

**Item 1: Cover Page**

# **TwinBeech Capital LP**

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**Form ADV Part 2A: Firm Brochure**

**March 20, 2024**

*This brochure (this “Brochure”) provides information about the qualifications and business practices of TwinBeech Capital LP. If you have any questions about the contents of this Brochure, please contact us at 914-315-9908 or contact@twinbeechcapital.com. The information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (the “SEC”) or by any state securities authority.*

*Any references to TwinBeech Capital LP as a “registered investment adviser” or as being “registered” with the SEC or with any state securities authority does not imply and are not intended to imply a certain level of skill or training.*

*This Brochure does not constitute an offer to sell or solicitation of an offer to buy any securities. This Brochure is neither an offer to sell nor a solicitation of an offer to buy shares, limited partnership interests, or the securities of, any investment funds, private or otherwise, sponsored, managed, or advised by TwinBeech Capital, LP. Such securities are offered and sold on a private placement basis under exemptions promulgated under the Securities Act of 1933 and other applicable state, federal or non-U.S. laws. Any such offer or solicitation will be made only by means of a confidential private placement memorandum or other definitive offering document.*

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

## **Item 2: Material Changes**

This amendment update amends the Brochure dated March 23, 2023.

Below is a summary and discussion of all material changes from the version that was filed with the SEC on March 23, 2023. In the future, when we amend the Brochure for our annual update, and the amended version contains material changes from the last annual update, we will identify and discuss those changes either on this page or as a separate document accompanying the Brochure. For documentation purposes, we will always provide the date of the last update of the Brochure.

TwinBeech Capital LP amended this Brochure to update:

- Item 4 has been updated to reflect our regulatory assets under management as of December 31, 2023.

Clients and prospective clients should read this Brochure carefully in its entirety.

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#### Item 4: Advisory Business

- A. TwinBeech Capital LP (“TwinBeech,” “we,” “us,” or “our”), a Delaware limited partnership formed in 2018, is an SEC registered investment adviser with its principal place of business located in Purchase, New York. We are principally owned by our founder, Jinghua Yan.

We provide discretionary investment advice to private pooled investment vehicles organized as private funds, including a master-feeder private fund complex (each, a “Fund,” and collectively, the “Funds”), and to separately managed accounts (each, an “SMA”, and collectively, “SMAs”; together with one or more Funds, a “Client” or the “Clients”). One or more entities affiliated with us act as the general partner of certain Funds. These general partner entities include TwinBeech Capital Fund GP LP, a Delaware limited partnership, and any future entity organized to serve as a general partner of a Fund (each, a “General Partner”). While much of this Brochure applies to all Clients, certain information included herein applies only to specific Clients or a specific Fund.

- B. Our investment objective is to generate attractive absolute and risk-adjusted returns on invested capital over a multi-year period on behalf of Clients. We seek to achieve this objective through a research intensive, data-driven systematic trading and investment program. Specifically, our personnel develop and acquire statistical quantitative techniques and programs and apply them to a large body of data in an effort to isolate and identify potentially profitable trading and investment strategies. We also apply quantitative analysis to datasets in an attempt to identify patterns in historical data and predict the future prices or values of instruments or markets based on these patterns. These strategies entail the use of proprietary computer software systems and technology in making and managing investments across a broad range of instruments, involving both long and short investment holdings. These opportunities can be extremely short-lived (which necessitates a trading system that can make decisions and effect executions quickly) or can exist for a somewhat longer period (which can allow for more of a focus on strategic timing). TwinBeech has discretion to implement investment strategies involving a wide variety of assets, instruments or securities including, without limitation, publicly traded equities, equityswaps, listed futures, equity options and options on futures, cleared swaps and other derivatives. Subject to a Client’s investment program, we may employ active or passive hedges and/or reinvest any income earned from investments in accordance with the Client’s applicable investment program.

We intend to continually review and refine our existing strategies, and to examine new ideas and opportunities. The descriptions set forth in this Brochure of specific strategies in which we may cause Clients to engage should not be understood to limit in any way any Client’s investment activities. We may cause Clients to engage in any investment strategy, including strategies not described in this Brochure, that we consider appropriate in order to pursue the Clients’ investment objectives.

- C. We manage and tailor our advisory services to each Client in accordance with the Client’s investment objectives, strategies, guidelines, terms and conditions, and any investment restrictions set forth in the Client’s confidential private placement memorandum, investment management agreement or similar agreement, partnership agreement and/or other organizational documents (collectively, “Governing Documents”), as applicable. We generally do not tailor our advice to the needs of any Client’s individual investors (“Investors”). In general, neither Clients nor their Investors may impose limitations on any Client’s investment activities beyond any described in the applicable Governing Documents. However, subject to a Client’s Governing Documents, we reserve the right to tailor other contractual rights of certain Investors through side letters in our sole discretion.
- D. We do not currently participate in any Wrap Fee Programs.
- E. As of December 31, 2023, we managed approximately \$11,934,079,000 in regulatory assets under management on a discretionary basis.

#### Item 5: Fees and Compensation

- A. The fees applicable to each Fund are set forth in detail in each Fund’s respective offering documents. The Funds’ fee schedules are omitted because this brochure is being delivered only to “qualified purchasers,” as defined in 2(a)(51)(A) of the Investment Company Act of 1940, as amended (the “Investment Company Act”). For other Clients, such as SMAs, the applicable types, frequency, calculation, and manner of our receipt, of compensation in connection with such Clients are negotiated and set forth in the applicable Governing Documents and may vary from other Clients. A brief summary of the fees, expenses, and incentive compensation to which the Funds are subject, however, is provided below.

We receive an asset-based management fee from the Funds that is generally calculated and accrued monthly, based on the net asset value of each capital account as of the beginning of such month as adjusted to reflect profits, losses, fees and expenses (excluding the current month's Management Fee and any Performance Amount as described below). The Management Fee is generally payable in arrears as of the last calendar day of each month or as soon as reasonably practicable after the final determination of net asset value following the end of each quarter.

We or a General Partner also receive performance-based compensation determined by the performance of each Fund's respective assets under our management, subject to the terms of any applicable Governing Document (any such amount, a "Performance Amount"). Performance Amounts will generally be calculated based upon the annual trading profits of the assets managed by us after subtracting certain expenses, including, with respect to the Funds, the Management Fee.

We or a General Partner may fully or partially waive, rebate, or calculate differently, the Management Fee and/or Performance Amount with respect to any Fund Investor, including investors who are directors, officers, employees or otherwise affiliated with TwinBeech, in our sole discretion.

In the event that an Investor withdraws or redeems Fund interests other than at the end of a fiscal year, the withdrawal or redemption proceeds payable to such Investor will be reduced by such Investor's share of the accrued Performance Amount as of the applicable withdrawal or redemption date. Additional detail regarding the Performance Amount is set forth in each Fund's respective Governing Documents.

- B. In connection with a Fund, fees and compensation paid to us or our affiliates are generally deducted from the Fund's assets in arrears. As discussed above, the Management Fee is generally paid monthly or as soon as reasonably practicable after the final determination of net asset value following the end of each quarter, and Performance Amount is typically calculated monthly but paid annually.

For other Clients such as SMAs, as stated above, the manner in which we receive our compensation is generally negotiated and set forth in the applicable Governing Documents.

