

## **Bornite Capital Management LP**

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This “**Brochure**” provides information about the qualifications and business practices of Bornite Capital Management LP (hereinafter “**Bornite**”, “**we**”, “**us**”, “**our**” or the “**Firm**”). If you have any questions about the contents of this Brochure, please contact our Chief Compliance Officer (“**CCO**”), Marcelo Queiroz, by email at [marcelo.queiroz@bornitecapital.com](mailto:marcelo.queiroz@bornitecapital.com). 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.

Bornite is a Registered Investment Adviser with the SEC. Registration as an investment adviser does not imply that Bornite or any of its principals or employees possesses a particular level of skill or training in the investment advisory business or any other business.

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

**Item 2: Material Changes**

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This Brochure is Bornite's annual update for the year ended 2023. Clients and prospective clients should carefully review the disclosure contained herein in conjunction with the relevant documents of the investment vehicle chosen. There were updates made to this brochure since its last amendment filed in March 2022.

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**Item 4: Advisory Business**

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Bornite Capital Management LP (hereinafter “**Bornite**”, “**we**”, “**us**”, “**our**,” “Investment Manager” or the “**Firm**”) is organized as a Delaware limited Partnerships with a principal place of business New York, New York.

Bornite will provide discretionary investment management services to qualified investors through its private fund: Bornite Onshore Fund LP, and Bornite Commodities & Industrials Master Fund LP.

We serve as the investment adviser, with discretionary trading authority, to private, pooled investment vehicles, the securities of which are offered through a private placement memorandum to accredited investors, as defined under the Securities Act of 1933, as amended, and qualified purchasers, as defined under the Investment Company Act of 1940, as amended. We do not tailor our advisory services to the individual needs of any particular investor.

The following private, pooled investment vehicles:

Bornite Onshore Fund LP, a New York limited Partnership (the “**Onshore Fund**” “The Partnership” or “The Fund”); Bornite Offshore Fund Ltd, a Cayman Islands exempted company (the “**Offshore Fund** or “**The Feeder**” or “Client”), Bornite Commodities & Industrials Master Fund LP, a Cayman Islands Limited Partnerships (the “**Commodities Fund**” “The Partnership” or “The Fund”), Bornite Commodities & Industrials Offshore Fund Ltd, a Cayman Islands exempted company (the “**Commodities Offshore Fund** or “The Offshore Feeder” or “Client”), and Bornite Commodities & Industrials Onshore Fund LP, a New York limited Partnership (the “**Commodities Onshore Fund** or “The Onshore Feeder” or “Client”)

In practice, “The Feeders” are simply an investor into the Fund and their purpose is only to consolidate and track investors entering “The Fund” via their respective Feeders. Therefore, Bornite does not actively manage the Feeders as they’re not the trading vehicles. This shall in no way affect the “Onshore and Commodities Funds” performance or its Investors interests.

The Onshore and Commodities Funds are herein referred to as the “**Funds**” or “**Clients**”, and the Offshore Ltd Funds are herein referred to as the “Feeders.”

The Onshore and Commodities Fund’s “**Limited Partners**” and the Offshore Funds “**Shareholders**” are hereafter collectively referred to as the “**Investors**” where appropriate.

Bornite Onshore Fund GP LLC, a Delaware limited liability company (“**General Partner**”), is the general partner of the “**Onshore Fund** and is responsible for the management of the it’s affairs. Bornite Commodities & Industrials GP LLC is the general partner of the **Commodities Fund** and is responsible for the management of it’s affairs. The General Partner of the Investment Manager is Bornite Management General Partner, LLC, a Delaware limited liability company.

Bornite Capital Management, LP, a Delaware limited partnership (“**Investment Manager**”), is the investment manager of the Funds and has discretionary investment authority over the Funds’ assets. This includes “Affiliates” of the Investment Manager (collectively, “**Investment Manager Affiliates**”).

The controlling person of the Investment Manager and General Partner, Daniel Dreyfus (the “**Principal**”) serves as the Chief Investment Officer who manages the fund’s portfolio.

The Onshore, and Commodities Funds have offered Limited Partnership “**Interests**”. This includes interests in distributions, liquidating distributions, and profits and losses of the Partnerships’ and all of its other rights, duties and obligations under the Offering Documents.

Our investment decisions and advice with respect to the Funds are subject to each Fund’s investment objectives and guidelines, as set forth in its respective “**Offering Documents.**”

We do not currently participate in any Wrap Fee Programs.

As of December 31<sup>st</sup> 2023, the Firm had regulatory assets under management of \$752,907,376.

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#### **Item 5: Fees and Compensation**

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The fees applicable to each of the Funds are set forth in detail in the corresponding Offering Documents. A brief summary of such fees is provided below.

##### ***Management Fee***

Bornite will receive a monthly management fee (“**Management Fee**”) equal to 0.125% (1.5% annually) of each Limited Partner’s share of the Partnerships’ Net Asset Value (before deduction of that month’s Management Fee and any accrued Performance Allocation).

The Management Fee will be calculated and payable to the Investment Manager monthly, in advance, as of the first day of each month. A *pro rata* Management Fee will be charged to Limited Partners on any amounts accepted by the General Partner during a month. No part of the Management Fee will be refunded in the event that a Limited Partner withdraws, whether voluntarily or involuntarily, all or any of the value in such Limited Partner’s capital account during any month. The Investment Manager may reduce, waive or rebate all or a portion of the Management Fee with respect to one or more Limited Partners (including with respect to the Investment Manager Affiliates (as defined herein)) for any period of time, or agree to apply a different Management Fee for any Limited Partner (all such arrangements in the form of a rebate or otherwise).

##### ***Other Types of Fees and Expenses***

###### **Organizational and Initial Offering Expenses**

The Company will pay (or has paid), or reimburse (or has reimbursed) the Investment Manager and/or the Investment Manager’s affiliates, for all organizational and initial offering expenses of the Company, including, but not limited to, legal and accounting fees, printing and mailing expenses and government filing fees (including “blue sky” filing fees).

## Operating Expenses

The Company and the Master Fund will each incur its own expenses. The expenses and results of operations of the Master Fund will be allocated to the Company and the other investors that invest in the Master Fund in proportion to the capital accounts of the Company and such other investors in the Master Fund, from time to time.

The Company will pay, or reimburse the Investment Manager and/or the Investment Manager's affiliates, for: (i) all expenses incurred in connection with the ongoing offer and sale of Shares, including, but not limited to, printing of this Memorandum and exhibits, marketing expenses and documentation of performance and the admission of Shareholders, (ii) all operating expenses of the Company, such as tax preparation fees, governmental fees and taxes, any administration fees paid to the Administrator (as defined herein) providing services to the Company, costs of communications with Shareholders, and ongoing legal, accounting, auditing, bookkeeping, consulting and other professional fees and expenses (including Directors' fees and expenses), (iii) all Company research, trading and investment-related costs and expenses (e.g., brokerage commissions, research fees, margin interest, expenses related to short sales, custodial fees, bank service fees, and clearing and settlement charges), (iv) technology-related costs and expenses, including, but not limited to, software licenses, data feeds and colocation expenses, (v) all expenses related to attending any conference or seminar related to alternative investments (e.g., registration, transportation, accommodation or meal expenses), (vi) regulatory and other filing fees and expenses, and compliance costs and expenses, including, but not limited to, all fees and expenses incurred by the Investment Manager and/or its affiliates directly in connection with examinations by the SEC and other regulatory authorities that are attributable to the Company, as well as fees and expenses associated with the completion of regulatory filings that are attributable to the Company (including, without limitation, Form PF filings), (vii) travel expenses related to meeting with management teams, or related to any of the other categories of expenses set forth herein, (viii) any costs and expenses incurred by the Company in connection with converting from a fund in a master-feeder structure into a stand-alone fund, (ix) director and officer liability insurance or other insurance premiums for any principal or employee of the Company, the Investment Manager, the General Partner or any of their affiliates, (x) all fees and other expenses incurred in connection with the investigation, prosecution or defense of any claims, assertion of rights or pursuit of remedies, by or against the Company, including, without limitation, professional and other advisory and consulting expenses, and (xi) any and all costs and expenses incurred in connection with the dissolution, winding-up, or termination of the Company.

Except as provided above, the Investment Manager and the General Partner will bear their own rent, operating, utilities and similar overhead expenses (e.g., office equipment, computer systems, insurance (other than as expressly set forth above)), in addition to the compensation and benefits of their employees.

The Investment Manager and/or the General Partner may, in their discretion, waive their right to be reimbursed for any of the foregoing expenses for any period of time. Any such waiver will not require the Investment Manager or the General Partner to waive their right to be reimbursed for such expenses in the future.

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

We and our affiliates are entitled to a performance-based compensation. As a result, we and our affiliates do not face certain conflicts of interest that may arise when an investment adviser accepts performance-based fees from some clients, but not from other clients.

Performance-based allocation (henceforth “**Incentive Allocation**”) arrangements may create an incentive for us to recommend investments which may be riskier or more speculative than those which we would recommend under a different arrangement.

Bornite will receive an Incentive Allocation from Investors at the close of each fiscal year (or other period referred to below, as the case may be) equal to 15% of the Partnerships’ net income (including realized and unrealized gains and losses and net of the relevant Management Fee), if any, attributable to each Investor’s capital account for such fiscal year (or other period); *provided, however*, that the Performance Allocation will be subject to a Loss Carryforward (sometimes referred to as a “high water mark”), as further discussed below.

Upon any withdrawal by a Limited Partner, whether voluntary or involuntary, the Performance Allocation will be allocated with respect to the amounts withdrawn. The Performance Allocation will also be allocated upon dissolution of the Partnerships. The Performance Allocation will be allocated in addition to, and separately from, the proportionate allocations of income and profits, or losses, to the General Partner and/or its affiliates based upon their capital accounts relative to the capital accounts of all Partners. The General Partner may waive or reduce the Performance Allocation with respect to one or more Limited Partners (including with respect to the Investment Manager Affiliates) for any period of time (all such arrangements in the form of a rebate or otherwise). The General Partner may, in its sole discretion, reallocate all or any portion of the Performance Allocation to certain Limited Partners.

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

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Our clients are the Funds, as described in Item 4 above, and the Funds are generally open to, among others, institutions, pension plans, endowments, high net-worth individuals, financially sophisticated individuals, and other sophisticated investors.

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

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The descriptions set forth in this Brochure of specific advisory services that we offer to Clients, and investment strategies pursued and investments made by us on behalf of our 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 as set forth in the Offering Documents. 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.

#### ***Investment Objective***

For the Commodities Fund and its Feeders by association), the investment objective is to seek long-term

absolute returns through a long biased equity strategy focused in cyclical equities within the commodity and industrial complex. The Partnership (through its investment in the Master Fund) will invest in both long and short positions primarily in equities and equity options, while also attempting to preserve capital and mitigate risk through diversification of investments and hedging activities.

For the Bornite Onshore Fund LP (and its feeders by association), the investment objective is to seek long-term absolute returns through investing and trading predominantly in North American publicly-traded securities of all kinds and descriptions, including, but not limited to, common and preferred stocks, bonds and other debt securities, convertible securities, options, warrants, futures, derivatives (including swaps and forward contracts), monetary instruments, other financial instruments, cash and cash equivalents, with a primary focus on equities and equity options. The Company will invest in both long and short positions primarily in equities and equity options, while also attempting to preserve capital and mitigate risk through diversification of investments and hedging activities. The Investment Manager is also eligible to trade a limited number of commodities or financial futures on behalf of the Master Fund, subject to applicable law.

### ***Investment Process***

The investing strategy is based on a rigorous evaluation methodology that generally seeks to isolate the most compelling investment opportunities, in the opinion of the Investment Manager. The Investment Manager will seek to reach a thorough understanding of the business of a company, profit drivers, margin opportunities, pricing trends, market share, and competitors, as well as the overall health of the company. In its analysis, the Investment Manager will generally seek to identify companies and industries that are, in its opinion, experiencing sector-specific or cyclical change and determine whether the resulting valuation creates an attractive long or short opportunity for the Funds. The Investment Manager's strategy will include identifying attractive entry points for long or short opportunities that may arise due to a company's share price dislocation driven by earnings, geopolitical change, shifts in competitive landscape, macro events and/or technical unwinds. In general, the Fund may be net long or net short at any time, and, therefore, the Investment Manager does not expect the Fund's results to correlate with traditional market benchmarks. The Investment Manager anticipates that the Funds will not invest in private companies or similar private investments.

The Funds will generally be focused on deploying a generalist long/short equity investment strategy, with a focus on North American listed cyclical and industrial companies. The Funds' investment process, at any given time, will generally consist of determining an appropriate range for a company's normalized earnings power over the course of the following three (3) years. Once the earnings power is established, an appropriate multiple and target price will then be determined using comparable company analysis, discounted cashflow and NAV analysis. The investment process will then consist of identifying long and short opportunities where the Investment Manager's target price appear to differ from consensus estimates.

