portion of the Funds’ assets in partnerships or joint ventures with other investment advisers. In the event that any such activities were to occur, neither such engagements or investments would result in the payment on a net basis of additional management fees, carried interests or performance allocations by the Funds.

Diametric will evaluate any material conflicts of interest presented by any proposed relationship or arrangement it may contemplate with a service provider, broker or similar party that has a material business relationship with the Funds to ensure that the transaction or arrangement is fair and equitable to the investors in the Funds, and on terms that are consistent with arm’s length dealings, and Diametric reviews any such arrangement on an ongoing basis thereafter to ensure continued benefit to the Clients and their investors. Currently, Diametric does not have, and is not aware of any Staff Member that has, any relationships or arrangements that pose material conflicts of interest.

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

Pursuant to Rule 204A-1 of the Investment Advisers Act of 1940, as amended (“Advisers Act”), Diametric has adopted a written code of ethics (“Code of Ethics”), which is designed to address and avoid potential conflicts of interest and is applicable to all Staff Members. The Code of Ethics may also be applied to any other person designated by the Chief Compliance Officer of Diametric (“CCO”).

A summary of the Code of Ethics is provided below. A full copy of the Code of Ethics will be made available to investors in each Fund upon written request.

The Code of Ethics addresses personal trading of “reportable securities” (as such term is defined in Rule 204A-1 of the Advisers Act), receiving and giving gifts and entertainment, engaging in outside activities, making political contributions and payments, making other donations, and the administration and enforcement of the Code of Ethics.

The personal trading policy and procedures place restrictions on personal trading of reportable securities by all Staff Members, including that they disclose to Diametric on a periodic basis all security accounts and reportable security holdings and transactions, in which a Staff Member has a direct or indirect beneficial ownership. Diametric, its affiliates and Staff Members may only trade shares of ETFs and mutual funds unless otherwise permitted in advance by the CCO; provided however, that such Staff Members shall be permitted to dispose their securities that they acquired prior to joining Diametric. Staff Members are required to obtain pre-approval by the CCO for other transactions involving reportable securities, including single-named stocks (except for certain exempt transactions, such as non-volitional transactions).

The Code of Ethics has specific provisions relating to identifying potential conflicts of interest. The provisions prohibit a Staff Member from directing Client transactions for the purpose of obtaining a personal benefit. They also generally prohibit personal business dealings with Clients or investors without the prior approval of the CCO.

All violations of the Code of Ethics must be promptly reported to the CCO, who is primarily responsible for administering and enforcing Diametric's Code of Ethics. A violation of the Code of Ethics may result in the imposition of disciplinary and remedial measures, including, without limitation, disgorgement or termination.

Item 12: Brokerage Practices

Selection of Brokers and Dealers

Diametric has complete discretion in deciding which securities are bought and sold, the amount and price of those securities, the broker-dealers to be used for a particular transaction, and commissions or markups and markdowns paid.

In selecting broker-dealers to effect portfolio transactions for the Funds and each applicable Managed Account, Diametric uses its best judgment to choose broker-dealers most capable of providing best execution on an overall basis. In connection therewith, Diametric considers a number of factors to assess the overall value and quality of services provided by broker-dealers, such as the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution; the financial strength, integrity and stability of the broker-dealer; the firm's risk in positioning a block of securities; the quality, comprehensiveness and frequency of related services considered to be of value; and the competitiveness of commission rates in comparison with other broker-dealers satisfying Diametric's selection criteria. Accordingly, if Diametric determines in good faith that the amount of commissions charged by a broker-dealer is reasonable in relation to the value of the research and brokerage products or services provided by such broker, the Funds and/or applicable Managed Account may pay commissions to such broker-dealer in an amount greater than the amount another broker-dealer might charge for effecting the same transaction

Soft Dollar Arrangements

Section 28(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), provides a safe harbor that allows an investment adviser to pay more than the lowest available commission in order to obtain research and brokerage products and services (commonly referred to as a “soft dollar” arrangement). That practice involves a conflict of interest, but Section 28(e) of the Exchange Act provides that it does not breach Diametric’s fiduciary duty to the Client if the products and services consist of “research” or “brokerage” and certain other conditions and requirements are met.

Diametric will utilize proprietary and third party research and brokerage products and services provided by brokers that provide value to the investment management activities related to the one or more Clients. Such research and brokerage products and services could include: reports on or other information about particular companies or industries; corporate access and access to analysts, seminars and conferences relating to securities or investment advice; economic surveys and analyses; recommendations as to specific securities; financial and industry publications; portfolio evaluation services; financial database software and services; computerized news, pricing and statistical services; analytical software; proxy analysis services and systems, quotation services; and other products and services that may enhance Diametric’s investment decision-making.