- C. In addition to the Management Fee and the Performance Amount, the Funds are generally responsible for all other fees, costs, expenses, liabilities and obligations incurred by us, the General Partner, or any affiliate thereof on behalf of the Fund in connection with its business, including, without limitation, auditing expenses; accounting, tax, tax preparation (including fees, costs and expenses of the preparation, distribution or filing of Fund-related financial statements or other reports, tax returns, tax estimates and schedules K-1) and legal fees; costs and expenses; fees, costs and expenses of the Fund's "partnership representative" (as defined in the Governing Documents); consulting and professional fees; (investment-related fees, costs and expenses (including research); fees, costs and expenses relating to software licensing, data, service and market information relating to the Fund's trading strategy; costs of swaps or derivative instruments and of negotiating trading arrangements with respect thereto; hedging costs; travel expenses (including travel expenses incurred by the General Partner or us in connection with fundraising and their due diligence review of investments and prospective investments); printing, communications and postage expenses; valuation service expenses (including third-party valuations, appraisals or pricing services); trading and risk management software expenses; brokerage fees, commissions and expenses, expenses relating to short sales (including dividend and stock borrowing expenses), clearing and settlement charges, custodial fees and expenses, depository fees, bank service fees, margin and other interest expenses and transaction fees, borrowing fees and expenses; blue sky and corporate reporting or filing fees and expenses, fees and expenses related to administrative or regulatory filings or reports; directors' and officers' liability, errors and omissions liability and other insurance and regulatory expenses; ERISA bonding expenses, if applicable; organizational expenses (as defined in the applicable Governing Documents); initial ongoing offering expenses, including, without limitation the preparation of, and negotiation with respect to, any side letters or similar agreements, and the preparation of the confidential private placement memorandum, related marketing materials and constituent documents and payments for custody of the Fund's assets, placement and placement agent expenses; fees and expenses of any administrator or otherwise for the performance of administration services; extraordinary expenses (e.g., litigation expenses), incurred by the Fund; out-of-pocket fees, costs and expenses incurred by the Fund, the General Partner or us in connection with any conference or meeting with any Investor(s); taxes, fees and other governmental charges levied against the Fund (other than certain amounts specified in the applicable Governing Documents); the out-of-pocket expenses of any advisory committee ("Advisory Committee") or Advisory Committee members appointed by the General Partner under the applicable Governing Documents; expenses related to the termination, liquidation, winding up or dissolution of the Fund; fees and expenses for

complying with any law or regulation related to the activities of the Fund (including regulatory expenses of the General Partner and us incurred in connection with the operation of the Fund and legal fees and expenses); and other Fund expenses as incurred by the Fund, the General Partner or us. Notwithstanding the foregoing, expenses in excess of 0.75% per annum of the aggregate net assets of the master Fund, calculated and accrued monthly based on the net asset value of such master Fund as of the beginning of each month, will be borne by the General Partner, us or our affiliates; provided, that the Management Fee and certain expenses described above will be excluded for purposes of calculating such expense cap.

Additionally, each feeder Fund, as an Investor in the master Fund, will bear its *pro rata* share of the expenses of its master Fund. The master Fund will bear its own expenses including, but not limited to, the categories of expenses listed above as expenses of the feeder Funds, as well as the fees and expenses of the administrator and the prime brokers. To the extent that any expenses relate to the operations of the master Fund and/or one or more other Funds or accounts managed by us or our affiliates, we will attempt to allocate such expenses based on a good faith determination of the relative benefits of such expenses to all such Funds and accounts benefiting from such expenses, whether *pro rata* by such entities based on their respective amounts of capital under management or allocated using another reasonable methodology selected by us.

To the extent that expenses to be borne by Client are paid by us, a General Partner, or our affiliates, such Client will generally reimburse such party for such expenses. For SMAs, such expenses and their reimbursement, if any, are typically negotiated and will be set forth in the applicable governing documents.

Certain expenses may be shared by all Clients or may be allocated only to specific Clients with respect to which such expenses were incurred. Expenses incurred by Clients will be allocated among the applicable Clients in accordance with our expense allocation policy, which is designed to allocate expenses in a fair and equitable manner amongst each Client. Allocations may be based on factors and methodologies deemed appropriate by us, including, among others, actual usage of a specific service or product, relative capital amounts and relative trading volumes, as described in greater detail in the applicable Governing Documents.

As is typical for private funds, the Funds likely bear additional and greater expenses, directly or indirectly, than many other pooled investment products. To the extent brokerage fees are incurred, they will be incurred in accordance with the general practices set forth in Item 12, below.

- D. Advisory fees and expenses are generally assessed and paid in arrears, as in the case of the Funds. For other Clients, such as SMAs, fees may be paid in advance or in arrears, depending on the terms of the applicable Governing Documents. In general, we do not refund any fees, pre-paid or otherwise.

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

As described in Item 5 *Fees and Compensation*, TwinBeech is entitled to be paid performance-based compensation from certain Clients. Such performance-based compensation may create an incentive for us to make investments that are riskier or more speculative than would be the case in the absence of such performance-based compensation arrangements.

In the future, we and/or our affiliates may accept performance-based compensation from some Clients (other than Clients that are not assessed performance-based compensation because it is assessed through another entity in a single master-feeder or similar structure), and not other Clients. As a result, we and our affiliates would face certain conflicts of interest that may arise in such cases when an investment adviser accepts performance-based fees from some Clients, but not from other Clients. Additionally, performance-based fees paid by Clients may vary, which also could create an incentive for us to favor one Client over another. We believe these conflicts of interest should be effectively mitigated by our trade allocation policy, which endeavors to divide our trades in a fair and equitable manner across Clients over time.

## **Item 7: Types of Clients**

As described above in Item 4, we provide investment advice to our Clients, which include private pooled investment vehicles and SMAs. It is not expected that any Client will be an individual, trust, investment company or pension plan, however, the Investors may include individuals, banks or thrift institutions, other investment entities, university endowments, sovereign wealth funds, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and may also include, directly or indirectly, principals or

other employees of TwinBeech and its affiliates and members of their families or service providers retained by TwinBeech.

TwinBeech does not have a minimum account size for Clients. In general, Investors will be required to be accredited investors and qualified purchasers (as each such term is defined under applicable law) or qualified knowledgeable TwinBeech personnel.

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

- A. As stated above in Item 4, our objective is to generate attractive absolute and risk-adjusted returns on invested capital over a multi-year period on behalf of Clients with our research intensive, data-driven, systematic trading investment program. In general, we have broad discretionary trading authority with respect to Clients, pursuant to and subject to the terms of the applicable Governing Documents.

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

- B. The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in our investment program. These risk factors include only those risks we believe to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis we use.

***Risk of Loss.*** Investing in securities involves a risk of loss that Clients should be prepared to bear. No guarantee or representation is made that the Clients' investment programs, including, without limitation, such Clients' investment objective, diversification strategies or risk monitoring goals, will be successful. Investment results may vary substantially over time. No assurance can be made that profits will be achieved or that substantial or complete losses will not be incurred. Past performance is no guarantee of future results.

***Business Risks.*** Client investment portfolios are expected to consist primarily of liquid securities issued by publicly-traded companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses. Such risks include, without limitation, volatility in the valuation of such companies, lack of control over the management of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of the Client to dispose of such securities at certain times, and increased costs associated with each of the aforementioned risks.

***Model and Data Risk.*** TwinBeech will rely heavily on quantitative and systematic models (both proprietary models developed by TwinBeech, and those supplied by third parties) and information and data supplied by third parties ("Models and Data"). Models and Data can be used to construct sets of transactions and investments, to value investments or potential investments (whether for trading purposes, or for the purpose of determining the net asset value of Clients), to provide risk management insights and to assist in hedging Clients' exposure.

When Models and Data prove to be incorrect, misleading or incomplete, any decisions made in reliance thereon expose Clients to potential risks. For example, by relying on Models and Data, TwinBeech may be induced to buy certain investments at prices that are too high, to sell certain other investments at prices that are too low, or to miss favorable opportunities altogether. Similarly, any hedging based on faulty Models and Data may prove to be unsuccessful.

All models rely on correct market data inputs that are assumed to be correct. Because TwinBeech's models are usually constructed based on, or employ, historical or current market data supplied by third parties, the success of relying on Models and Data may depend heavily on the accuracy and reliability of the supplied data, which can contain errors. However, even if market data is input correctly, "model prices" will often differ substantially from market prices, especially for securities with complex characteristics, such as derivative instruments.

For the sake of clarity and without limitation, though Model and Data risks could adversely affect Clients' performance, losses that arise as a result of the use of Models and Data likely would not constitute reimbursable trade errors under TwinBeech's policies or its Clients' Governing Documents.