Once an investment opportunity is determined by the Investment Manager to be attractive, the Investment Manager will evaluate the potential effect of adding that investment to the Company's portfolio. In doing so, the Investment Manager will seek to optimize the risk of capital loss against the potential for capital gains. The Investment Manager will generally monitor the Company's positions to ensure that the investment thesis remains intact. The Investment Manager also intends to monitor trading prices so that profits can be taken as trading and intrinsic values converge or losses can be



minimized in the event of a significant shift in an investment's fundamental premise. The Investment Manager intends to further monitor investment positions in view of the portfolio as a whole in order to manage risk.

The Investment Manager may also invest some of the Company's assets in short-term U.S. government obligations, certificates of deposit, commercial paper and other money market instruments, including repurchase agreements with respect to such obligations, to enable the Company to make investments quickly and to serve as collateral with respect to certain of its investments. If the Investment Manager believes that a defensive position is appropriate because of expected economic or business conditions or the outlook for security prices, or where the Investment Manager determines that opportunities for investing are unattractive, a greater percentage of Funds' assets may be invested in such obligations. The Funds may also engage in securities lending activities. From time to time, in the discretion of the Investment Manager, cash balances in the Company's brokerage account may be placed in a money market fund. In addition, if warranted under certain economic or market conditions or for other reasons, the Investment Manager may temporarily invest up to 100% of the Master Fund's portfolio outside the scope of its principal investment focus in U.S. government securities, such as U.S. Treasury bills, notes and bonds, cash, money market funds, certificates of deposit, time deposits, bankers' acceptances and other short-term debt instruments bearing a reasonable rate of interest. In such circumstances, the Master Fund may not achieve its investment objectives.

### ***Risk Management***

The Investment Manager's risk management philosophy is dynamic and based on generating the highest absolute returns while hedging out market, industry and position-level downside risks when deemed necessary. The Investment Manager will seek to minimize downside risk and protect principal by monitoring and assessing various market shocks that might adversely impact performance. Throughout the life of an investment, the Investment Manager will regularly assess changes in relative market inputs that may alter portfolio outcomes. The Investment Manager may seek to manage downside risk through the use of hedging techniques, which may include interest rate, currency or other forms of hedging through short selling single names and indexes, and the use of options and derivatives.

### ***Risk Management Limitations***

The Investment Manager's policies and procedures to identify, monitor and manage risks may not be fully effective. Some of the Investment Manager's methods of managing risk will be based upon its use of observed historical market behavior. As a result, these methods may not predict future risk exposures, which could be significantly greater than the historical measures indicate. Other risk management methods may depend upon evaluation of information regarding markets that is publicly available or otherwise accessible by the Investment Manager. This information may not in all cases be accurate, complete, up-to-date or properly evaluated. Management of operational, legal and regulatory risk requires, among other things, policies and procedures to record properly and verify a large number of transactions and events. If the Investment Manager is unable to manage the Partnerships's risk exposure effectively, in some cases, the Partnerships could experience dramatic losses or even insolvency.

### ***Risk of Loss Factors***

The following risk factors do not purport to be a complete list or explanation of the risks involved in an

investment in the clients advised by us. 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 employed by us.

The Funds investments involve significant risks, and they are suitable only for those persons who can bear the economic risk of the loss of their entire investment, who have limited need for liquidity in their investment, and who have met the conditions set forth in the Offering Documents. There can be no assurances that we will achieve our investment objectives. An investment carries with it the inherent risks associated with investments in publicly-traded stocks and bonds, options, derivatives, and related instruments, including, without limitation, the risks described below. Each prospective investor should carefully review the Offering Documents and the documents referred to herein before deciding to invest with Bornite.

### ***Special Withdrawal Right***

Limited Partners or Shareholders will have the right to withdraw all of their Interests from the respective vehicles in the event that the Principal (i.e., Daniel Dreyfus) dies, becomes legally incompetent or disabled (i.e., unable by reason of disease, illness or injury to perform his functions with respect to the Funds for 90 consecutive days), or otherwise ceases to be active in the affairs of the Funds for 90 consecutive days. The General Partner or the Administrator will notify the Limited Partners and Shareholders as soon as practicable after the occurrence of any of the foregoing events, and such special withdrawal right will be exercisable by delivery of a withdrawal notice to the General Partner or the Administrator, as indicated, by the 30<sup>th</sup> day after the Limited Partners or Shareholders are notified (the “**Notice Date**”). Any such withdrawal will be effective at the end of the first full month after the Notice Date. A Limited Partner or Shareholder exercising such special withdrawal right will be paid 95% of its estimated withdrawal proceeds (determined as of the end of such month on the basis of unaudited data) promptly following the end of such month. Within 30 days after the completion of a special audit of the Funds following the end of such month, the balance of such Limited Partner/Shareholder’s withdrawal proceeds (if any) will be paid, without interest. For the avoidance of doubt, the foregoing special withdrawal right shall not be subject to the 25% “gate” limitation set forth herein

Investors will have no right to participate in the management of the Funds, and you will have no opportunity to select or evaluate any of the Funds’ investments or strategies. Accordingly, you should not invest in the Funds unless you are willing to entrust all aspects of their management and its investments to the discretion of the General Partner and the Investment Manager.

### ***Limited or No Operating History***

Each of the Funds, the General Partner, and the Investment Manager are a recently-formed entity with limited operating history upon which prospective investors may evaluate the Funds future performance. Although the Principal and/or certain of his affiliates have experience with investments of the type the Funds intends to make, any prior performance of the Principal (or the Investment Manager Affiliates) is not necessarily indicative of results that may be achieved with respect to the Partnerships. As such, there can be no assurances that the Partnerships will be able to implement its investment strategy or achieve its investment objective.

### ***Limited Liquidity of Interests***

An investment in the Partnerships involves substantial restrictions on liquidity and its Interests are not freely transferable. There is no market for the Interests in the Partnerships, and no market is expected to develop. Additionally, transfers are subject to the consent of the General Partner, which consent may be granted or withheld in the General Partner's sole discretion. Consequently, Limited Partners will be unable to liquidate their Interests except by withdrawing from the Partnerships in accordance with the Partnerships Agreement. Limited Partners may be unable to liquidate their investment promptly in the event of an emergency or for any other reason. Although a Limited Partner may attempt to increase its liquidity by borrowing from a bank or other institution, Interests may not readily be accepted as collateral for a loan. In addition, the transfer of an Interest as collateral or otherwise to achieve liquidity may result in adverse tax consequences to the transferor.

***Lack of Registration***

The Funds have neither been registered under the Securities Act nor under the securities laws of any state and, therefore, are subject to transfer restrictions. In connection with your purchase of an Interest, you must represent that you are purchasing the Interest for investment purposes only and not with a view toward resale or distribution. Neither the Funds nor the General Partner has any plans or assumed any obligation to register the Interests. Accordingly, the Interests may not be transferred without documentation acceptable to the General Partner, which may include an opinion of counsel to the Partnerships that the transfer will not involve a violation of the registration requirements of the Securities Act or require registration by the Funds under the Investment Company Act. These restrictions on transfer are in addition to those found in the related agreements. Ordinarily, this means that transfers will be restricted to instances of death, gift or passage by operation of law.

***Redemption***

A Limited Partner/Shareholder's ability to withdraw capital from the Funds is restricted in accordance with the withdrawal provisions contained in the Private Placement Memorandum, the Partnership Agreements, and M&A.

In addition, substantial withdrawals by Limited Partners within a short period of time could require the Funds to liquidate securities positions and other investments more rapidly than would otherwise be desirable, possibly reducing the value of the Funds' assets and/or disrupting the Funds' investment strategy. Reduction in the size of the Funds could make it more difficult to generate a positive return or to recoup losses due to, among other things, reductions in the Funds' ability to take advantage of particular investment opportunities or decreases in the ratio of its income to its expenses.

***Limitations on Withdrawals***

Different investment vehicles will have different Limitations on Withdrawals.  
We describe them below

- I) Bornite Onshore Fund LP, and its feeder Bornite Offshore Fund Ltd:

The Partnership may suspend (or postpone) withdrawals, subscriptions, calculations of Net Asset Value and/or payments upon any withdrawals (in whole or in part) from capital accounts: (i) during the existence of any state of affairs which, in the opinion of the General Partner, makes the disposition of the

Partnerships' investments impractical or prejudicial to the Partners, or where such state of affairs, in the opinion of the General Partner, makes the determination of the price or value of the Partnerships' investments impractical or prejudicial to the Partners; (ii) where any such withdrawals, subscriptions, calculations and/or payments, in the opinion of the General Partner, would result in the violation of any applicable law or regulation; (iii) if the General Partner determines, in its sole discretion, that such suspension or postponement is prudent in order to prevent the Partnerships from being subject to adverse tax or regulatory implications; or (iv) for such other reasons or for such other periods as the General Partner may in good faith determine. All Limited Partners will be notified in writing of any such suspension or postponement and the termination thereof. Following any suspension or postponement of withdrawals, a withdrawal request made by a Limited Partner prior to such suspension or postponement will be effected as of the first Withdrawal Date following the recommencement of withdrawals (subject to the limitations in the following paragraph).

Furthermore, if: (x) the amount of AUM (as defined herein) is at least \$400 million as of any Withdrawal Date, and (y) Limited Partners, in the aggregate, request withdrawals of more than 25% of the Partnerships' aggregate capital account balances as of any Withdrawal Date, then the requested amounts may, in the General Partner's sole discretion, be reduced to an amount equal to 25% of the aggregate capital account balances of the Partnerships as of such Withdrawal Date, and satisfied on a *pro rata* basis, based on the respective amounts of requested withdrawals of capital by each withdrawing Limited Partner; *provided* that the foregoing limitation on withdrawals will not preclude any Limited Partner from withdrawing 100% of the amount it originally requested to withdraw (as adjusted for increases and decreases in Net Asset Value) over four (4) consecutive quarterly Withdrawal Dates. Withdrawal requests that are deferred due to such limitation may be revoked by the withdrawing Limited Partner, and if not revoked, may be given priority at subsequent Withdrawal Dates (again, if applicable, subject to the above 25% limitation). In the interim, all of the remaining capital in such Limited Partner's capital account (including the capital subject to such deferred withdrawal request) will remain subject to the performance of the Partnerships.

As used herein, "AUM" means the net asset value of assets of the Partnerships and, to the extent applicable, any offshore feeder or parallel fund and/or any master fund in the same fund structure, including, without limitation, any capital contributed by the Investment Manager Affiliates.

II) Bornite Commodities & Industrials Master Fund LP and its feeders Bornite Commodities & Industrials Onshore Fund LP and Bornite Commodities & Industrials Offshore Fund Ltd

Subject to the limitations described below, a Limited Partner may withdraw capital from its Capital Account(s) corresponding to Interests as of the last day of each calendar quarter (each such date and each other date upon which the General Partner in its discretion permits a withdrawal to be made, a "Withdrawal Date") following the satisfaction of a one-year holding period with respect to such capital. By way of example, if a Limited Partner purchases Founders Class Interests on July 1, 2023, such Limited Partner may withdraw from its corresponding Capital Account as of June 30, 2024 (i.e., the first Redemption Date on or after the day immediately preceding the one-year anniversary of the effective date of the contribution of capital).

For the avoidance of doubt, each capital contribution to the Partnership by a Limited Partner for Interests will be subject to a separate lock-up period.

### Required Notice

In order to make a withdrawal as of a Withdrawal Date, Limited Partners must provide written notice to the Partnership at least thirty (30) days prior to such Withdrawal Date, unless such notice period is waived in whole or in part by the General Partner in its discretion. Withdrawal requests may be revoked only with the written consent of the General Partner.

### Withdrawal Limitation

Capital Accounts will be subject to an investor withdrawal limitation (the "Withdrawal Limitation") whereby a Limited Partner will only be permitted to withdraw up to 25%, 33⅓%, 50% and 100%, respectively, of capital from its Capital Account(s) (outstanding as of each applicable Withdrawal Date) as of any four consecutive Withdrawal Dates (such aforementioned percentages, the "Applicable Percentage" for a particular Withdrawal Date), unless such limitation is waived (in whole or in part) by the General Partner in its discretion. If a Limited Partner submits a withdrawal request to withdraw capital in excess of the Applicable Percentage, then such Limited Partner will be permitted to withdraw the Applicable Percentage on such Withdrawal Date, with the balance of such request to be rolled over and withdrawn from the Partnership (without any further action required of such Limited Partner) as of the next Withdrawal Date(s), in each case, up to the Applicable Percentage for the subsequent Withdrawal Dates(s). A Limited Partner may withdraw its entire Capital Account balance by either (i) submitting a single withdrawal request for such balance, or (ii) submitting withdrawal requests for consecutive Withdrawal Dates for the Applicable Percentage applicable to each such consecutive Withdrawal Date.