Diametric believes it is important to its investment decision-making processes to have access to such research and brokerage products and services. In such circumstances, Diametric will operate within the safe harbor provided by Section 28(e) of the Exchange Act and subject to prevailing guidance provided by the SEC regarding Section 28(e) of the Exchange Act. Nevertheless, the fact that Diametric is being provided with research and brokerage products and services rather than having to produce or pay for such products and services itself presents a conflict of interest and incentivizes Diametric to choose brokers providing such products and services. Any research and brokerage products and services obtained through the use of soft dollar benefits will be used for all of the Clients regardless of whether a particular Client paid for the research or brokerage.

Investor Introductions

Diametric may receive introductions to investors through broker-dealers that execute trades on behalf of Diametric. Diametric does not believe that it pays any additional fees or higher commissions as a result of these introductions. Diametric seeks best execution on all transactions. However, Diametric may have an incentive to select or use a broker-dealer based on receiving investor referrals from that counterparty.

Trade Errors

Diametric will seek to detect trade errors and to correct and mitigate them in an expeditious manner. Except as may otherwise be set forth in the applicable Governing Documents, any gains from trade errors will be kept by the applicable Clients while any losses from trade errors (other than those due to gross negligence, fraud or willful misconduct) will be absorbed by the applicable Clients.

Item 13: Review of Accounts

Clients' portfolios will be reviewed on a regular basis. Diametric's investment personnel hold investment meetings to discuss investment ideas, investment strategies, economic developments, current events, and other issues related to current portfolio holdings and potential investment strategies.

Diametric will provide each investor in a Fund with the following reports in accordance with the terms of the applicable Fund's Governing Documents: (i) monthly unaudited NAV, investor capital statements and aggregate portfolio information; (ii) quarterly investor letters (iii) annual audited financial reports; and (iv) annual tax information necessary to complete any applicable tax returns.

Managed Account Clients will receive from Diametric, upon request, any information, documentation or other materials reasonably requested in order to enable the Managed Account client to assure that Diametric is managing the assets of the Managing Account in an equitable manner relative to Diametric's management of the accounts of other Clients.

Item 14: Client Referrals and Other Compensation

Diametric has entered into an agreement with Electra Capital as a placement agent (the "**Placement Agent**") to introduce the Funds to prospective investors and may enter into additional similar agreements in the future. Pursuant to this agreement, we pay a percentage of the management and performance-based fee collected from the investor introduced to us by the Placement Agent to the Placement Agent.

Other than the circumstances described above, Diametric does not receive any economic benefits from non-clients in connection with the provision of investment advice to the Clients.

Item 15: Custody

We are deemed to have custody of Client funds and securities because we have the authority to obtain Client funds or securities, for example, by deducting advisory fees from a Client's account or otherwise withdrawing funds from a Client's account. Account statements related to the Clients are sent by qualified custodians to Diametric.

We comply with Rule 206(4)-2 of the Investment Advisers Act of 1940, as amended (the "Advisers Act") (i.e., the "custody rule") by meeting the conditions of the pooled vehicle annual audit approach. Upon completion of the relevant Fund's annual audit by an independent auditor that is registered with, and subject to inspection by, the Public Company Accounting Oversight Board (PCAOB), we will distribute the Fund's audited financials to Investors within 120 days of such Fund's fiscal year end.

Item 16: Investment Discretion

In accordance with the terms and conditions of the Funds' Governing Documents and subject to the direction and control of the Funds' general partner and directors, as applicable, Diametric will generally have discretionary authority to determine, without obtaining specific consent from the Funds or its investors, the securities and the amounts to be bought or sold on behalf of the Funds and to perform the day-to-day investment operations of the Funds.

Diametric may have discretionary authority depending on the terms of the investment advisory agreement to manage the assets of the Managed Accounts in a manner that is consistent with the objectives and strategies set forth in the applicable investment management agreement between Diametric and such Managed Account client.

Item 17: Voting Client Securities

In accordance with its fiduciary duty to clients and Rule 206(4)-6 of the Advisers Act, Diametric has adopted and implemented written policies and procedures governing the voting of client securities. The general policy is to vote proxy proposals, amendments, consents or resolutions in a prudent and diligent manner that will serve the Funds' best interest and is in line with the Funds' investment objectives. In certain cases, DIAMETRIC may determine that not voting is in the best interest of the Funds or otherwise appropriate. Investors may not direct Diametric's vote on behalf of the Funds.

Conflicts of interest may arise between the interests of the Funds on the one hand and Diametric and Staff Members on the other hand. At a minimum, the Staff Member responsible for instructing the vote by Diametric on behalf of the Funds will be required to disclose any personal interest or other conflict of interest it has with respect to such proxy. Any conflict of interest will be reviewed and resolved by the Chief Compliance Officer.

A copy of Diametric's proxy voting policies and procedures will be made available to investors upon written request.

Item 18: Financial Information

A balance sheet is not required to be provided as Diametric: (i) does not solicit fees more than six months in advance; (ii) does not have a financial condition that is likely to impair its ability to meet contractual commitments to clients; or (iii) has not been subject to any bankruptcy proceeding during the past 10 years.

Item 19: Requirements for State-Registered Advisers

Item 19 is not applicable.