*Risk of Programming and Modeling Errors.* TwinBeech's research and modeling process is extremely complex and involves financial, economic, econometric and statistical theories, research and modeling; the results of that process must then be translated into computer code. Although TwinBeech seeks to hire individuals skilled in each of these functions and to provide appropriate levels of oversight, the complexity of the individual tasks, the difficulty of integrating such tasks, and the limited ability to perform "real world" testing of the end product raises the chances that the finished model may contain an error or errors, or may not lead to the intended outcome. For example, by relying on models, TwinBeech may be induced to buy certain investments at prices that are too high or low, or to miss favorable opportunities altogether. Similarly, any hedging based on a faulty model or implementation thereof may prove to be unsuccessful.

Some of the models used by TwinBeech are predictive in nature. The use of predictive models has inherent risks. For example, such models may incorrectly forecast future behavior, leading to potential losses on a cash flow and/or a mark-to-market basis. In addition, in unforeseen or certain low-probability scenarios (often involving a market disruption of some kind), such models may produce unexpected results, which can result in losses to a Client's portfolio.

For the sake of clarity and without limitation, though losses arising from programming and modeling errors could adversely affect Clients' performance, such losses would likely not constitute reimbursable trade errors under TwinBeech's policies or its Clients' Governing Documents.

*Risk of Programming Implementation Error or Logical Error.* Given the reliance of TwinBeech upon the operation of its models and other software trading and analysis systems, it follows that Clients are therefore at risk of errors of implementation (colloquially known as "bugs") and errors of design that may exist or arise in the software or models, and which may cause inappropriate or aberrant behavior under certain market conditions. While reasonable steps have been taken to ensure that the software is adequate in design and free from bugs, formal proof of bug-free code has not been undertaken, nor can the underlying logical and/or mathematical models be certified as free from error; Investors should expect that—at any given time—TwinBeech's code will contain errors of design and bugs.

As with any software, upgrades, "bug fixes" and various other improvements may be introduced over time and the risk therefore exists that such changes may detrimentally affect the performance of Clients, rather than improve it.

Furthermore, without limitation, while the software has been tested, no guarantee can be given that a unique combination of input conditions experienced when running the system "live" that was not encountered during development, will not cause the system to fail, perform aberrantly or take positions that are (under some reasonable criteria) judged to be inappropriate.

These failures can also occur in a complex, interdependent environment where different elements of code are all functioning correctly, but their interaction gives rise to unanticipated or unintended errors. Given the fact that TwinBeech will be utilizing proprietary and third-party code (some of which may be open-source and without any warranties), it is possible or likely that errors will arise from such interactions and that such errors and any related losses would not constitute reimbursable trade errors under our policies or our Clients' Governing Documents.

*Quantitative Model Risk and Risk Management Dangers.* There can be no assurance that the models used by TwinBeech will continue to be viable. The use of a model that is not viable or not completely viable could, at any time, have a material adverse effect on the performance of Clients. There can be no assurance that Clients will achieve their investment objectives or that the models (even if completely or partially viable) will continue to further or ultimately be capable of furthering Clients' investment objectives.

In addition, to the extent that TwinBeech's systems develop to the point that they execute trades autonomously, undesired results may only be detected after the fact, perhaps after a significant number of transactions have occurred.



Investment and risk management techniques are based in part on the observation of historical market behavior, which may not predict market divergences that are larger than historical indicators. Also, information used to manage risks may not be accurate, complete or current, and such information may be subject to misinterpretation. In the complex environment in which TwinBeech operates, effective risk management depends upon many factors, not all of which may be properly identified, and effective assessment, analysis, process creation, control or treatment of risks could be difficult to implement.

At times, TwinBeech may manually override or shut down the operations of a quantitative model. This would generally be done in an effort to mitigate the damage from a deteriorating or malfunctioning model or a model that is reacting negatively to unforeseen market conditions. Such an override or intervention could result in greater losses than would be the case if there had been no intervention and/or could result in the model being overridden or inactive at a time when the model would have achieved gains for the portfolio.

*Obsolescence Risk.* TwinBeech's systematic trading strategies are unlikely to be successful unless the assumptions underlying TwinBeech's models used to implement those strategies are realistic and either remain realistic and relevant in the future or are adjusted to account for changes in the overall market environment. If such assumptions are inaccurate or become inaccurate and are not promptly adjusted, it is likely that profitable trading signals will not be generated. If and to the extent that the models do not reflect certain factors, and TwinBeech does not successfully address such omission through its testing and evaluation and modify the models accordingly, major losses may result.

Models employed by TwinBeech in connection with its systematic trading strategies cannot fully match the complexity of the financial markets; accordingly, unanticipated changes in underlying market conditions can significantly impact such strategies' performance. As market dynamics shift over time, a previously highly successful strategy may become outdated. Even without becoming completely outdated, a given strategy's effectiveness may decay in an unpredictable fashion as other market participants adopt similar strategies or market dynamics shift. TwinBeech will continue to test, evaluate and add new models, as a result of which the existing models may be modified from time to time. There can be no assurance as to the effects (positive or negative) of any modification on Clients' performance.

*Testing of New Strategies.* To the extent TwinBeech uses a new strategy, method or signal with respect to its Clients, TwinBeech cannot necessarily predict how such new strategy, method or investment signal will perform, and, as a result, its Clients (and their respective Investors) may suffer losses, which could be significant, by pursuing it.

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

*Reliance on Technical Trading Systems.* TwinBeech will allocate Clients' capital to investment strategies that are based on technical trading systems. Although TwinBeech retains all discretion with respect to the manner in which a trading system's output is interpreted and applied, there can be no assurance that TwinBeech's trading systems and its interpretation and application of the trading systems' output will take into account all relevant factors. Technical trading systems can also be ineffective when fundamental factors drive Financial Instruments' prices.

*Trading Judgment.* The success of the investment and trading strategies employed by TwinBeech is subject to the judgment and skills of its employees. Additionally, the abilities of its employees with regard to execution and discipline are important to a Client's performance. There can be no assurance that the investment decisions or actions of TwinBeech or its employees will be correct. Incorrect decisions or poor judgment may result in substantial losses to a Client.

*Risks Inherent in Computer-Driven and Intellectual Property-Based Systems.* TwinBeech relies to a material extent on a wide range of intellectual property systems, including computer hardware and software systems and telecommunications systems, in substantially all phases of its operations, including research, valuation, trade identification and construction, trade execution, clearing, risk management, back office functions and reporting.

As described above, intellectual property systems are subject to a number of inherent and unpredictable risks. For example, there may be material undiscovered errors in software programs; software and/or hardware may malfunction and/or degrade; electronic and telecommunications delivery may fail; security breaches may lead to unauthorized trades or stolen intellectual property; services provided by third-party vendors to support the intellectual property systems may be interrupted; and computer-driven trading errors may occur. It is likely that such errors and any related losses would not constitute reimbursable trade errors under our policies or our Clients' Governing Documents.

*System Failure.* As TwinBeech makes extensive use of computer hardware, systems and software, its Clients are exposed to risks caused by failures of IT infrastructure and data. In addition, outright failure or a partial impairment (whether due to external situations or internal file corruption) of the underlying hardware, operating system, software or network may leave our Clients unable to trade either generally or in certain of their strategies, and this may expose them to risk should the outage coincide with turbulent market conditions. To ameliorate this risk, TwinBeech maintains a business continuity plan. It is possible that a systems failure could impede TwinBeech's ability to carry out the investment program, and could prevent TwinBeech from acting to prevent losses in a crisis; in the worst case, TwinBeech may have to liquidate Clients' entire portfolios as the only safe way to proceed should a crippling system outage occur.

*Data Feed Failure.* TwinBeech's models utilize data feeds from a number of sources. If these data feeds were to be corrupted, compromised or discontinued in any manner, or not delivered or accessible in a timely manner, the models may not operate properly. This failure to receive the data feeds or receive the data feeds in a timely manner may leave Clients unable to trade or may result in trades that are not aligned with an algorithm's goal, and this may expose Clients to risk of loss or loss of opportunities, in particular if the loss of the data feed coincides with turbulent market conditions. If the data feeds are corrupted or compromised in any material manner or if the data feeds are not delivered or accessible in a timely manner, it may result in a loss to Clients, which could be material.