If, as of any Withdrawal Date, a Limited Partner requests to withdraw less than the Applicable Percentage of its Capital Account eligible to be withdrawn as of such Withdrawal Date (including any prior withdrawal requests from prior Withdrawal Dates that are still being satisfied), then the Applicable Percentage for the next Withdrawal Date for which the Limited Partner makes a withdrawal request will be reset to twenty-five percent (25%). If, as of any Withdrawal Date, a Limited Partner requests to withdraw the Applicable Percentage of its Capital Account eligible to be withdrawn as of such Withdrawal Date (including any prior withdrawal requests from prior Withdrawal Dates that are still being satisfied), then the Applicable Percentage for the next Withdrawal Date for which the Limited Partner makes a withdrawal request will not be reset to twenty-five percent (25%) as long as such next Withdrawal Date is the next consecutive Withdrawal Date after the Withdrawal Date for which the Limited Partner last received a withdrawal payment.

Capital not withdrawn from the Partnership by virtue of the Withdrawal Limitation will remain invested in the Partnership and at risk of the Partnership's business, and subject to all fees and expenses described in this Memorandum, until the effective date of the withdrawal.

### Payment of Withdrawal Proceeds

Withdrawal proceeds will be paid to the withdrawing Limited Partner, net of any related Incentive Allocation and accrued expenses through the Withdrawal Date (each based on unaudited data), within thirty (30) days after the applicable Withdrawal Date. However, if over any twelve (12) month period a Limited Partner requests to withdraw ninety-five percent (95%) or more of the balance in such Limited Partner's Capital Account as of the beginning of such twelve (12) month period, then such Limited Partner will be paid in the aggregate, inclusive of any amounts paid with respect to prior withdrawals during such twelve (12) month period, an amount equal to at least ninety-five percent (95%) of the aggregate amount sought to be withdrawn (including amounts actually withdrawn during such twelve (12) month period) by such Limited Partner during such twelve (12) month period, net of any related Incentive Allocation and

any accrued expenses through the Withdrawal Date (each based on unaudited data), within thirty (30) days after the applicable Withdrawal Date, with the balance, if any, settled without interest no later than thirty (30) days after completion of the audit of the Partnership's financial statements for the year during which the final withdrawal took place. The General Partner will have no liability if the General Partner elects to distribute in excess of ninety-five percent (95%) of the withdrawal proceeds with respect to one or more of the Limited Partners prior to the completion of the audit.

The General Partner will generally cause the Partnership to pay withdrawal proceeds in cash. However, the General Partner may determine to cause the Partnership to make an in-kind distribution, in which case withdrawal proceeds may be paid in cash or in securities or other assets, or partly in cash and partly in securities or other assets. However, Limited Partners do not have the right to request withdrawal payments in kind.

The right of any Limited Partner to receive withdrawal proceeds is also subject to a holdback if the General Partner determines in good faith that such holdback is reasonably necessary to be reserved for liabilities and/or contingencies (whether or not required by generally accepted accounting principles). In addition, the General Partner may suspend withdrawals and withdrawal payments in certain limited circumstances described herein.

Withdrawals will be deemed made on a first-in, first-out basis unless otherwise agreed to by the General Partner and the withdrawing Limited Partner.

### ***Required Withdrawals***

Depending on the vehicle being selected, either the General Partner or the Directors may, in their sole discretion, require a Limited Partner to withdraw any or all of the value of such Limited Partner's capital accounts on a five days' notice.

### ***Reserves***

The Funds at any time, in the discretion of the Directors or the General Partner, respectively, may establish holdbacks for liabilities and reserves for contingencies, whether or not required by GAAP. The establishment of such reserves or holdbacks will not insulate any portion of the Funds assets from being at risk, and such assets may still be traded by the Funds. A pro rata portion of any holdback or reserve may be withheld from distribution to a redeeming Shareholder.

### ***Waiver***

Depending on the vehicle being selected, either the General Partner or the Directors may, in their sole discretion, waive or modify any of the terms relating to withdrawals, including, without limitation, minimum amounts and notice periods, for all or any of the Limited Partners without notice to the other Limited Partners.

Depending on the vehicle in question, the General Partner or Directors, in their respective capacities and discretion, may partially or fully waive any of the conditions relating to withdrawals (including, without limitation, the Withdrawal Limitation, Withdrawal Dates, lock-up periods and notice periods) from time

to time with respect to one or more Limited Partners without notice to, or the consent of, the other Limited Partners.

***Liability of a Limited Partner for the Return of Capital Contributions***

If the Partnerships should become insolvent, investors may be obligated to return all or a portion of any distributions (including withdrawal proceeds) received from the Funds in an amount up to its aggregate capital contributions (including any income or gains thereon) to the Partnerships in order to pay such Investor's *pro rata* share of any liabilities that arose while such Limited Partner/Shareholder held Interests.

Under the Delaware Act, when a Limited Partner receives a return of all or any part of such Limited Partner's capital contribution, the Limited Partner may be liable to the Partnerships for any sum, not in excess of such return of capital (together with interest), if at the time of such distribution the Limited Partner knew that the Partnerships was prohibited from making such distribution pursuant to the Delaware Act.

Any redemption proceeds paid in-kind may be transferred directly to the redeeming Limited Partner or may be transferred to a liquidating trust, account or entity and sold or otherwise realized for the benefit of the redeeming Limited Partner. If assets are transferred to a liquidating trust, account or entity, the cash proceeds received by a redeeming Limited Partner will reflect the value of the assets on the date on which they are sold or realized. The cost of operating the liquidating trust, account or entity and managing, selling or otherwise realizing the assets will be deducted from the proceeds paid to the redeeming Limited Partner.

***Concentration of Investment***

Subject to any limitations adopted by the Investment Manager from time to time, the Master Fund is not restricted in the amount of its capital that it may commit to any issuer, security, industry sector or geographic region, and at times the Master Fund may hold a relatively large concentration in a limited number of issuers, securities, industry sectors and/or geographic regions. Losses incurred in connection with those investments could have a material adverse effect on the Master Fund's overall financial condition. This is because the value of the Master Fund's investment portfolio will be more susceptible to any single occurrence affecting one or more of those issuers, securities, industry sectors or geographic regions than would be the case with a more diversified investment portfolio.

***Operating Deficits***

The expenses of operating the Funds (including the Management Fee) may exceed its income, thereby requiring that the difference be paid out of the Partnerships' capital, reducing the Partnerships' investments and potential for profitability.

***No Distributions***

The General Partner does not intend to make distributions to the Investors, but intends instead to reinvest substantially all Funds income and gain, if any. Cash that might otherwise be available for distribution will also be reduced by payment of Partnerships obligations, payment of Partnerships expenses (including fees payable and expense reimbursements to the General Partner) and establishment of appropriate reserves.

As a result, if the Partnerships is profitable, Limited Partners in all likelihood will be credited with Partnerships net income, and will incur the consequent income tax liability (to the extent that they are subject to income tax), even though Limited Partners receive little or no Partnerships distributions.

***Investment Expenses***

The investment expenses (e.g., expenses related to the investment and custody of the Funds assets, such as brokerage commissions, custodial fees and other trading and investment charges and fees), as well as other Fund fees may, in the aggregate, constitute a high percentage relative to other investment entities. To the extent that the Funds invest in other investment vehicles (such as exchange-traded funds (“ETFs”)), it will also bear its pro rata share of the operating expenses and fees of each such investment vehicle. The Funds will bear these costs regardless of their profitability.

***Performance/Incentive Allocation***

The Incentive Allocation made to the General Partner may create an incentive for the Investment Manager, an affiliate of the General Partner, to cause the Master Fund to make investments that are riskier or more speculative than would be the case if the Incentive Allocation was not made. Since the Incentive Allocation is made separately with respect to each Capital Account, it is possible that the Incentive Allocation may be made to the General Partner with respect to one or more Capital Accounts of a Limited Partner for a period of time during which such Limited Partner experienced an aggregate loss with respect to its overall investment in the Partnership. In addition, since the Incentive Allocation is calculated on a basis which includes unrealized appreciation of the Master Fund’s assets, it may be greater than if such calculation were based solely on realized gains. The Incentive Allocation was set by the General Partner without negotiations with any third party.

***Supervision of Trading Operations***

The Investment Manager, with assistance from its brokerage and clearing firms, monitors trading activity in the Funds accounts to ensure compliance. Despite the Investment Manager’s efforts, however, there is a risk that unauthorized or otherwise inappropriate trading activity may occur in the Partnerships account.

***Impact of Side Letters***

The Funds and the Investment Manager may enter into “side letter” agreements with certain Investors pursuant to which they may provide such Investors with preferential terms with respect to their investment in the Partnership, including, without limitation, with respect to Management Fees, Incentive Allocations, withdrawal terms (including the frequency of withdrawals and/or required notice periods), transparency (including portfolio transparency), capacity and/or co-investment rights. As a result of the terms provided in such side letter agreements, certain Limited Partners may be better able to assess the prospects and performance of the Partnership than other Limited Partners, and may be able to withdrawal from their Capital Accounts at times when other Limited Partners may not. Subject to applicable law and contractual requirements, the Partnership and the Investment Manager do not intend to disclose the terms of such side letter agreements and do not intend to disclose the identities of the Limited Partners that have entered into such agreements.



***Broad Discretionary Power to Choose Investments and Strategies***

The Investment Management Agreement gives the Investment Manager broad discretionary power to decide what investments the Funds will make and what strategies they will use. While the Investment Manager currently intends to use the strategies described in “INVESTMENT PROGRAM”, it is not obligated to do so, and it may choose any other investments and strategies that it believes are advisable.

***Limitation of Liability and Indemnification of Investment Manager and Affiliates***

The Partnership Agreement provides that none of the General Partner, the Investment Manager, the Principal or any of the Investment Manager Affiliates will be liable to the Partnership or the Limited Partners for any action or inaction in connection with the business and affairs of the Partnership unless such action or inaction is determined by a final, non-appealable decision of a court of competent jurisdiction to constitute gross negligence or willful misconduct. The Partnership (but not the Limited Partners individually) is obligated to indemnify the General Partner, the Investment Manager, the Principal and the Investment Manager Affiliates (which, for purposes of this indemnity, shall include fund counsel (except for legal malpractice)) from and against any and all claims, liabilities, obligations, judgments, suits, proceedings, actions, demands, losses, costs, expenses (including attorneys’ fees and other expenses of litigation), damages, penalties or interest, as a result of any claim or legal proceeding (made or threatened) related to any action or inaction by any of them in connection with the business and affairs of the Partnership (including the settlement or appeal of any such claim or legal proceeding); *provided* that such indemnity will not extend to conduct determined by a final, non-appealable decision of a court of competent jurisdiction to constitute gross negligence or willful misconduct. The Investment Management Agreement also provides similar protections to the Investment Manager. Therefore, a Limited Partner may have a more limited right of action against the General Partner, the Investment Manager, the Principal and the Investment Manager Affiliates than a Limited Partner would have had absent these provisions in the Partnership Agreement and the Investment Management Agreement. **It is the policy of the SEC that indemnification for violations of securities laws is against public policy and therefore unenforceable.**

***No Minimum Size of Funds***

The Funds may begin or continue operations without attaining or maintaining any particular level of capitalization. At low asset levels, the Funds may be unable to make its investments as fully as would otherwise be desirable or to take advantage of potential economies of scale, including the ability to obtain the most timely and valuable research and trading information from securities brokers. It is possible that even if the Funds operate for a period with substantial capital, investors’ withdrawals could diminish the Funds assets to a level that does not permit the most efficient and effective implementation of their investment program. As a result of losses or withdrawals, the Funds may not have sufficient capital to diversify its investments to the extent desired or currently contemplated by the Investment Manager. Furthermore, a reduction in the size of the Funds will likely result in expenses being proportionately higher for remaining Investors.

***Differing Accounting Standards and Currency Risk for Non-U.S. Investors***

The financial statements of the Funds are prepared in accordance with GAAP, which may differ from

generally accepted accounting principles in the jurisdiction where non-U.S. investors are located. The Funds' investments will be denominated in U.S. dollars. Therefore, the value of the Limited Partnerships Interest/Shares to non-U.S. investors may be affected by fluctuations in the rate of exchange between the U.S. dollar and other currencies.

***Lack of Insurance***

The assets of the Partnerships are not insured by any government or private insurer except to the extent portions may be deposited in bank accounts insured by the U.S. Federal Deposit Insurance Corporation or with brokers insured by the U.S. Securities Investor Protection Corporation and such deposits and securities are subject to such insurance coverage (which, in any event, is limited in amount). Therefore, in the event of the insolvency of a depository or custodian, the Funds may be unable to recover all of its funds or the value of its securities so deposited.

***Projections***

Projected cashflows and values of an asset in which the Funds invest normally will be based in part on financial projections. In all cases, projections are only estimates of future results that are based upon assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic, political, governmental and other factors, which are not predictable, can have a material impact on the reliability of projections.