*Crowding/Convergence.* Advisers other than TwinBeech may utilize similar analyses or models in making trading decisions, in which event bunching of buy and sell orders may occur, making it more difficult for a particular position to be taken or liquidated. There is significant competition among quantitatively - focused investment managers. To the extent that TwinBeech's models come to resemble those employed by other managers, the risk that a market disruption that negatively affects predictive models will adversely affect Clients is increased, as such a disruption could accelerate reductions in liquidity or rapid repricing due to simultaneous, trading across a number of funds in the marketplace. Additionally, if TwinBeech's models come to resemble those employed by other managers, any favorable pricing advantage enjoyed by those models would be diminished as other managers make the same or similar trades.

*Technical Trading Strategies.* The buy and sell signals generated by certain strategies of Clients are not based on any analysis of fundamental supply and demand factors, general economic factors or anticipated world events but generally upon factors such as studies of actual daily, weekly and monthly price fluctuations, volume variations, changes in open interest and correlations and variance measures. The profitability of any technical trading strategy depends upon the future occurrence of major price moves or trends in the instruments traded. In the past there have been periods without discernible trends and presumably similar periods will occur in the future. The best trading strategy will not be profitable if there are no trends of the kind it seeks to follow. In addition, a technical trading strategy may be profitable for a period of time, after which the strategy fails to detect correctly any future price movements. Accordingly, technical traders often modify or replace their strategy on a periodic basis. Any factor that may lessen the prospect of major trends in the future (for example, as increased governmental control of, or participation in, the markets) may reduce the prospect that the strategy

will be profitable. Any factor that would make it more difficult to execute trades at the strategy's signal prices, such as a significant lessening of liquidity in a particular market, also would be detrimental to profitability.

***Spread Trading.*** A part of TwinBeech's strategy may involve spread positions between two or more Financial Instrument positions. To the extent the price relationships between such positions remain constant, no gain or loss on the positions will occur. Such positions, however, do entail a substantial risk that the price differential could change unfavorably, thus causing a loss to the spread position. TwinBeech's strategy also may involve arbitraging among two or more Financial Instruments. This means, for example, that TwinBeech may cause its Clients to purchase (or sell) Financial Instruments (on a current basis) and take offsetting positions in the same or related Financial Instruments. To the extent the price relationships between such positions remain constant, no gain or loss on the positions will occur. These offsetting positions entail substantial risk that the price differential could change unfavorably causing a loss to the position. Moreover, the arbitrage business is extremely competitive, and many of the major participants in the business are large investment banking firms with substantially greater financial resources, larger research staffs and more investment professionals than will be available to TwinBeech. Arbitrage activity by other larger firms may tend to narrow the spread between the price at which TwinBeech may cause its Clients to purchase a Financial Instrument and the price TwinBeech expects that its Clients will receive upon consummation of a transaction.

***Short-Selling.*** TwinBeech may cause its Clients to engage in short-selling investment programs. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying Financial Instrument could theoretically increase without limit, thus increasing the cost to Clients of buying those Financial Instruments to cover the short position. There can be no assurance that TwinBeech will be able to maintain its Clients' ability to borrow Financial Instruments sold short. In such cases, Clients can be "bought in" (i.e., forced to repurchase Financial Instruments in the open market to return to the lender). There also can be no assurance that the Financial Instruments necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing Financial Instruments to close out a short position can itself cause the price of the Financial Instruments to rise further, thereby exacerbating the loss. Short strategies can also be implemented synthetically through various instruments and be used with respect to indices or in the over-the-counter market and with respect to futures and other instruments. In some cases of synthetic short sales, there is no floating supply of an underlying instrument with which to cover or close out a short position and Clients may be entirely dependent on the willingness of over-the-counter market makers to quote prices at which the synthetic short position may be unwound. There can be no assurance that such market makers will be willing to make such quotes. Short strategies can also be implemented on a leveraged basis. Lastly, even though TwinBeech, acting on behalf of its Clients, secures a "good borrow" of the Financial Instrument sold short at the time of execution, the lending institution may recall the lent Financial Instrument at any time, thereby forcing TwinBeech to cause its Clients to purchase the Financial Instrument at the then-prevailing market price which may be higher than the price at which such Financial Instrument was originally sold short by Clients.

***High Portfolio Turnover.*** Clients may be subject to a high portfolio turnover rate, which results in high transaction costs. In addition, Clients' trading activities can generate taxable income for Investors that is significantly greater or less than the Investor's share of the net economic gain or loss of a Client.

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

Some of the markets in which Clients may effect transactions are not "exchange-based," including "over-the-counter" or "interdealer" markets. The stability and liquidity of over-the-counter transactions depends in large part on the creditworthiness of the parties to the transactions. 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. The lack of evaluation and oversight of over-the-counter markets exposes 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 Clients to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where our Clients have concentrated their transactions with a single or

small group of counterparties. Generally, Clients will not be restricted from dealing with any particular counterparties. TwinBeech's evaluation of the creditworthiness of counterparties may not prove sufficient. The lack of a complete and "foolproof" evaluation of the financial capabilities of Clients' counterparties and the absence of a regulated market to facilitate settlement may increase the potential for losses by Clients.

If there is a default by a counterparty, under most normal circumstances the Clients, or TwinBeech, acting on behalf of its Clients, will have contractual remedies pursuant to the agreements related to the transaction. However, exercising such contractual rights may involve delays or costs which could result in the net asset value of the Clients being less than if TwinBeech had not caused its Clients to enter into the transaction. Furthermore, there is a risk that any of such counterparties could become insolvent and/or the subject of insolvency proceedings. In such case, the recovery of such Clients' Financial Instruments from such counterparty or the payment of claims therefor may be significantly delayed and TwinBeech may recover substantially less on behalf of its Clients than the full value of the Financial Instruments entrusted to such counterparty. In addition, there are a number of proposed rules that, if they were to go into effect, may impact the laws that apply to insolvency proceedings and may impact whether a Client may terminate its agreement with an insolvent counterparty.

Collateral that a Client posts to its counterparties that is not segregated with a third-party custodian may not have the benefit of customer-protected "segregation" of such funds. In the event that a counterparty were to become insolvent, a Client may become subject to the risk that it may not receive the return of its collateral or that the return collateral may be delayed.

In addition, TwinBeech may cause its Clients to use counterparties located in jurisdictions outside the United States. Such local counterparties usually are subject to laws and regulations in non-U.S. jurisdictions that are designed to protect customers in the event of their insolvency. However, the practical effect of these laws and their application to the Clients' assets are subject to substantial limitations and uncertainties. For example, capital deposited at certain non-U.S. broker-dealers may not be subject to client money protection rules, which could subject the Clients to the risks of being an unsecured creditor in the event of a broker-dealer insolvency. Because of the range of possible factual scenarios involving the insolvency of a counterparty and the potentially large number of entities and jurisdictions that may be involved, it is impossible to generalize about the effect of such an insolvency on the Clients and their assets. Investors should assume that the insolvency of any such counterparty would result in significant delays in recovering the Clients' Financial Instruments and collateral from or the payment of claims therefor by such counterparty and a loss to such Clients, which could be material.

In addition to the risk of a counterparty default, there is also the risk that the Clients' counterparties may be required to restrict the amount of credit granted to such Clients due to their own financial difficulties, which could result in a forced liquidation of substantial portions of such Clients' accounts.

*Volatility Risk.* TwinBeech's investment program may involve the purchase and sale of relatively volatile Financial Instruments and/or investments in volatile markets. Fluctuations or prolonged changes in the volatility of such Financial Instruments and/or markets can adversely affect the value of investments held by Clients. To the extent that TwinBeech causes a Client's portfolio to hold derivative instruments that are specifically designed to profit from change in market volatility, the risk of loss to such Client is magnified.

*Regulation in the Derivatives Industry.* There are many rules related to derivatives that may negatively impact Clients, such as requirements related to recordkeeping, reporting, portfolio reconciliation, central clearing, minimum margin for uncleared "over-the-counter" or "OTC" instruments and mandatory trading on electronic facilities, and other transaction level obligations. Parties that act as dealers in swaps are also subject to extensive business conduct standards, additional "know your counterparty" obligations, documentation standards and capital requirements. All of these requirements add costs to the legal, operational and compliance obligations of TwinBeech and its Clients, and increase the amount of time that TwinBeech spends on non-investment-related activities. Requirements such as these also raise the costs of entering into derivative transactions, and these increased costs will likely be passed on to Clients.

These rules are operational and technological burdens on TwinBeech and its Clients. These compliance obligations require certain training of employees and use of new technology, and there are operational risks borne by TwinBeech and its Clients in implementing procedures to comply with many of these additional obligations.

The new regulations may also result in TwinBeech forgoing the use of certain broker- dealers, futures commission merchants or counterparties as the use of other parties may be more efficient for Clients from a regulatory perspective. However, this could limit Clients' trading activities, create losses, preclude TwinBeech from engaging in certain transactions or prevent TwinBeech from trading on behalf of its Clients at optimal rates and terms.

*Risks Resulting from Marketplace Reforms and Changes.* The SEC has imposed a rule that prohibits the practice of "naked" or "unfiltered" direct market access. Such a prohibition bars brokers from granting high-frequency traders with unfiltered access to the financial markets. The long-term impact of such a prohibition is unknown, but such a rule may potentially limit the implementation of Clients' investment strategy. The SEC has considered the imposition of additional mechanisms to eliminate "quote stuffing," whereby large numbers of stock orders are placed and canceled almost immediately, such as by setting minimum amounts of time for which stock quotes must remain active. In the event that any such rule is implemented, TwinBeech's ability to effect its trading strategies may be impacted, and may in turn have a negative effect on its Clients' investments. Lastly, when triggered, exchange "limit up/limit down" rules restrict all trading, including programmatic trading, in the event that the price of a security moves up or down by more than a predetermined number of points on any trading day. The limit up/limit down rules may impair TwinBeech's ability to effect its trading strategies and have a negative effect on its Clients' investments.

Similar restrictions on high-frequency trading are being considered by the CFTC and global securities regulators.

*Regulation SHO.* Clients will engage in activities that are governed by Regulation SHO. As such, Clients will be required to follow various regulatory requirements, including, but not limited to, locating securities, closing out positions in threshold securities and properly marking its orders. Clients may experience delays in attempting to sell securities subject to the Regulation SHO price test and, as a result of that delay, may suffer losses. In addition, Clients could incur significant expenses or suffer losses if they were to become the subject of a regulatory audit relating to compliance with Regulation SHO. Finally, regulatory changes to Regulation SHO could have a detrimental effect on Clients' trading activities.

The various risks inherent in trading strategies that incorporate short selling are magnified in a systematic or quantitative strategy, as a calculation or coding error can have a large impact on trading and can result in a high number of mismarked trades. Mismatched trades result in regulatory exposure for TwinBeech and its Clients, and can strain relationships with the brokers that service such Clients.

Systematic and algorithmic trading strategies are more prone than other types of investing to cause a "wash trade," cross trade and self-trade orders to be generated. These orders, if filled, can constitute violations of exchange rules, including Regulation SHO, and expose Clients to penalties and disgorgement orders. While TwinBeech will seek to limit these kinds of transactions, there is no guarantee that all will be eliminated.

*Increased Regulatory Focus on Quantitative Managers.* Recently, regulators in the United States, the EU and other countries have shown particular interest in managers engaging in systematic, quantitative and so-called "high-frequency" trading, which could increase the risk of administrative burdens being placed on TwinBeech. Such administrative burdens may divert TwinBeech's time, attention and resources from portfolio management activities to responding to inquiries, examinations and enforcement actions (or threats thereof). Regulatory inquiries often are confidential in nature, may involve a review of an individual's or a firm's activities or may involve studies of the industry or industry practices, as well as the practices of a particular institution. In particular, in the United States, recently proposed and contemplated SEC and CFTC rules could impose additional burdens on systematic managers, although the future prospects and potential impacts of such rules are not clear.

While the impact of such regulatory focus on TwinBeech and algorithmic trading firms is not yet entirely clear, it is possible that new regulations will require TwinBeech to implement additional technology and other controls, and that compliance with these new rules will consume limited internal resources, and thereby impede TwinBeech's ability to pursue other initiatives.

*Correlation Risk.* Clients may be exposed to correlated risks. These occur when funds and other investors hold similar positions and employ similar strategies, resulting in intensified risks which may lead to potential cascading losses in times of market stress.

In extreme cases, to the extent other market participants using a similar strategy seek to divest one or more positions comprising of a particular strategy, “correlation crises” could occur. Quantitative traders can be particularly susceptible to this type of correlation risk as a result of convergence in their automated trading algorithms and positions held. The high leverage and hedging techniques that many arbitrage-driven quantitative hedge fund managers use can further magnify the effects of correlation risk.

No assurance can be given that TwinBeech’s strategies will be successful under all or any market conditions. TwinBeech’s systematic trading strategies are proprietary, so Investors will not be able to determine the details of such strategies or how they are being implemented.

*Currency Exchange Exposure.* TwinBeech may cause its Clients to invest in Financial Instruments denominated in currencies other than the U.S. dollar. TwinBeech, however, values its Clients’ Financial Instruments in U.S. dollars. TwinBeech may or may not seek to hedge its Clients’ non-U.S. currency exposure by entering into currency hedging transactions. There can be no guarantee that Financial Instruments suitable for hedging currency or market shifts will be available at the time when TwinBeech wishes to cause its Clients to use them, or that hedging techniques employed by TwinBeech will be effective. Furthermore, certain currency market risks may not be fully hedged or hedged at all. To the extent unhedged, the value of Clients’ positions denominated in currencies other than U.S. Dollars will fluctuate with U.S. Dollar exchange rates as well as with the price changes of the investments in the various local markets and currencies.

*General Economic and Market Conditions.* The success of 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 Clients’ investments), trade barriers, currency exchange controls and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of the prices and the liquidity of Clients’ investments. Volatility or illiquidity could impair Clients’ profitability or result in losses. Clients may maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets.

*Uncertain Economic, Social and Political Environment.* Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, pandemics, localized or global financial crises or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of TwinBeech to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This may slow the rate of future investments by the Firm and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon such on TwinBeech or its Clients.

*Inflation Risk.* In 2022 and 2023, in light of increasing inflation, the U.S. Federal Reserve (the “Fed”) increased interest rates multiple times. Although interest rates have come down slightly in the latter half of 2023, inflation is still a concern and the Fed could raise interest rates again because of the current robust economy, which could create downward pressure on the value of certain investments made by the Firm. Further, the Firm may face difficulty in realizing value from investments due to sustained declines in equity market values as a result of concerns regarding interest rates. Inflation and rapid fluctuations in inflation rates have in the past had, and may in the future have, negative effects on economies and financial markets. In an attempt to stabilize inflation, governments have imposed wage and price controls and will likely continue to intervene in the economy. Governmental efforts to curb inflation often have negative effects on the level of economic activity. If inflation were to decrease at rates slower than those anticipated in underwriting investments, the effective rate of return on such investments may be reduced and as a result, could have a material and adverse impact on Clients and their investments.

*Financial Institutions Risk.* TwinBeech relies upon third-party banks or other custodians to hold and safeguard our Client’s assets. While TwinBeech carefully selects and monitors its custodians, there is no guarantee that such custodians will not experience financial difficulties or otherwise fail, which could prevent the Firm from accessing Client funds, securities, or credit facilities. These events could negatively impact Firm performance or result in substantial delays in the return of capital to investors.

Events involving limited liquidity, defaults, non-performance or other adverse developments that affect financial institutions or the financial services industry generally, or concerns or rumors about any events of these kinds, have in the past and may in the future lead to market-wide liquidity problems. For example, on March 10, 2023, Silicon Valley Bank ("SVB") was closed by the California Department of Financial Protection and Innovation, which appointed the FDIC as receiver. Despite subsequent actions taken by the U.S. Department of the Treasury, the U.S. Federal Reserve and the FDIC to ensure that all depositors of SVB had access to all of their cash deposits following the closure of SVB, uncertainty and liquidity concerns in the broader financial services industry remain.