***Competition***

The securities industry and the varied strategies and techniques to be engaged in by the Investment Manager are extremely competitive and each involves a degree of risk. The Funds will compete with firms, including many of the larger securities and investment banking firms, which have substantially greater financial resources and research staffs. Further, lower fees for comparable services may be available from these or other firms.

***Market Volatility***

The profitability of the Funds substantially depends upon the Investment Manager correctly assessing the future price movements of stocks, bonds, options and other financial instruments, and the movements of interest rates. The Funds cannot guarantee that the Investment Manager will be successful in accurately predicting those prices and interest rate movements.

***Portfolio Valuation***

Valuation of the Funds' portfolio, which will affect the amount of the Management Fee and the Performance Allocation, involves uncertainties and determinations based on judgments. Third-party pricing information may, at times, not be available regarding certain of the Funds' investments. A disruption in the secondary markets for the Funds' investments may limit the ability of the Funds to obtain accurate market quotations for purposes of valuing its investments. In addition, material events occurring after the close of a principal market upon which a portion of the investments of the Funds are traded may require to make a determination of the effect of a material event on the value of the investments traded

on the market for purposes of determining the value of the Funds' investments on a valuation date. Further, because of the overall size and concentrations in particular markets and maturities of positions that may be held by the Funds from time to time, the liquidation values of the Funds' securities and other investments may differ significantly from the interim valuations of these investments derived from the valuation methods described herein. Moreover, because of the inherent uncertainty of valuing an illiquid security, the valuation may differ significantly from the value that would have been used had a ready market for the investment existed, and these differences could be material. If the Funds' valuation should prove to be incorrect, the value of the Funds' investments could be adversely affected.

### ***Funds' Investment Activities***

The Funds' investment activities involve a significant degree of risk. The performance of any investment is subject to numerous factors which are neither within the control of nor predictable by the Investment Manager. Such factors include a wide range of economic, political, competitive, technological and other conditions (including natural disasters, acts of terrorism and war) that may affect investments in general or specific industries or companies. The securities markets may be volatile, which may adversely affect the ability of the Funds to realize profits. As a result of the nature of the Funds' investing activities, it is possible that the Funds' financial performance may fluctuate substantially over time and from period to period.

### ***Funds' Business Could Be Hurt by Economic Downturns***

The Funds' business is affected by a number of economic factors, including the level of economic activity in the markets in which it operates. A decline in economic activity in the United States or internationally could materially affect the Funds' financial condition and results of operations. The securities industry is influenced by factors such as interest rates, inflation, employment rates, competition and other macroeconomic factors over which the Funds has no control. Any decline in economic activity as a result of these factors typically results in a decrease in the profitability of transactions in which the Funds intends to participate.

### ***Epidemics, Pandemics, Outbreaks of Disease and Public Health Issues***

The Investment Manager's business activities, as well as the activities of the Funds and its operations and investments, could be materially adversely affected by outbreaks of disease, epidemics and public health issues in Asia, Europe, North America, the Middle East and/or globally, such as COVID-19 (and other future novel coronaviruses), Ebola, H1N1 flu, H7N9 flu, H5N1 flu, Severe Acute Respiratory Syndrome, or SARS, or other epidemics, pandemics, outbreaks of disease or public health issues. In particular, coronavirus (and other future novel coronaviruses), or COVID-19, has spread and is currently spreading rapidly around the world since its initial emergence in December 2019 and has negatively affected (and may continue to negative affect or materially impact) the global economy, global equity markets and supply chains (including as a result of quarantines and other government- directed or mandated measures or actions to stop the spread of outbreaks). Although the long-term effects of coronavirus (and other future novel coronaviruses), or COVID-19 (and the actions and measures taken by governments around the world to halt the spread of such virus), cannot currently be predicted, previous occurrences of other epidemics, pandemics and outbreaks of disease, such as H5N1, H1N1 and the Spanish flu, had material adverse effects on the economies, equity markets and operations of those countries and jurisdictions in which they were most prevalent. A recurrence of an outbreak of any kind of epidemic, communicable disease,

virus or major public health issue could cause a slowdown in the levels of economic activity generally (or push the world or local economies into recession), which would be reasonably likely to adversely affect the business, financial condition and operations of the Investment Manager and the Funds. Should these or other major public health issues, including pandemics, arise or spread farther (or continue to worsen), the Investment Manager and the Funds could be adversely affected by more stringent travel restrictions (such as mandatory quarantines and social distancing), additional limitations on the Investment Manager's (or the Funds) operations and business activities and governmental actions limiting the movement of people and goods between regions and other activities or operations.

***Material Non-Public Information***

By reason of their responsibilities in connection with other activities of the Investment Manager and/or its affiliates, the Principal or employees of the Investment Manager and/or its affiliates may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. The Funds will not be free to act upon any such information. Due to these restrictions, the Funds may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

***Accuracy of Public Information***

The Investment Manager may select investments for the Funds, in part, on the basis of information and data filed by issuers with various government regulators or made directly available to the Investment Manager by the issuers or through sources other than the issuers. Although the Investment Manager evaluates certain such information and data and sometimes seeks independent corroboration when the Investment Manager considers it is appropriate and when it is reasonably available, the Investment Manager is not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information is not available. Investments may not perform as expected if information is inaccurate.

***Disruptions or Inability to Trade Due to a Failure to Receive Timely and Accurate Market Data from Third-Party Vendors***

The Investment Manager's strategy may depend on the receipt of timely and accurate market data from third-party vendors. Any failure to receive such data in a timely manner or the receipt of inaccurate data for any reason could disrupt and adversely affect the Funds' trading until such failure or inaccuracy is corrected.

***Event Risk Generally***

Certain investments by the Funds may be based on the anticipated outcomes of specific situations, and certain other investments by the Funds may be based on the anticipated outcomes of broader changes in markets or the economy. If the outcomes are not as anticipated (either because the change did not occur, did not occur in the manner or to the extent anticipated, or, in the worst case, because the outcome was contrary to what had been anticipated), the Funds could suffer losses and loss of opportunities for alternative investments.

***Use of Automated Order Routing and Execution Systems Generally***

The Investment Manager may use automated order routing and execution systems in its trading. Such systems are typically provided on an "as is" basis. Such systems may experience technical difficulties which may render them temporarily unavailable. In addition, such systems may fail to properly perform. Such failures may result in losses to the Funds, for which losses the providers of such services have disclaimed all liability. In an effort to mitigate such risks, the Investment Manager intends to closely monitor trades executed through automated order routing and execution systems and the operation of the systems themselves.

***Electronic Trading Facilities***

The Funds may make use of electronic trading facilities (including ECNs), which are generally supported by computer-based component systems for the order- routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. Trading on an electronic trading system (including an ECN) may differ not only from trading in an open-outcry market or telephonic market but also from trading on other electronic trading systems. The Funds, in undertaking transactions on an electronic trading system, will be exposed to risk associated with the system including the failure of hardware and software. The result of any system failure may be that the Funds' order is either not executed according to its instructions or is not executed at all. The Funds' ability to limit or recover certain losses may be subject to limits on liability imposed by, without limitation, foreign or domestic law or regulation, the Funds' own or its broker's internet service provider, other systems providers, market factors, foreign or domestic banking or other market regulations and/or telephonic or other communications providers, foreign or domestic.

***Timing Strategy***

To a certain extent, the Funds' strategy is one of timing. From time to time, the Funds may be unable to execute certain strategic trades when desired. Further, the timing of trades may be impacted by matters beyond the Funds' control, including, without limitation, errors or problems with respect to execution by its brokers, trade mechanisms or trading technology.

***Technology Risk***

The Investment Manager's investment strategy may rely on the use of proprietary and non-proprietary software, data and intellectual property. Any such reliance on this technology and data is subject to a number of important risks. First, the Funds may be severely and adversely affected by the malfunction of the technology and/or data feed. For example, an unforeseeable software or hardware malfunction could occur, as a result of a virus or other outside force, or as result of a design flaw in the Funds' system or in its continued implementation. In the past, occurrences of this nature to other Funds have sometimes resulted in dramatically negative consequences for the portfolio of the related Funds. In addition, changes in the market for publicly available data or in regulatory reporting requirements could cause a severe diminution in the data available for the technology to operate as designed. Such events can also have dramatically negative consequences for the Funds. Furthermore, if any of the Funds' software, hardware, data and/or other intellectual property is found to infringe on the rights of any third party, the Funds could be severely and adversely affected.

***Reliance on Computational Trading Systems***

Trading decisions will be based, at least in part, on computational analysis generated by the Investment Manager. The profitability of computational analysis varies with the accuracy of the forecasts of price moves of the Funds' investments, whether short-term or long-term. No assurance can be given of the accuracy of the forecasts. In addition, the calculations that underlie the Investment Manager's trading systems, methods, and strategies may involve extensive use of computers. In general, the use of a computer in collating information or in developing and operating a trading method does not assure the success of the method because a computer is merely an aid in compiling and organizing trade information and executing algorithms generated by human beings. In addition, while rare, data sources employed by the Investment Manager for the generation of the trading signals may supply erroneous daily data, and an input error may generate an incorrect trading signal. No assurance is given that the trading decisions based on computer-generated information will produce profits for the Funds. It is possible that required data may not be delivered in a timely manner due to equipment malfunctions or other causes beyond the control of the Investment Manager, including, without limitation, interruption or failure of telecommunication or digital transmission links, including delays or failures due to internet service provider(s), hostile network attacks, network congestion or other similar failures.

***Stops***

The Funds may use stops as part of its trading strategy. Buy-stops are orders for securities that are placed at a predetermined price over the current price of the market. The order becomes a "buy at the market" order if the market is at or above the price of the stop order. Sell-stops are orders for securities that are placed with a predetermined price below the current price of the market. Sell-stop orders become "sell at the market" orders if the market trades at or below the price of the stop order. Though stops are generally a risk-mitigating mechanism, if the Investment Manager were to place an initial stop too close to the entry point of a trade, the stop may minimize the effectiveness of the trade. In addition, the Investment Manager may not execute stops at the same stop loss or stop limit that the Investment Manager initially intended. The placement of contingent orders by the Investment Manager, such as a "stop-loss" or "stop-limit" orders, will not necessarily limit the Funds' losses to the intended amounts, since market conditions may make it impossible to execute such orders. Finally, the Investment Manager may elect not to use stops at all.

***Risk Management Limitations***

The Investment Manager's policies and procedures to identify, monitor and manage risks may not be fully effective. Some of the Investment Manager's methods of managing risk will be based upon its use of observed historical market behavior. As a result, these methods may not predict future risk exposures, which could be significantly greater than the historical measures indicate. Other risk management methods may depend upon evaluation of information regarding markets that is publicly available or otherwise accessible by the Investment Manager. This information may not in all cases be accurate, complete, up-to-date or properly evaluated. Management of operational, legal and regulatory risk requires, among other things, policies and procedures to record properly and verify a large number of transactions and events. If the Investment Manager is unable to manage the Funds' risk exposure effectively, in some cases, the Funds could experience dramatic losses or even insolvency.

***Potential Cybersecurity Breaches and Identity Theft***

The Investment Manager relies, to a certain extent, on the use of information technology. The Investment Manager's information and technology systems may be vulnerable to damage and/or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by its professionals, power outages, and/or catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although the Investment Manager has implemented various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time and/or cease to function properly, the Investment Manager and/or the Funds may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the Investment Manager's and/or the Funds' operations and may result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm the Investment Manager's and/or the Funds' reputation, subject any such entity and their respective affiliates to legal claims and/or otherwise affect their business and financial performance.

***Short Sales***

The Investment Manager's investment program contemplates that a portion of the Funds' portfolio may be invested in selling securities short. Short selling involves the sale of a security that the Funds does not own and must borrow in order to make delivery in the hope of purchasing the same security at a later date at a lower price. In order to make delivery to the purchaser, the Funds must borrow securities from a third-party lender. The Funds subsequently returns the borrowed securities to the lender by delivering to the lender the securities it receives in the transaction or by purchasing securities in the open market. The Funds must generally pledge cash with the lender equal to the market price of the borrowed securities. This deposit may be increased or decreased in accordance with changes in the market price of the borrowed securities. During the period in which the securities are borrowed, the lender typically retains its right to receive interest and dividends accruing to the securities. In exchange, in addition to lending the securities, the lender generally pays the Funds a fee for the use of the Funds' cash. This fee is based on prevailing interest rates, the availability of the particular security for borrowing and other market factors.

Theoretically, securities sold short are subject to unlimited risk of loss because there is no limit on the price that a security may appreciate before the short position is closed. In addition, the supply of securities that can be borrowed fluctuates from time to time. The Funds may be subject to substantial losses if a security lender demands return of the lent securities and an alternative lending source cannot be found.