TwinBeech regularly maintains cash balances at banks or other custodians in excess of the FDIC insurance limit. Each of these parties' access to cash in amounts adequate to pay expenses, purchase new investments and otherwise operate its business could be significantly impaired by the financial institutions with which it maintains cash balances to the extent such financial institutions face liquidity constraints or failures. In addition, investor concerns regarding the U.S. or international financial systems may increase the risk of default of particular investments, negatively impact market value, increase market volatility and cause credit spreads to widen and reduce liquidity, all of which could have a material adverse effect on the performance of the Firm's investments, returns and the ability of the Firm to make and/or dispose of investments. No assurance can be given as to the effect of these events on the value of, or markets for, investments, or the Firm's ability to recover therefrom. In addition, while it is not always possible to predict the extent of the impact that the failure of any financial institution or the high market volatility and instability of the banking sector could have on economic activity and TwinBeech and its Clients in particular, the failure of other banks and financial institutions and the measures taken by governments, businesses and other organizations in response to these events could adversely impact the Firm and its investments.

*Diversification and Concentration.* TwinBeech may select investments that are concentrated in a limited number or variety of Financial Instruments. In addition, TwinBeech may cause its Clients' portfolios to become significantly concentrated in Financial Instruments related to a single or a limited number of issuers, industries, sectors, strategies, countries or geographic regions. This limited diversification may result in the concentration of risk, which, in turn, could expose Clients to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in such Financial Instruments.

*Hedging Transactions.* TwinBeech may cause its Clients to utilize Financial Instruments for risk management purposes in order to: (i) protect against possible changes in the market value of Clients' investment portfolios resulting from fluctuations in the markets and changes in interest rates; (ii) protect Clients' unrealized gains in the value of their investment portfolios; (iii) facilitate the sale of any Financial Instruments; (iv) enhance or preserve returns, spreads or gains on any Financial Instrument in Clients' portfolios; (v) hedge against a directional trade; (vi) hedge the interest rate, credit or currency exchange rate on any of the Clients' Financial Instruments; (vii) protect against any increase in the price of any Financial Instruments TwinBeech anticipates causing the Clients to purchase at a later date; or (viii) act for any other reason that TwinBeech deems appropriate. Clients will not be required to hedge any particular risk in connection with a particular transaction or its portfolio generally. TwinBeech may be unable to anticipate the occurrence of a particular risk and, therefore, may be unable to attempt to hedge against it. While TwinBeech may cause its Clients to enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for Clients than if TwinBeech had not caused its Clients to engage in any such hedging transaction. Moreover, the portfolio will always be exposed to certain risks that cannot be hedged.

#### *Leverage and Borrowing.*

Leverage for Investment Purposes. TwinBeech is expected to use leverage as part of its Clients' investment program. Different Clients may utilize different levels of leverage, and leverage may also be different across different strategies within the same Client. Leverage takes the form of, among other things, certain of the Financial Instruments described herein, including, without limitation, derivative instruments which are inherently leveraged and products with embedded leverage such as options, short sales, swaps and forwards, as well as borrowing on margin. The use of leverage will allow TwinBeech to cause its Clients to make additional investments, thereby increasing such Clients' exposure to assets, such that its total assets may be greater than its capital. However, leverage will also magnify the volatility of changes in the value of Clients' portfolio. The effect of the use of leverage by TwinBeech, on behalf of its Clients, in a market that moves adversely to the Clients' investments could result in substantial losses to the Clients, which would be greater than if they were not leveraged.

Borrowing for Cash Management Purposes. TwinBeech will have the authority to cause its Clients to borrow for cash management purposes, such as to satisfy withdrawal requests. The rates at and terms on which TwinBeech can cause its Clients to borrow will affect the operating results of Clients.

Collateral. The instruments and borrowings utilized by Clients to leverage investments may be collateralized by all or a portion of Clients' portfolios. Accordingly, TwinBeech may cause its Clients to pledge their Financial Instruments in order to borrow or otherwise obtain leverage for investment or other purposes. Should the Financial Instruments pledged to brokers to secure Clients' margin accounts decline in value, the Clients could be subject to a "margin call," pursuant to which TwinBeech must either cause its Clients to deposit additional funds or Financial Instruments with the broker or suffer mandatory liquidation of the pledged Financial Instruments to compensate for the decline in value. The banks and dealers that provide financing to the Clients can apply essentially discretionary margin, "haircut," financing and collateral valuation policies. Changes by counterparties in any of the foregoing may result in large margin calls, loss of financing and forced liquidations of positions at disadvantageous prices. Lenders that provide other types of asset-based or secured financing to the Clients may have similar rights. There can be no assurance that the Clients will be able to secure or maintain adequate financing.

Costs. Borrowings will be subject to interest, transaction and other costs, and other types of leverage also involve transaction and other costs. Any such costs may or may not be recovered by the return on the Clients' portfolios. Any investment income and gains earned on investments made through the use of borrowings that are in excess of the interest costs associated therewith may cause the net asset value of the Clients to increase more rapidly than would otherwise be the case. Conversely, where the associated interest costs are greater than such income and gains, the net asset value of the Clients may decrease more rapidly than would otherwise be the case.

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

Our Clients' service providers are subject to the same electronic information security threats as TwinBeech. If a service provider fails to adopt or adhere to adequate data security policies, or in the event of a breach of its networks or another failure in its operational safeguards, information relating to the transactions of our Clients and personally identifiable information of the Investors may be lost or improperly accessed, used or disclosed. Recent events in the market illustrate that this is not a theoretical concern, but is a risk that all service providers face.

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

*Risks Associated with Particular Types of Financial Instruments.*

*Equity Securities Generally.* The value of equity securities of public and private, listed and unlisted companies and equity derivatives generally varies with the performance of the issuer and movements in the equity markets. As a result, our Clients may suffer losses if TwinBeech causes them to invest in equity instruments of issuers whose performance diverges from TwinBeech's expectations or if equity markets generally move in a single direction and its Clients have not hedged against such a general move. Our Clients also may be exposed to



risks that issuers will not fulfill contractual obligations such as, in the case of convertible securities or private placements, delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale.

*Derivative Instruments Generally.* Certain swaps, options and other derivative instruments may be subject to various types of risks, including market risk, liquidity risk, the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty, legal risk and operations risk. Derivatives traded over-the-counter may not have an authoritative source of valuation and the models used to value such derivatives are subject to change. In addition, TwinBeech may, in the future, cause its Clients to invest in opportunities with respect to certain other derivative instruments that are not presently contemplated for use or that are currently not available. Special risks may apply in the future that cannot be determined at this time. The regulatory and tax environment for derivative instruments in which TwinBeech may cause its Clients to participate is evolving, and changes in the regulation or taxation of such Financial Instruments may have a material adverse effect on its Clients.

*Futures Contracts.* The value of futures contracts depends upon the price of the securities, commodities, or other financial instruments underlying them. The prices of futures contracts are highly volatile, and price movements of futures contracts can be influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, as well as national and international political and economic events and policies. Also, low margin or premiums normally required in such trading may provide a large amount of leverage, and a relatively small change in the price of a security or contract can produce a disproportionately larger profit or loss.

*Options.* On behalf of its Clients, TwinBeech expects to buy or sell (write) call options, and when it writes options it may do so on a “covered” or an “uncovered” basis. A call option is “covered” when the writer owns securities of the class and amount of those as to which the call option applies. Options transactions may be part of a hedging tactic, *i.e.*, offsetting the risk involved in another securities position. These activities involve risks that can be large, depending on the circumstances. In general, the principal risks involved in options trading can be described as follows, without taking into account other positions or transactions into which the Client may enter.

When TwinBeech (writes) an option, the risk can be substantially greater than when it buys an option. The seller of an uncovered call option bears the theoretically unlimited risk of an increase in the market price of the underlying security or index above the exercise price (although the Client will rarely be completely uncovered). If the option is covered, an increase in the market price of the security above the exercise price would cause the Client to lose the opportunity for gain on the underlying security, assuming the Client bought the security for less than the exercise price. If the price of the underlying security were to drop below the exercise price, the premium received on the option (after transaction costs) would provide profit that would reduce or offset any loss the Client might suffer as a result of owning the security.

*Swap Agreements.* TwinBeech will invest on behalf of its Clients in one or more swap agreements. Swap agreements generally are two-party contracts entered into by institutional investors and may have durations of extended periods often exceeding more than one year. In a standard swap transaction, two parties agree to exchange the returns earned on specific assets, such as the return on, or increase in value of, a particular Dollar amount invested at a particular interest rate, in a particular foreign currency or in a “basket” of securities representing a particular index. A swap contract may not be assigned without the consent of the counterparty, and if uncleared may result in losses in the event of a default or bankruptcy of the counterparty. See “—Counterparty Risk,” above. Some swap agreements are traded in the OTC market and most would be considered to be illiquid.

Total return swaps are swap agreements where a party agrees to pay the counterparty the total return of a defined underlying asset in return for fixed or floating rate payments. There are certain legal, tax and market uncertainties that present risks in entering into such swaps. There is comparatively little historical case law or litigation characterizing total return swaps, interpreting their provisions or characterizing their tax treatment. In addition, swaps have been subject to increased international regulations and laws in recent years, and additional regulations and laws may apply to total return swaps that have not heretofore been applied. There can be no assurance that future decisions construing similar provisions to those in any total return swap agreement or other related documents or additional regulations and laws will not have a material adverse effect on the Client.

The total return swap counterparties with which the Client may do business may encounter financial difficulties, fail or otherwise become unable to meet their obligations. To the extent the relevant total return swaps are uncleared, any such development would impair the operational capabilities of the Client or cause damaging losses, or even complete loss, of its capital. To help mitigate this risk, the Client intends to contract only with major financial institutions with significant experience in futures.

*Non-U.S. Investments.* Investing in the Financial Instruments of companies (and, from time to time, governments) outside of the United States involves certain considerations not usually associated with investing in Financial Instruments of U.S. companies or the U.S. Government, including political and economic considerations, such as greater risks of expropriation, nationalization, confiscatory taxation, imposition of withholding or other taxes on interest, dividends, capital gains, other income or gross sale or disposition proceeds, limitations on the removal of assets and general social, political and economic instability; the relatively small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; the evolving and unsophisticated laws and regulations applicable to the securities and financial services industries of certain countries; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict our Clients' investment opportunities. In addition, custodial and brokerage expenses for transactions in non-U.S. equity securities may be higher than for transactions in U.S. securities and accounting and financial reporting standards that prevail outside of the U.S. generally are not as high as U.S. standards and, consequently, less information is typically available concerning companies located outside of the U.S. than for those located in the United States. As a result, TwinBeech may be unable to structure its Clients' transactions to achieve the intended results or to mitigate all risks associated with such markets. It may also be difficult to enforce our Clients' rights in such markets. For example, Financial Instruments traded on non-U.S. exchanges and the non-U.S. persons that trade these instruments are not subject to the jurisdiction of the SEC or the CFTC or the securities and commodities laws and regulations of the United States. Accordingly, the protections accorded to our Clients under such laws and regulations are unavailable for transactions on non-U.S. exchanges and with non-U.S. counterparties.

*Exchange-Traded Funds.* TwinBeech may cause its Clients to invest in Exchange-Traded Funds ("ETFs"), which are shares of publicly traded unit investment trusts, open-end funds or depository receipts that seek to track the performance and dividend yield of specific indexes or companies in related industries. These indexes may be either broad-based, sector or international. However, ETF shareholders are generally subject to the same risk as holders of the underlying Financial Instruments they are designed to track. ETFs are also subject to certain additional risks, including, without limitation, the risk that their prices may not correlate perfectly with changes in the prices of the underlying Financial Instruments they are designed to track, and the risk of trading in an ETF halting due to market conditions or other reasons, based on the policies of the exchange upon which the ETF trades. In addition, our Clients may bear, along with other shareholders of an ETF, their *pro rata* portion of the ETF's expenses, including management fees. Accordingly, in addition to bearing their proportionate share of our Clients' expenses (e.g., Performance Amounts and operating expenses), Investors may also indirectly bear similar expenses of an ETF.

*Currencies.* A principal risk in trading currencies is the rapid fluctuation in the market prices of currency contracts. Prices of currency contracts traded by TwinBeech on behalf of its Clients are affected generally by relative interest rates, which in turn are influenced by a wide variety of complex and difficult to predict factors such as money supply and demand, balance of payments, inflation levels, trade deficits, budget deficits, national savings rates, fiscal policy, and political and economic events. In addition, governments from time to time intervene, directly and by regulation, in these markets, with the specific effect, or intention, of influencing prices which may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations.

TwinBeech may cause its Clients to enter into spot and forward currency contracts and options on currencies to trade currencies or to shift exposure to foreign currency fluctuations from one currency to another with respect to its Clients. Currency transactions made on a spot basis are for cash at the spot rate prevailing in the currency market for buying or selling currency. A forward currency contract, which involves an obligation to purchase or sell a specific currency at a future date at a price set at the time of the contract, reduces its Clients' exposure with respect to their investment to changes in the value of the currency they will deliver and increases their exposure to changes in the value of the currency they will receive for the duration of the contract.

Currency trading is subject to risks different from those of other transactions. In countries where exchange rate control is of great importance and influences economic planning and policy, purchases and sales of currency and related instruments can be negatively affected by government exchange controls, blockages and

manipulations or exchange restrictions imposed by governments. These government actions can result in losses to our Clients if they are unable to deliver or receive currency or funds in settlement of obligations. Furthermore, settlement of a currency forward contract for the purchase of most currencies must occur at a bank based in the issuing nation.

Under normal market conditions, transactions involving the U.S. Dollar and other currencies are expected to be executed quickly and with low transaction costs. However, in periods of market stress, the instruments necessary to permit TwinBeech to execute its investment program on behalf of its Clients may not generally be available or may not, in TwinBeech's judgment, be economically priced. In addition, following a significant decline in our Clients' net asset value, or a significant loss by our Clients on a currency portfolio, counterparties may be unwilling to continue to offer currency instruments to our Clients and may have the ability to terminate the master agreements relating to the existing currency instruments and all currency transactions documented thereunder. Finally, our Clients' counterparties are not contractually obligated to offer currency instruments to our Clients following the maturity of a given transaction or to increase the size of a transaction at TwinBeech's request.

**The risk factors enumerated above do not represent the entire universe of potential risks to our Clients.**

#### **Item 9: Disciplinary Information**

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

#### **Item 10: Other Financial Industry Activities and Affiliations**

- A. Neither we nor any of our management persons are registered as, or have a pending application to register as, a broker-dealer or a representative of a broker-dealer.
- B. Neither we nor any of our management persons are registered as, or have a pending application to register as, a commodity pool operator, commodity trading advisor, futures commission merchant, or an associated person of the foregoing.
- C. As investment adviser to our Clients, certain inherent conflicts of interest may present themselves. For more information, please see Items 6 and 11 of this Brochure.

As stated above in Item 4, the General Partners are our affiliates, including TwinBeech Capital Fund GP LP, and any future entity organized to serve as a General Partner. Such General Partners are typically responsible for the overall management and operations of their respective Funds, operate as a single advisory business together with us, have delegated investment management authority to us, and generally share common owners, officers, partners, employees, consultants, or persons occupying similar positions. We do not believe our relationship with any such General Partner causes any material conflicts of interest.

Certain Clients may comprise a substantial portion of the assets advised by us. While such Clients do not have authority over our day-to-day operations or investment decisions, such Clients generally negotiate certain rights and protections in connection with their investments. Although we intend to maintain operations, strategy, and investment decisions separate from such Clients, we generally have an incentive to conduct operations in a manner that benefits such Clients. However, TwinBeech recognizes that it is a fiduciary and, as such, must act in the best interests of its Clients. Further, TwinBeech recognizes that it must treat all Clients fairly and must refrain from favouring one Client's interests over those of another.

We or a General Partner may enter into "side letter" or similar agreements or arrangements with certain Investors or prospective investors pursuant to which a Fund may give certain Investors or prospective investors rights not granted to other Investors or other prospective investors. As a result, certain Investors may be able to withdraw from their investment at times when other Investors may not. In addition, as a result of having certain other rights not granted to all Investors, Investors having such rights may request withdrawals, and otherwise act, on the basis of additional information that other Investors do not receive. Subject to applicable law, neither we nor the general partner of any Fund, intend to disclose the terms of such side letter agreements or the identities of any Investors that have entered into such agreements.