***Leverage***

When deemed appropriate by the Investment Manager and subject to applicable regulations, the Funds may incur leverage in its investment program, whether directly through the use of borrowed funds, or indirectly through investment in certain types of financial instruments with inherent leverage, such as puts, calls and warrants, which may be purchased for a fraction of the price of the underlying securities while giving the purchaser the full benefit of movement in the market of those underlying securities. While such strategies and techniques increase the opportunity to achieve higher returns on the amounts invested, they also increase the risk of loss. To the extent that the Funds purchases securities with

borrowed funds, its net assets will tend to increase or decrease at a greater rate than if borrowed funds are not used. The level of interest rates generally, and the rates at which such funds may be borrowed in particular, could affect the operating results of the Funds. If the interest expense on this leverage were to exceed the net return on the investments made with borrowed funds, the Funds' use of leverage would result in a lower rate of return than if the Funds were not leveraged.

If the amount of leverage which the Funds may have outstanding at any one time is large in relation to its capital, fluctuations in the market value of the Funds' portfolio will have disproportionately large effects in relation to the Funds' capital, and the possibilities for profit and the risk of loss will therefore be increased. Any investment gains made with the additional leverage will generally cause the net asset value of the Funds to rise more rapidly than would otherwise be the case. Conversely, any investment losses incurred with the additional leverage will also generally cause the Net Asset Value of the Funds to fall more rapidly than would otherwise be the case.

Certain of the Funds' trading and investment activities in securities and other financial instruments may be subject to Regulatory and House Margin Requirements, which are computed each day. When the market value of a particular open position or portfolio changes to a point where the margin collateral on deposit does not satisfy maintenance margin requirements, a "margin call" is issued by the Prime Broker. If the customer does not deposit additional funds with the broker to meet the margin call within the applicable timeframe, the customer's position may be closed out. In the event of a precipitous drop in the value of the assets managed by the Funds, the Funds might not be able to liquidate assets quickly enough to pay off the margin debt and might suffer mandatory liquidation of positions in a declining market at relatively low prices, incurring substantial losses. With respect to the Funds' trading activities, the Funds, and not the Investors personally, will be subject to margin calls

Overall, the use of leverage, while providing the opportunity for a higher return on investments, also increases the volatility of such investments and the risk of loss.

### ***Options and Other Derivative Instruments***

The Investment Manager intends to invest a portion of the Funds' assets in options and derivative instruments, including buying and writing puts and calls on some of the securities held by the Funds in an attempt to supplement income derived from those securities. The prices of many derivative instruments, including many options and swaps, are highly volatile. The value of options and swap agreements depend primarily upon the price of the securities, indexes, currencies or other instruments underlying them. Price movements of options contracts and payments pursuant to swap agreements are also influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The Funds are also subject to the risk of the failure of any of the exchanges on which its positions trade or of their clearinghouses or of counterparties. The cost of options is related, in part, to the degree of volatility of the underlying securities, currencies or other assets. Accordingly, options on highly volatile securities, currencies or other assets may be more expensive than options on other investments.

Put options and call options typically have similar structural characteristics and operational mechanics regardless of the underlying instrument or asset on which they are purchased or sold. A put option gives the purchaser of the option, upon payment of a premium, the right to sell, and the writer the obligation



to buy, the underlying security, index, currency or other instrument or asset at the exercise price. A call option, upon payment of a premium, gives the purchaser of the option the right to buy, and the seller the obligation to sell, the underlying instrument or asset at the exercise price.

If a put or call option purchased by the Funds were permitted to expire without being sold or exercised, the Funds would lose the entire premium it paid for the option. The risk involved in writing a put option is that there could be a decrease in the market value of the underlying instrument or asset caused by rising interest rates or other factors. If this occurred, the option could be exercised and the underlying instrument or asset would then be sold to the Funds at a higher price than its current market value. The risk involved in writing a call option is that there could be an increase in the market value of the underlying instrument or asset caused by declining interest rates or other factors. If this occurred, the option could be exercised and the underlying instrument or asset would then be sold by the Funds at a lower price than its current market value.

Purchasing and writing put and call options and, in particular, writing “uncovered” options are highly specialized activities and entail greater than ordinary investment risks. In particular, the writer of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying instrument or asset above the exercise price of the option. This risk is enhanced if the instrument or asset being sold short is highly volatile and there is a significant outstanding short interest. These conditions exist in the stocks of many companies. The instrument or asset necessary to satisfy the exercise of the call option may be unavailable for purchase except at much higher prices. Purchasing instruments or assets to satisfy the exercise of the call option can itself cause the price of the instruments or assets to rise further, sometimes by a significant amount, thereby exacerbating the loss. Accordingly, the sale of an uncovered call option could result in a loss by the Funds of all or a substantial portion of its assets.

Swaps and certain options and other custom instruments are subject to the risk of non- performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty.

### ***Hedging Transactions***

Investments in financial instruments such as options and interest rate swaps, caps and floors, and other derivatives are commonly utilized by investment funds to hedge against fluctuations in the relative values of its portfolio positions as a result of changes in currency exchange rates, interest rates and/or the equity markets or sectors thereof. Any hedging against a decline in the value of portfolio positions does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the portfolio positions’ value. Such hedging transactions also limit the opportunity for gain if the value of the portfolio positions should increase. Moreover, it may not be possible for the Funds to hedge against a fluctuation at a price sufficient to protect the Funds’ assets from the decline in value of the portfolio positions anticipated as a result of such fluctuations. For example, the cost of options is related, in part, to the degree of volatility of the underlying instruments or assets. Accordingly, options on highly volatile instruments or assets may be more expensive than options on other instruments or assets and of limited utility in hedging against fluctuations in their prices.

The Investment Manager is not obligated to establish hedges for portfolio positions and may not do so.

To the extent that hedges are implemented, their success is dependent on the Investment Manager's ability to correctly predict movements in the direction of currency and interest rates and the equity markets or sectors thereof.

### ***Risks of Trading Futures***

The Investment Manager may invest the Funds' portfolio in various types of futures. Trading futures is a highly risky strategy. Whenever the Investment Manager purchases a particular future on behalf of the Funds, there is a possibility that it may sustain a total loss of its purchase price. The prices of futures are, in general, much more volatile than the prices of securities, such as stocks and bonds; and, as a result, the risk of loss in trading futures is substantially greater than in trading those types of securities. The prices of futures react strongly to the prices of the underlying assets. The prices of these underlying products, in turn, rise and fall based on changes in interest rates, international balances of trade, changes in governments, wars, weather events and a host of other factors that are entirely beyond the Funds' control and that are very difficult (and perhaps impossible) to predict.

There is no assurance that the Investment Manager will engage in profitable trades for the Funds or that the Funds will not incur substantial losses.

### ***Futures Trading is Highly Leveraged***

The margin deposit required to enter into a futures contract position is typically a small percentage of the total value of the contract. As a result, if the Funds' account is margined, a relatively small price movement in a commodity futures contract may result in a loss to the investor equal to or substantially greater than the amount of the deposit. Combined with the volatility of futures prices, the leveraged nature of futures trading can cause futures traders to sustain large and sudden losses of their capital.

### ***Futures Trading Is Volatile and Speculative***

Futures markets are highly volatile. Futures contracts are influenced by, among other things, the following: changing supply and demand relationships and trends, governmental actions, agricultural and commercial trade programs and policies, national and international political events, national and international economic events, weather and other naturally occurring phenomena, and prevailing psychological characteristics of the marketplace. There is no assurance that the Investment Manager will engage in profitable futures trades for the Funds or that the Funds will not incur substantial losses in connection with such futures trades.

### ***Market or Interest Rate Risk***

The Funds may, from time to time, invest in fixed income securities and instruments. The price of most fixed income securities move in the opposite direction of the change in interest rates. For example, as interest rates rise, the prices of fixed income securities fall. If the Funds hold a fixed income security to maturity, the change in its price before maturity may have little impact on the Funds' performance. However, if the Funds have to sell the fixed income security before the maturity date, an increase in interest rates could result in a loss to the Funds.

***Callable Securities***

Many bonds, including agency, corporate and municipal bonds, and mortgage-backed securities, sometimes contain a provision that allows the issuer to “call” (i.e., redeem) all or part of the issue before the bond’s maturity date. The issuer usually retains this right to refinance the bond in the future if market interest rates decline below the coupon rate on the outstanding debt security. From the investor’s perspective, there are three disadvantages to the call provision. First, the cash flow pattern of a callable bond is not known with certainty. Second, because the issuer will call the bonds when interest rates have dropped, the Funds is exposed to reinvestment rate risk—the Funds will have to reinvest the proceeds received when the bond is called at lower interest rates. Finally, the capital appreciation potential of a bond will be reduced because the price of a callable bond may not rise much above the price at which the issuer may call the bond.

***Maturity Risk***

In certain situations, the Funds may purchase a bond of a given maturity as an alternative to another bond of a different maturity. Ordinarily, under these circumstances, the Funds will make an adjustment to account for the interest rate risk differential in the two bonds. This adjustment, however, makes an assumption about how the interest rates at different maturities will move. To the extent that the yield movements deviate from this assumption, there is a yield-curve or maturity risk. Another situation where yield-curve risk should be considered is in the analysis of bond swap transactions where the potential incremental returns are dependent entirely on the parallel shift assumption for the yield curve.

***Inflation Risk***

Inflation risk results from the variation in the value of cash flows from a fixed income security or instrument due to inflation, as measured in terms of purchasing power. For example, if the Fund purchases a 5-year bond with a coupon rate of 5%, but the rate of inflation is 6%, then the purchasing power of the cash flow has declined. For all but inflation-linked bonds, adjustable bonds or floating rate bonds, the Funds are exposed to inflation risk because the interest rate the issuer promises to make is fixed for the life of the security. To the extent that interest rates reflect the expected inflation rate, floating rate bonds have a lower level of inflation risk.

***Downgrades in Fixed Income Debt Securities***

Unless required by applicable law, the Funds are not required to sell or dispose of any debt security that either loses its rating or has its rating reduced after the Funds purchase such security.

***Investments in Securities and Other Assets Believed to Be Undervalued***

The Investment Manager may invest a portion of the Funds’ portfolio in securities and other assets that the Investment Manager believes to be undervalued. The identification of such investment opportunities is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. While such investments offer the opportunities for above-average capital appreciation, they also involve a high degree of financial risk and can result in substantial losses. Returns generated from the Funds’ investments may not adequately compensate for the business and financial risks assumed. Economic conditions and any future major economic recession can severely disrupt the markets for such

investments and significantly impact their value. In addition, any such economic downturn can adversely affect the ability of the issuers of debt obligations to repay principal and pay interest thereon and increase the incidence of default for such securities. Additionally, there can be no assurance that other investors will ever come to realize the value of some of these investments, and that they will ever increase in price. Furthermore, the Funds may be forced to hold such investments for a substantial period of time before realizing their anticipated value. During this period, a portion of the Funds' assets would be committed to the investments made, thus possibly preventing the Funds from investing in other opportunities.

### ***Small Companies***

The Investment Manager may invest a portion of the Funds' assets in small and/or unseasoned companies with small market capitalizations. While smaller companies generally have potential for rapid growth, they often involve higher risks because they may lack the management experience, financial resources, product diversification and competitive strength of larger companies. In addition, in many instances, the frequency and volume of their trading may be substantially less than is typical of larger companies. As a result, the securities of smaller companies may be subject to wider price fluctuations. When making large sales, the Funds may have to sell portfolio holdings at discounts from quoted prices or may have to make a series of small sales over an extended period of time due to the lower trading volume of smaller company securities.

### ***Convertible Instruments***

The Investment Manager may invest a portion of the Funds' portfolio in convertible instruments. A convertible instrument is a bond, debenture, note, preferred stock or other security that may be converted into or exchanged for a prescribed amount of common stock of the same or a different issuer within a particular period of time at a specified price or formula. Convertible debt instruments have characteristics of both fixed income and equity investments. The Funds may invest in convertible instruments that have varying conversion values. If a convertible instrument held by the Funds is called for redemption, the Funds will be required to permit the issuer to redeem the instrument, or convert it into the underlying stock, and will hold the stock to the extent that the Investment Manager determines that such equity investment is consistent with the investment objective of the Funds.

### ***Investments in Warrants***

The Investment Manager expects that certain investments made by the Funds may be accompanied by warrants to purchase a portion of the shares (or other interests, as applicable) of the underlying issuer. Investments in warrants involve certain risks, including, without limitation, the following: (i) the possible lack of a liquid secondary market for resale; (ii) volatility in value and potential price fluctuations as a result of speculation or other factors; and (iii) the failure of the price of the underlying security to reach, or have reasonable prospects of reaching, a level at which the warrant can be prudently exercised (in which event the warrant may expire without being exercised, resulting in a loss of the Funds' entire investment therein).

### ***Event Risk Generally***

Certain investments by the Funds may be based on the anticipated outcomes of company specific or transaction specific situations, and certain other investments by the Funds may be based on the anticipated

outcomes of broader changes in markets or the economy. If the outcomes are not as anticipated (either because the change did not occur, did not occur in the manner or to the extent anticipated, or, in the worst case, because the outcome was contrary to what had been anticipated), the Funds could suffer losses and loss of opportunities for alternative investments.

### ***Event-Driven Investments and Special Situations***

The Funds may make investments in companies involved in (or the target of) acquisition attempts or tender offers or companies involved in work-outs, liquidations, spin-offs, reorganizations, bankruptcies and similar transactions. The Funds may also purchase a substantial percentage, or all, of the outstanding shares of an individual company. In any investment opportunity involving any such type of business enterprise, there exists the risk that the transaction in which such business enterprise is involved will take considerable time or will result in a distribution of cash or a new security the value of which will be less than the purchase price to the Funds of the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, the Funds may be required to sell its investment at a loss. In connection with such transactions (or otherwise), the Funds may acquire investments on a when-issued basis, which means that delivery and payment take place sometime after the date of the commitment to purchase and is often conditioned upon the occurrence of a subsequent event, such as approval and consummation of a merger, reorganization or debt restructuring. The purchase price and/or interest rate receivable with respect to a when-issued financial instrument are fixed when the Funds enters into the commitment. Such instruments are subject to changes in market value prior to their delivery. Overall, there is a potential risk of loss by the Funds of its entire principal in the investments described in this paragraph.

### ***General Risks Associated with Investing in Other Funds***

The Investment Manager may invest the Funds' portfolio in various other investment funds. The performance of an investment fund is a function of investments made by its investment manager, which is outside of the control of the Investment Manager. Consequently, the Funds' portfolio will be subject to the risk inherent in the investment program of the underlying funds and the abilities of these managers. If any of the underlying funds has negative performance or other difficulties there will be an adverse effect on the return to the Funds. Also, to the extent that a given underlying fund pursues an investment strategy and/or invests in any of the types of assets that the Funds may invest in, all the strategy-specific and the asset-specific risks will apply. In addition, such funds will charge their own management and other fees, so that, when the Funds invests in them, a Limited Partner will bear two levels of fees and expenses. For the avoidance of doubt, to the extent that the Funds invests in any Affiliated Funds, the Funds will not be subject to a layering of fees and expenses.

### ***Specific Risks Associated with ETFs***

ETFs represent an interest in a passively managed portfolio of securities and financial instruments selected to replicate a securities or financial instruments index. Unlike open-end mutual funds, the shares of ETFs are not purchased and redeemed by investors directly with the ETF, but instead are purchased and sold through broker-dealers in transactions on an exchange. Because ETF shares are traded on an exchange, they may trade at a discount from or a premium to the net asset value per share of the underlying portfolio of securities or financial instruments. In addition to bearing the risks related to investments in securities or financial instruments, investors in ETFs intended to replicate an index bear the risk that the ETFs

performance may not correctly replicate the performance of the index. Investors in ETFs, closed-end funds and other investment companies bear a proportionate share of the expenses of those funds, including management fees, custodial and accounting costs, and other expenses. As such, the Funds is subject to layering of such fees. Trading in ETF and closed-end fund shares also entails payment of brokerage commissions and other transaction costs.

### ***Investments in Non-U.S. Investments***

From time to time, the Investment Manager may invest and trade a portion of the Funds' assets in non-U.S. securities and other assets (through ADRs and otherwise), which will give rise to risks relating to political, social and economic developments abroad, as well as risks resulting from the differences between the regulations to which U.S. and non-U.S. issuers and markets are subject. Such risks may include:

- Political or social instability, the seizure by foreign governments of company assets, acts of war or terrorism, withholding taxes on dividends and interest, high or confiscatory tax levels, and limitations on the use or transfer of portfolio assets.
- Enforcing legal rights in some foreign countries is difficult, costly and slow, and there are sometimes special problems enforcing claims against foreign governments.
- Non-U.S. securities and other assets often trade in currencies other than the U.S. dollar, and the Funds may directly hold foreign currencies and purchase and sell foreign currencies through forward exchange contracts. Changes in currency exchange rates will affect the Funds' Net Asset Value, the value of dividends and interest earned, and gains and losses realized on the sale of investments. An increase in the strength of the U.S. dollar relative to these other currencies may cause the value of the Funds' investments to decline. Some foreign currencies are particularly volatile. Foreign governments may intervene in the currency markets, causing a decline in value or liquidity of the Funds' foreign currency holdings. If the Funds enter into forward foreign currency exchange contracts for hedging purposes, it may lose the benefits of advantageous changes in exchange rates. On the other hand, if the Partnerships enters forward contracts for the purpose of increasing return, it may sustain losses.
- Non-U.S. securities and other markets may be less liquid, more volatile and less closely supervised by the government than in the United States. Foreign countries often lack uniform accounting, auditing and financial reporting standards, and there may be less public information about the operations of issuers in such markets.

### ***Risks Associated with ADRs***

The Funds may purchase ADRs, which are certificates evidencing ownership of shares of a non-U.S. issuer, acting as alternatives to directly purchasing the underlying non-U.S. securities in their national markets and currencies. Such investments are subject to many of the risks associated with investing directly in non-U.S. securities. These risks include the political and economic risks of the underlying issuer's country, as well as, in the case of depositary receipts traded on non-U.S. markets, foreign exchange risk. ADRs may be sponsored or unsponsored. Unsponsored ADRs are established without the participation of the issuer. In addition, unsponsored ADRs may involve higher expenses, may not carry pass-through voting or other shareholder rights, and may be less liquid. The performance of ADRs may be different from the performance of the ordinary shares of the non-U.S. issuers to which they relate.

***Emerging Markets***

The Investment Manager may invest a portion of the Funds' assets in investments related to emerging market countries. The securities markets of emerging market countries as a whole have been volatile and the loans and securities of issuers in emerging markets tend to be subject to abrupt or erratic price movements. Investing a significant portion of the Funds' assets in issuers in emerging markets will make the Funds susceptible to a greater degree than otherwise would be the case to factors affecting emerging markets in general and issuers in emerging markets included in the Funds' portfolio in particular, and may increase the volatility of the value of the Funds' portfolio investments. The economies of these markets may differ significantly from the economies of certain developed countries in such respects as gross domestic product or gross national product, rate of inflation, currency depreciation, capital reinvestment, resource self-sufficiency, structural unemployment and balance of payments position. In particular, these economies frequently experience high levels of inflation. In addition, such countries may have: (1) restrictive national policies that limit the Funds' investment opportunities; (2) limited information about their issuers; (3) a general lack of uniform accounting, auditing and financial reporting standards, auditing practices and requirements compared to the standards of developed countries; (4) less governmental supervision and regulation of business and industry practices, securities exchanges, brokers and listed companies; (5) economic developments that may be slowed or reversed by unanticipated political or social events in such countries; and (6) a lack of capital market structure or market-oriented economy.

Systemic and market factors may affect the acquisition, payment for or ownership of investments including: (a) the prevalence of crime and corruption; (b) the inaccuracy or unreliability of business and financial information; (c) the instability or volatility of: (i) banking and financial systems, or the absence or inadequacy of an infrastructure to support such systems, (ii) custody and settlement infrastructure of the market in which such investments are traded and held, and (iii) the acts, omissions and operation of any securities depository; (d) the risk of the bankruptcy or insolvency of banking agents, counterparties to cash and securities transactions, registrars or transfer agents; and (e) the existence of market conditions that prevent the orderly execution or settlement of transactions or that affect the value of assets. Different clearance and settlement procedures may prevent the Funds from making intended security purchases causing the Funds to miss attractive investment opportunities, possibly resulting in either losses to or contract claims against the Funds. The investment markets of many of the countries in which the Funds may invest may also be smaller, less liquid, and subject to greater price volatility than developed markets. The Funds' assets may be denominated in a variety of currencies subject to changes in currency exchange rates and in exchange control regulations.

***Volatility of Currency Prices***

In general, price movements of currencies are difficult to predict accurately because they are influenced by, among other things, changing supply and demand relationships; governmental, trade, fiscal, monetary and exchange control programs and policies; national and international political and economic events; and changes in interest rates. Governments from time to time intervene in certain markets in order to influence prices directly.

***Currency Control***

It is sometimes the case that emerging market governments alter the exchange rate policy of a currency without advance notice, and it may not always be possible to foresee a change in policy.

***Exchange Rate Fluctuations***

Investments that are denominated in a foreign currency are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. The Funds intends to value its holdings and to make distributions in U.S. dollars. Thus, changes in currency exchange rates adverse to the U.S. dollar may affect adversely the value of such holdings. Among the factors that may affect currency values are trade balances, the appropriateness of interest rates, the shape of the yield curve, the degree of central bank independence and credibility, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments.

***Risk of Default or Bankruptcy of Third Parties***

The Funds may engage in transactions in securities and other financial instruments and assets that involve counterparties. Under certain conditions, the Funds could suffer losses if a counterparty to a transaction were to default or if the market for certain securities or other financial instruments or assets were to become illiquid. In addition, the Funds could suffer losses if there were a default or bankruptcy by certain other third parties, including brokerage firms and banks with which the Funds does business, or to which securities or other financial instruments or assets have been entrusted for custodial purposes.

***Custody and Prime Brokerage Risk***

There are risks involved in dealing with the custodians and clearing or prime brokers who settle Fund trades. Although the Investment Manager monitors the Prime Brokers and believes they are appropriate custodians, there is no guarantee that the Prime Brokers, or any other custodian that the Funds may use from time to time, will not become bankrupt or insolvent. While both the U.S. Bankruptcy Code and the Securities Investor Protection Act of 1970 seek to protect customer property in the event of a bankruptcy, insolvency, failure, or liquidation of a broker-dealer, there is no certainty that, in the event of a failure of a broker-dealer that has custody of Funds assets, the Funds would not incur losses due to its assets being unavailable for a period of time, the ultimate receipt of less than full recovery of its assets, or both.

The Funds and/or the Prime Brokers may appoint sub-custodians in certain non-U.S. jurisdictions to hold the assets of the Funds. The Prime Brokers may not be responsible for cash or assets which are held by sub-custodians in certain non-U.S. jurisdictions, nor for any losses suffered by the Funds as a result of the bankruptcy or insolvency of any such sub-custodian. The Funds may therefore have a potential exposure on the default of any sub-custodian and, as a result, many of the protections that would normally be provided to a fund by a custodian may not be available to the Funds. Under certain circumstances, including certain transactions where the Funds' assets are pledged as collateral for leverage from a non-broker-dealer custodian or a non-broker-dealer affiliate of either Prime Broker, or where the Funds' assets are held at a non-U.S. custodian, the securities and other assets deposited with the custodian or broker may not be clearly identified as being assets of the Funds and hence the Funds could be exposed to a credit risk with regard to such parties. Custody services in certain non-U.S. jurisdictions remain undeveloped and, accordingly, there is a transaction and custody risk of dealing in certain non-U.S. jurisdictions. Given the undeveloped state of regulations on custodial activities and bankruptcy, insolvency, or mismanagement in certain non-U.S. jurisdictions, the ability of the Funds to recover assets held by a sub-custodian in the event of the sub-custodian's bankruptcy or insolvency could be in doubt, as the Funds may be subject to significantly less favorable laws than many of the protections that would be



available under U.S. laws. In addition, there may be practical or time problems associated with enforcing the Funds' rights to its assets in the case of a bankruptcy or insolvency of any such party.

***Non-Controlling Investments***

The Funds anticipate that they will principally hold debt obligations and other non-controlling interests in companies and, therefore, will have a limited ability to influence management of such companies to protect the Funds position in such portfolio companies. However, the Investment Manager will seek appropriate creditor and shareholder rights to help protect the Funds interests.

***Temporary Defensive Investments***

If warranted under certain economic or market conditions or for other reasons, the Investment Manager may temporarily invest up to 100% of the Funds portfolios outside the scope of its principal investment focus in U.S. government securities, such as Treasury bills, notes and bonds, cash, money market funds, certificates of deposit, time deposits, bankers' acceptances and other short-term debt instruments bearing a reasonable rate of interest. In such circumstances, the Funds may not achieve its investment objectives.

***General Regulatory Risks***

Statutes, regulations and policies are continually under review by the U.S. Congress and state legislatures and federal and state regulatory agencies. The introduction of new legislation or amendments to existing legislation and regulations (including changes in how they are interpreted or implemented) by governments, the decisions of courts and tribunals and the rulings and decisions of regulatory authorities, can adversely impact the Funds returns. The regulatory environment for private investment funds is evolving, and changes in the regulation of these funds may adversely affect the value of investments held by the Funds and the cost of compliance with applicable regulations.

***Strategy Restrictions***

Certain institutions may be restricted from directly utilizing investment strategies of the type in which the Funds may engage. Such institutions, including entities subject to the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"), should consult their own advisors, counsel and accountants to determine what restrictions may apply and whether an investment in the Funds is appropriate.