- D. We do not recommend or select other investment advisers for our Clients.

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

A. We strive to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty and trust. In seeking to meet these standards, we have adopted a Code of Ethics (the "Code"), which incorporates the following general principles that all employees are expected to uphold, including:

- employees must at all times place the interests of Clients first;
- personal securities transactions must be conducted consistent with the Code, and any actual or potential conflicts of interest or any abuse of an employee's position of trust and responsibility must be avoided;
- employees must not take any inappropriate advantage of their positions;
- information concerning the identity of securities and financial circumstances of Clients, including its Investors, must be kept confidential; and
- independence in the investment decision-making process must be maintained at all times.

Clients may request a copy of the Code by contacting us at the address or telephone number listed on the first page of this document.

- B. Neither we nor any of our related persons recommend to Clients, or buy or sell for Clients, securities in which we or any related persons have a material financial interest.
- C. Neither we nor our related persons invest in the same securities that we recommend to Clients. Our Code places numerous restrictions on personal trades by employees, including that they disclose their personal securities holdings and transactions to us on a periodic basis, and requires that employees pre-clear certain personal securities transactions.

We have established policies and procedures to monitor and resolve potential conflicts, including restrictions on personal trading, and regular disclosure and monitoring of employee holdings, transactions, and trading patterns for actual or perceived conflicts of interest, including those conflicts that may arise as a result of personal trades in the same or similar securities made at or about the same time as Client trades.

- D. Neither we nor our related persons buy or sell securities for Client accounts at or about the same time that we or our related persons buy or sell the same securities for our own accounts.

**Item 12: Brokerage Practices**

- A. Subject to our own internal policies and procedures and the terms of a Client's Governing Documents, we generally have authority to determine the brokers or dealers used and commissions or markups and/or markdowns paid for Client transactions. When selecting brokers or dealers for Client transactions, we typically consider numerous factors, including, without limitation: the quality and reliability of the counterparty; speed of execution; competitive transaction charges; confidentiality considerations; the counterparty's expertise in the specific security or sector; the counterparty's skill in positioning the securities involved; the counterparty's access to new issuances of securities; how well the counterparty's algorithms interact and perform with our algorithms; and/or any other factors or considerations we deem relevant.

Accordingly, the commission rates our Clients pay brokers or dealers may be higher than those charged by other brokers or dealers. We need not solicit competitive bids and do not have an obligation to seek the lowest available commission cost or spread.

If we decide, based on the factors set forth above, to execute over-the-counter transactions on an agency basis through Electronic Communications Networks ("ECNs"), we will typically also consider the ECN's ease of use, flexibility, level of care or attention given to smaller orders, and/or other factors we deem relevant, when determining which ECN to use.

While we do not currently, and do not intend to, use Client brokerage commissions ("Soft Dollars") to pay for research and trading related products and services ("Soft Dollar Benefits"). However, if we elect in the future to use Soft Dollars to obtain Soft Dollar Benefits, we would receive a benefit because we do not have to produce or pay for such products or services ourselves, and we may have an incentive to select or recommend a broker-dealer based on our interest in receiving Soft Dollar Benefits rather than a Client's interest in receiving most favorable execution.

To the extent that we use Soft Dollars, our use will be limited to that permissible under the Section 28(e) safe harbor of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and any applicable rules thereunder. Soft Dollar Benefits obtained with Soft Dollars generated by our Clients may be used by us to service one or more other Clients, including Clients that may not have paid for such Soft Dollar Benefits. We generally will not seek to allocate Soft Dollar Benefits to Client accounts necessarily in proportion to the Soft Dollars each Client account generates. Where a product or service obtained with Soft Dollars provides both research and non-research assistance to us, we will make a good faith allocation of the cost which may be paid for with Soft Dollars. In making good faith allocations of costs between administrative benefits and research and brokerage services, a conflict of interest may exist by reason of our allocation of the costs of such benefits and services between those that primarily benefit us and those that primarily benefit Clients.

We do not consider Client referrals when selecting broker-dealers for Client transactions. However, we may consider, among other things, capital introduction and marketing assistance with respect to our Clients or Investors in selecting or recommending broker-dealers for Client transactions.

We do not recommend, request, or require, that a Client direct us to execute transactions through a specified broker-dealer. As a general matter, neither any of the Funds nor any of their respective Investors may direct us to execute transactions through a specified broker-dealer. Other Clients, such as SMAs, depending on the terms applicable to such Client set forth in the relevant Governing Documents, may direct us to use a particular broker or dealer. In such circumstances, we may be unable to ensure most favourable execution, and such Client may, among other things, pay higher brokerage commissions or receive less favorable prices.

- B. We generally aggregate Client trades when appropriate in an effort to reduce Client transaction costs, although we are not necessarily obligated to do so. We strive to treat Clients fairly in allocating all investment opportunities. Once an investment opportunity has been identified, subject to each Client's Governing Documents and to the extent permitted by applicable law, we determine whether, and the extent to which, to allocate a particular investment opportunity to each Client ("Participating Clients"), which generally involves considering the type, liquidity, and availability of the security; each Client's investment objectives, investment restrictions or contractual mandates, current asset allocation, risk limits, credit limits; and other factors we deem relevant.

In general, we expect that Participating Clients' orders will be aggregated, and that Participating Clients will receive their pro rata allocation of such order on an average price and average associated transaction costs basis at the end of each trading day.

#### **Item 13: Review of Accounts**

- A. Our personnel have daily access to Client trades and perform periodic reviews of each Client's portfolio as part of our general management of their respective portfolios. Such reviews generally include, without limitation, trade reconciliation, asset allocation, and profit and loss.
- B. Other-than-periodic reviews are typically triggered by unusual activity or special circumstances.
- C. We typically provide Fund Investors a periodic letter that usually includes unaudited performance information regarding the applicable Fund, tax reports, and their respective Fund's audited financial statements. While all Investors generally receive similar information, to the extent an Investor receives information in addition to regular reports provided to other Investors, such information may provide such an Investor with greater insight into the applicable Fund's activities. This may enhance such Investor's ability to make investment decisions with respect to the applicable Fund and possibly affect such Investor's decision to request a withdrawal from the applicable Fund.

With regard to SMAs, the frequency, nature, and/or content, of our reviews are often separately negotiated and agreed upon in writing, and may vary between SMAs.

#### **Item 14: Client Referrals and Other Compensation**

- A. We do not receive economic benefits from non-Clients for providing investment advice or other advisory services.
- B. Neither we nor any of our related persons compensate any third-parties for Client referrals.

**Item 15: Custody**

We are generally deemed to have “custody,” as defined in Rule 206(4)-2 under the Advisers Act (the “Custody Rule”), of the Funds’ assets. As a general matter, the Funds’ assets are all maintained with qualified custodians or otherwise as permitted by the Custody Rule. We also ensure compliance with the Custody Rule by arranging for an annual audit of the Funds by an independent public accountant registered with and subject to regular inspection by the Public Company Accounting Oversight Board and distributing audited financial statements to applicable Investors within 120 days of fiscal year end.

With regard to SMAs, we may or may not have custody depending on the terms of the applicable Governing Documents, which are generally separately negotiated and may vary among SMAs.

**Item 16: Investment Discretion**

We have discretionary trading authority to manage Client accounts in accordance with each Client’s investment objectives and guidelines set forth in the applicable Governing Documents. In general, neither any Client nor any of its Investors may impose any limitations on such trading authority beyond those described in the relevant Governing Documents.

**Item 17: Voting Client Securities**

In compliance with Advisers Act Rule 206(4)-6, we have adopted proxy voting policies and procedures, copies of which are available to Clients upon request. In general, our policy is to not vote proxy proposals, amendments, consents or resolutions (“Proxies”) on behalf of Clients. We employ a quantitative investment strategy and have determined that the costs of voting Proxies while employing such a strategy would outweigh any potential benefits to our Clients.

**Item 18: Financial Information**

TwinBeech is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to Clients.