***Trading Limitations***

For all securities, instruments and/or assets listed on an exchange, including options listed on a public exchange, the exchange generally has the right to suspend or limit trading under certain circumstances. Such suspensions or limits could render certain strategies difficult to complete or continue and subject the Funds to loss. Also, such a suspension could render it impossible for the Investment Manager to liquidate positions and thereby expose the Funds to potential losses relating thereto.

***Tax Risk***

The tax aspects of an investment in the Funds are complicated and each investor should have them

reviewed by professional advisors familiar with such investor's personal tax situation and with the tax laws and regulations applicable to the investor and private investment vehicles. The Funds are not intended and should not be expected to provide any tax shelter, but they are organized to avoid corporate taxation and to permit any distributions it might make to be made without being taxed as dividends. You should consult your tax counsel for a more detailed discussion of certain of the tax risks inherent in the acquisition of LP Interests or Shares.

### ***Tax-Exempt Entities***

Certain prospective Investors may be subject to federal and state laws, rules and regulations that may regulate their participation in the Funds, or their engaging, directly or indirectly through an investment in the Funds, in investment strategies of the types that the Funds utilize from time to time. Tax-exempt entities should consider the applicability to them of the provisions relating to UBTI (as defined below). Investments in the Funds by entities subject to ERISA and other tax-exempt entities require special consideration.

### ***Tax-Exempt Investors***

If the Funds derive income which would be considered "unrelated business taxable income" (as defined in Section 512 of the Code) ("**UBTI**"), if derived directly by a Limited Partner that is a qualified retirement plan or other organization exempt from tax under Sections 401 or 501(a) of the Code or an IRA exempt under Section 408(e) of the Code (each, a "**Tax-Exempt Entity**"), such Limited Partner's allocable share of such Funds' income would be subject to tax. A Tax-Exempt Entity which is subject to tax on its allocable share of the Funds' UBTI, including an IRA, may also be subject to the alternative minimum tax with respect to items of tax preference which enter into the computation of UBTI.

UBTI is generally the excess of gross income from any unrelated trade or business conducted by a Tax-Exempt Entity (or by a Fund in which the Tax-Exempt Entity is a member) over the deductions attributable to such trade or business. UBTI generally does not include certain passive income, including dividends, interest, annuities, royalties and gain or loss from the disposition of property held for investment, unless such income items are debt-financed income (as discussed below).

Under amendments made to the UBTI rules by the 2017 Tax Reform Act, (1) U.S. tax-exempt entities are required to calculate UBTI separately for each unrelated trade or business activity; and (2) net losses from one such activity are not permitted to offset income from a separate activity. In Notice 2018-67, the IRS issued transitional rules and interim guidance relating to these requirements, on which tax-exempt organizations may rely pending publication of proposed Treasury regulations. An exempt organization is permitted to aggregate all of its Fund interests meeting either a "de minimis test" or a "lack of control test" and treat the aggregate group of qualifying Funds as comprising a single trade or business for these purposes. The de minimis test is satisfied if the investor owns no more than a 2% interest in both the capital and profits of the Funds. The lack of control test is satisfied if the investor directly holds no more than a 20% capital interest in the Funds and does not have control or influence over the them.

For certain types of Tax-Exempt Entities, the receipt of any UBTI may have extremely adverse consequences. In particular, for charitable remainder trusts (as defined under Section 664 of the Code), the receipt of any taxable income from UBTI during a taxable year will result in the imposition of an excise tax equal to the amount of such UBTI.

A Tax-Exempt Entity also includes in its UBTI its “unrelated debt-financed income” (and its allocable share of the “unrelated debt-financed income” of any Funds in which it invests) pursuant to Section 514 of the Code. In general, unrelated debt-financed income consists of: (i) income derived by a Tax-Exempt Entity (directly or through a vehicle) from income producing property with respect to which there is “acquisition indebtedness” at any time during the taxable year; and (ii) gains derived by a Tax-Exempt Entity (directly or through a vehicle) from the disposition of property with respect to which there is “acquisition indebtedness”. Acquisition indebtedness is generally defined as debt incurred to purchase or carry an investment. Such income and gains derived by a Tax-Exempt Entity from the ownership and sale of debt-financed property are taxable in the proportion to which such property is financed by acquisition indebtedness during the relevant period of time.

When deemed appropriate by the Investment Manager and subject to applicable regulations, the Funds may incur indebtedness in its investment program. An Investor that is a Tax-Exempt Entity should expect to be subject to tax on the portion of its distributive share of the Funds’ income which is unrelated debt-financed income. The law is not entirely clear regarding the appropriate method to be used to determine what portion of a tax-exempt Limited Partner/Shareholder’s portion of the Funds’ income is attributable to debt financing and therefore constitutes “debt-financed income”. Accordingly, while the Funds will compute each tax-exempt Limited Partner/Shareholder’s share of “debt-financed income” from the Funds in a manner which the Partnerships considers to be reasonable, there can be no assurance that the IRS will accept the method of computation used by the Funds.

Tax-exempt Limited Partner/Shareholder’s will also realize UBTI if the Funds invest in equity interests of publicly traded or private Partnerships that are engaged in trade or business activities or the Partnerships directly carries on other trade or business activities (other than as a securities trader).

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**Item 9: Disciplinary Information**

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To the best of our knowledge, there are no legal or disciplinary events that are material to an Investor’s or prospective investor’s evaluation of our advisory business or the integrity of our management.

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

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Neither we nor our management persons are registered as broker-dealers, and neither of us has any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer, respectively.

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

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***Code of Ethics***

Bornite has adopted a “**Code of Ethics**” that establishes the high standard of conduct that we expect of our employees and procedures regarding our employees’ personal trading of securities. Our employees are required to certify their adherence to the terms set forth in the Code of Ethics upon commencement of employment and annually thereafter. Employees also are required to provide quarterly certifications of compliance with certain Code of Ethics provisions.

The foundation of our Code of Ethics is based upon the following underlying fiduciary principles:

- Employees must at all times place the interests of the Funds and Investors first;
- Employees must ensure that all personal securities transactions are conducted consistent with the Code of Ethics' Employee Personal Investment Policy (described below); and
- Employees should not take inappropriate advantage of their position at the Firm.

Pursuant to the Advisers Act's Code of Ethics Rule, Bornite Capital has adopted the following employee **"Personal Trading Policy."**

#### **General Policy**

Pursuant to the Advisers Act's Code of Ethics Rule, the Adviser has adopted the following **"Personal Trading Policy."** The Code of Ethics Rule requires that any Employee submit to the CCO their current securities holdings. Pursuant to the Advisers Act's Books and Records Rule, the Adviser maintains a record of: (i) each report made by an Employee pursuant to the Code of Ethics Rule; (ii) the names of Employees who are currently, or within the past five (5) years were working for the Adviser; and (iii) any decision, and the reasons supporting the decision, to approve the acquisition of securities by Employees pursuant to this Personal Trading Policy for at least five (5) years after the end of the fiscal year in which the approval was granted.

#### **Definition of Covered Account**

This policy applies to all **"Covered Accounts"** of Employees, including accounts maintained by or for:

- The Employee's spouse or domestic partner (except a spouse or partner with a valid separation/divorce decree) and minor children;
- The Employee's immediate family members<sup>1</sup> sharing the same household;
- Any persons to whom the Employee provides primary financial support and either (i) whose financial affairs are managed by the Employee or (ii) for whom the Employee holds discretionary authority over financial accounts; and
- Any accounts for entities in which the Employee has a 25% or greater beneficial interest or exercises effective control.

***It is the Employee's responsibility to ensure that the Employee's Immediate Family Members are aware of this Personal Trading Policy and adhere to it.***

#### **Definition of Non-Discretionary Account**

A **"Non-Discretionary Managed Account"** includes: (i) an account in which the Employee does not have any direct or indirect influence or control over specific investment decisions, such as in the case of a fully discretionary investment management account (where the Employee does not exercise any direct or indirect influence or control over the person or entity exercising discretion over the account); (ii) an account in which the Employee does not have any direct or indirect influence or control and has no knowledge of the account holdings, such as a blind account or trust; and (iii) an investment fund whereby all investment decisions are made by a third party who is unrelated to the Employee.

The CCO must pre-approve any arrangement whereby a Non-Discretionary Managed Account is exempt from the trading restrictions and prohibitions contained in this Personal Trading Policy. In considering

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<sup>1</sup> Immediate family member means any child, stepchild, grandchild, parent, stepparent, grandparent, spouse sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law.

whether to grant pre-approval, the CCO may request the following information (to be submitted as determined by the CCO):

- Information about the third-party adviser's, broker's or trustee's relationship to the Employee;
- Initial and annual certifications by the Employee and the applicable third-party adviser, broker or trustee regarding the Employee's influence or control over the account; and/or
- Reports on holdings and/or transactions made in the account.

Any Employee that is the beneficial owner of a Non-Discretionary Managed Account is prohibited from communicating with the third-party adviser, broker or trustee administering the account regarding any specific investment decisions. All Non-Discretionary Accounts require a written discretionary investment management agreement or similar document covering the account for the account to be considered for exemption from the Personal Trading Policy.

### Definition of Reportable Security

**"Reportable Securities"** are generally single name equities, and single name equity options.<sup>[1]</sup> Single name ETFs or ETNs are also reportable securities. Trading in a Reportable Security is not allowed unless pre-approved by the CCO. Access Persons are prohibited from engaging in any transaction in a Reportable Security that's also in the Bornite library of models (securities that are in the Bornite investable universe). The CCO will review any extenuating circumstances that may warrant an exception from these restrictions. For example, events following an Access Person's personal trade may create an opportunity or necessity for the fund and/or client to trade in the same reportable security. Such events would include, without limitation, a change of circumstance, a liquidation, rebalancing, or other decision initiated by Bornite Capital and/or a client, or another similar event that did not exist or was not anticipated by the Access Person at the time of the personal trade.

A Reportable Security does not include (a **"Non-Reportable Security"**) below:

- Broad Based Exchange traded funds (ETFs);
- Currency forward and spot contracts;
- Futures contracts;
- Bond or debt instruments;
- Digital crypto currency;
- Holdings in direct obligations of the U.S. government;
- Money market instruments defined as bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments;
- Shares issued by money market funds;
- Shares issued by open-end funds (mutual funds); provided that such funds are not advised by the Firm or an affiliate and such fund's advisor or principal underwriter is not controlled or under common with the firm; and

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<sup>[1]</sup> The SEC defines a "security" as "any note, stock, treasury stock, security future, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement, ... transferable share, investment contract, voting-trust certificate, certificate of deposit for a security, fractional undivided interest in oil, gas, or other mineral rights, any put, call, straddle, option, or privilege on any security ... or on any group or index of securities ... or [any] warrant or right to subscribe to or purchase any of the foregoing."

- Units of a unit investment trust; if the unit investment trust is invested exclusively in one or more open-end funds, provided that such funds are not advised by the Adviser or an affiliate and such fund's adviser or principal underwriter is not controlled or under common control with the Firm.

Employees are permitted to trade Non-Reportable Securities and, with the exception of providing disclosure of all brokerage accounts held at the time of joining the Adviser and annually, Employees are not required to report trades of Non-Reportable Securities. Non-Reportable Securities do not require preapproval from the CCO.

**However, the firm discourages excessive trading of non-reportable securities. Therefore, sales of non-reportable securities within 30 calendar days of their purchase needs to be informed to the CCO**

### **Reporting of Employee's Holdings and Transactions**

Employees are required to periodically report their personal securities transactions and holdings to the CCO. Upon commencement of employment with the Adviser, Employees must provide the CCO with the names of any brokerage firms or banks where the Employee has an account in which any securities, futures or commodities are held. This includes, but is not limited to, 401(k), IRA and 529 account plans.

### **Initial Holdings Report**

Each new Employee must provide the CCO with an **"Initial Holdings Report"** for Covered Accounts and Non-Discretionary Managed Accounts, as well as any Limited Offerings.<sup>2</sup> The Initial Holdings Report must be submitted within ten (10) days of his or her commencement of employment and the report must be current as of a date not more than 45 days prior to the individual being hired.

### **Duplicate Brokerage Statements (Quarterly Transaction and Holdings Report)**

Under the Code of Ethics Rule, the Adviser is required to obtain a **"Quarterly Transaction Report"** from its Employees. However, the Code of Ethics Rule permits Employees to submit brokerage statements in lieu of the Quarterly Transaction Report. Therefore, the Firm requires Employees to instruct their brokerage firm(s) to submit duplicate brokerage account statements for all Covered Accounts directly to the CCO. In the event that an Employee's brokerage firm does not submit the Employee's brokerage statements directly to the CCO, the Employees is required to provide the CCO with copies of his or her monthly or quarterly brokerage account statements relating to each Covered Account. Brokerage statements must be submitted within 30 days of the end of the calendar quarter.

### **New Accounts**

Employees must notify the CCO promptly (but in any event within ten (10) business days) in writing (email will suffice) if the Employee opens any new account with a brokerage firm or other custodian or moves an existing account to a different brokerage firm or other custodian.

### **Pre-approval of Liquidating Trades [Pre-approvals Under the Personal Trading Policy]**

Employees may retain equity positions, acquired prior to their employment, but must obtain the CCO's consent in order to sell any such positions. Employees must obtain the CCO's pre-approval for all Liquidating Trades for any Covered Account(s) using the **"Liquidating Trade Pre-Approval Request Form"**. Approvals are valid for a 24-hour period after the approval was granted. The approval is valid for 24 hours after it is granted.

**Exemption from Reporting on Automatic Investment Plans**

An Employee is not required to submit a Holdings Report or a Quarterly Transaction Report with respect to transactions effected pursuant to an “**Automatic Investment Plan**.”<sup>3</sup>

**Limited Offerings**

The Code of Ethics Rule requires Access Persons to obtain the CCO’s pre-approval prior to investing in a “**Limited Offering**.”<sup>4</sup> Pursuant to the Firm’s “**Limited Offerings Policy**,” Employees and their immediate family members must obtain the CCO’s pre-approval before entering into a Limited Offering, also known as a private placement. Limited Offerings include investments in private investment partnerships, interests in oil and gas ventures, real estate syndications, participations in tax shelters, and shares issued prior to a public distribution.

Prior to making the initial or any follow-on investment, the Employee must arrange for the CCO to review and obtain any private placement memorandum, subscription agreements or other like documents pertaining to the investment. Where confirmations and statements or other like documents are not available from the issuer, the Employee must promptly inform the CCO of any changes in the investment and provide the CCO with a brief written yearly update. Approvals are valid for a 3-month period.

**Limited Offerings Policy Quarterly Compliance Attestation**

Employees are required to complete a Quarterly Compliance Attestation to confirm that they are complying with the Limited Offerings Policy.

**Initial Public Offerings**

The Code of Ethics Rule requires Access Persons to obtain the CCO’s pre-approval prior to investing in an initial public offering (“**IPO**”). The Firm permits Employees to invest in IPOs subject to the CCO’s pre-approval.

**Specific Account Exemptions**

Any Employee who wishes to seek an exemption of a specific Covered Account from coverage under the Code must contact the CCO for an exemption/waiver request. The CCO will make a determination of whether such exemption/waiver would be in the best interests of the Adviser’s Clients. The CCO will prepare a written memorandum of any exemption/waiver granted, describing the circumstances of, and reasons for, the exemption/waiver. The CCO must obtain pre-approval from the Chief Investment Officer for any account exemption requests.

**Review and Retention of Reports**

The CCO shall review the Holdings Reports, duplicate brokerage statements (in lieu of Quarterly Transaction) Reports and any successful pre-approval forms to determine whether any violations of the Adviser’s policies or of the Federal Securities Laws have occurred. If there are any discrepancies between holdings reports, transaction reports or preclearance forms, the CCO shall contact the responsible Employee to resolve the discrepancy. If the Firm determines that an Employee has violated the Code, such Employee may be subject to disciplinary action or restrictions on further trading.

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<sup>3</sup> “Automatic investment plan” means a program in which regular periodic purchases (or withdrawals) are made automatically in (or from) investment accounts in accordance with a predetermined schedule and allocation. An automatic investment plan includes a dividend reinvestment plan.

<sup>4</sup> “Limited offering” means an offering that is exempt from registration pursuant to Section 4(2) or Section 4(6), or pursuant to Rule 504, Rule 505, or Rule 506, under the Securities Act of 1933.

**Escalation of Violations and Sanctions**

Upon discovering a violation of the procedures contained in this Code, the CCO will notify the Chief Investment Officer and the Adviser may impose sanctions as it deems appropriate.

**Confidentiality**

The CCO and any other designated compliance personnel receiving reports of an Employee's holdings and transactions under this Code will keep such reports confidential, except to the extent that the Firm is required by law to disclose the contents of such reports to regulators.

**The Restricted List**

The CCO may place certain securities on a "**Restricted List.**" Employees are prohibited from personally, or on behalf of a Client, purchasing or selling securities that appear on the Restricted List. A security may be placed on the Firm's Restricted List for a variety of reasons including, but not limited to:

- The Adviser or an Employee is in possession of material, nonpublic information (as defined below) about an issuer;
- An Employee is in a position, such as a member of an issuer's board of directors, that may be likely to cause the Firm or such Employee to receive MNPI;
- The Adviser has executed a non-disclosure or similar agreement with a specific issuer that restricts trading in that issuer's securities;
- An Employee trading in the security may present the appearance of a conflict of interest or an actual conflict of interest;
- An investor relationship that involves a senior officer or director of an issuer, a "**Value-Added Investor,**" may present the appearance of a conflict of interest or an actual conflict of interest;
- Any Security which at the time of such transaction is:
  - being considered for purchase or sale by a Client,
  - being purchased or sold by a Client, or
  - at the time of such proposed transaction, held for the account of one or more Clients.

The CCO is responsible for maintaining the Restricted List and securities will remain on the Restricted List until such time as the CCO deems their removal appropriate.

**Item 12: Brokerage Practices**

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The Investment Manager is responsible for the placement of the portfolio transactions of the Clients and the negotiation of any commissions paid on such transactions. Portfolio securities normally are purchased through brokers on securities exchanges or directly from the issuer or from an underwriter or market maker for the securities. Purchases of portfolio instruments through brokers involve a commission to the broker. Purchases of portfolio securities from dealers serving as market makers include the spread between the "bid" and the "ask" price. The Investment Manager will not commit to provide any level of brokerage business to any broker. The Investment Manager may utilize the services of one or more introducing brokers who will execute the Funds brokerage transactions through a broker or custodian who will clear the Funds transactions.

Securities transactions are executed through brokers selected by the Investment Manager in its sole discretion and without the consent of the Clients. In placing portfolio transactions, the Investment



Manager will seek to obtain the best execution, taking into account the following factors: the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); the operational efficiency with which transactions are effected and the efficiency of error resolution, taking into account the size of order and difficulty of execution; the financial strength, integrity and stability of the broker; special execution capabilities; reputation; clearance, settlement, on-line pricing, block trading and block positioning capabilities; willingness to execute related or unrelated difficult transactions in the future; order of call; online access to computerized data regarding clients' accounts; performance measurement data; the quality, comprehensiveness and frequency of available brokerage and research products and services considered to be of value; the availability of stocks to borrow for short trades; and the competitiveness of commission rates in comparison with other brokers satisfying the Investment Manager's other selection criteria.

### ***Best Execution***

The Adviser has the authority to select brokers for its Clients' transactions. As a registered investment adviser, the Adviser has a federal fiduciary duty to obtain "**Best Execution**" of client transactions. Elements of Best Execution may include best price (best price is considered to be the highest price that a client can sell a security and the lowest price that a client can purchase a security), timeliness of execution, the value of research provided, the responsiveness of the broker-dealer, and the broker-dealer's financial resources. The Adviser's "**Best Execution Policy**" requires that all trades be executed through approved broker-dealers and that the Adviser reviews the performance of its broker-dealers to evaluate whether the Adviser is obtaining Best Execution for its Clients' trades.

### ***Soft Dollars***

The term "**Soft Dollars**" is generally used to describe an arrangement whereby a broker-dealer provides an Adviser with research and/or other services in return for commission dollars paid for executing transactions. Advisers receiving these products or services typically pay the broker a commission in excess of commissions that would be charged for execution of trades alone. The SEC has indicated that the use of Soft Dollars, rather than paying for research or others' services with the Adviser's own assets, creates a conflict of interest and a potential breach of fiduciary duty.

### **Section 28(e) Safe Harbor Provisions**

Exchange Act Section 28(e) ("**Section 28(e)**") provides a safe harbor from an Adviser's breach of fiduciary duty if the Adviser purchases certain brokerage and research products or services with a client's commission dollars. Under Section 28(e), an Adviser that exercises investment discretion may lawfully pay commissions to a broker-dealer at rates that are higher than those offered by other brokers as long as the services provided by the broker-dealer: (i) are limited to "**Research**" and "**Brokerage**"; (ii) constitute a product or service that provides lawful and appropriate assistance to the Adviser in the performance of its investment decision-making responsibilities; and (iii) are of reasonable value in light of the client commissions paid by the Adviser.

Research products or services within the scope of Section 28(e) typically include research reports, market data, discussions with research analysts, meetings with corporate executives, software that provides for analysis of securities, and certain publications. Research products or services outside the scope of Section 28(e) include computer hardware, telephone lines, salaries, rent, travel, entertainment, meals, software used for accounting, recordkeeping, client reporting, and marketing seminars. Brokerage services

generally include activities related to executing securities transactions.

**Soft Dollars Policy**

The Adviser's "**Soft Dollars Policy**" limits the use of Soft Dollars to the purchase of Research and Brokerage within the Section 28(e) safe harbor. Employees must report to the CCO any suspicious activity around the use of Soft Dollars.

**Item 13: Review of Accounts**

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Our Portfolio Manager and investment professionals continuously monitor and analyze the transactions, positions, and investment levels of the Fund to ensure that they conform with the investment objectives and guidelines that are stated in the Fund's Offering Documents. In these reviews, the Firm pays particular attention to any changes in the investment's fundamentals, overall risk management and changes in the markets that may affect price levels.

***Account Reporting***

We perform daily reconciliations of client's portfolios. Such reviews are conducted by our officers. We will distribute an audited financial report with respect to the previous fiscal year for our Funds to all Investors within 120 days of fiscal year end. The Adviser may also distribute to investors monthly portfolio summaries, annual letters, and other communication it deems appropriate.

Each Limited Partner will receive the following: (i) annual financial statements of the Funds audited by an independent certified public accounting firm; (ii) copies of such Limited Partner's Schedule K-1,2,3 to the Funds tax returns; and (iii) other periodic reports or letters as determined by the General Partner in its sole discretion. The financial statements of the Funds will be prepared in accordance with GAAP (except to the extent that this Memorandum or the Partnership Agreements state or contemplate that such statements may be inconsistent with GAAP). Clients will bear all fees incurred in providing such tax returns and reports.

The General Partner may agree to provide certain Investors with additional information on the underlying investments of the Funds, which may affect investment and withdrawal decisions, as well as heightened access to the General Partner, the Investment Manager and their respective employees for relevant information.

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

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***Referral of Investors and Sales Charges***

The Investment Manager may direct some of the Funds brokerage business to brokers who refer prospective investors to the Funds. Because such referrals, if any, are likely to benefit the Investment Manager and its affiliates but will provide an insignificant (if any) benefit to Limited Partners, the Investment Manager will have a conflict of interest with the Funds when allocating brokerage business to a broker who has referred investors to the Funds. To prevent brokerage commissions from being used to pay investor referral fees, the Investment Manager will not allocate brokerage business to a referring

broker unless the Investment Manager determines in good faith that the commissions payable to such broker are reasonable in relation to those available from non-referring brokers offering services of substantially equal value to the Funds.

The General Partner and/or the Investment Manager may sell Interests through broker-dealers and pay a marketing fee or commission in connection with such activities, including ongoing payments, at the General Partner's or the Investment Manager's own expense. The General Partner and/or the Investment Manager may also deduct a percentage of the amount invested by a Limited Partner/Shareholder in the Funds to pay sales fees or charges, on a fully disclosed basis, to a broker-dealer based upon the capital contribution of such Limited Partner introduced to the Funds by such broker-dealer. Any such sales fees or charges would be assessed against the referred Limited Partner and would reduce the amount actually invested by such Limited Partner in the Partnerships. If a Limited Partner is introduced to the Partnerships through a broker-dealer that is not affiliated with the Investment Manager and/or the General Partner, the arrangement, if any, with such broker-dealer will be disclosed to, and acknowledged by, such Limited Partner.

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**Item 15: Custody**

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Advisers with custody or possession of a client's funds or securities must comply with Advisers Act's "**Custody Rule**".

**Explanation of Custody**

The Custody Rule states that an investment adviser has "**Custody**" when it has possession of client funds or securities or when it has the authority to obtain possession of them. This includes any capacity (such as the general partner of a partnership or the managing member of a limited liability company) that gives the investment adviser legal ownership of, or access to, client funds or securities.

The Adviser is considered by the SEC to have Custody of its Client's assets. Under the Custody Rule, all of the Client's cash and securities must be placed with a "**Qualified Custodian**."

**Client Reporting Requirements**

An Adviser to pooled investment vehicles (e.g., hedge funds) can comply with the Custody Rule's investor reporting provisions if the pooled investment vehicle is audited annually by an independent public accountant that is registered and subject to regular inspection by the Public Company Accounting Oversight Board. The audited financial statements, prepared in accordance with U.S. Generally Accepted Accounting Principles, must be sent to all investors in the Funds within 120 days after the investment pool's fiscal year end.

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**Item 16: Investment Discretion**

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We will have full discretionary investment authority with respect to the Funds, including authority to make decisions with respect to which securities to be bought and sold, as well as the amount and price of those securities.

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**Item 17: Voting Client Securities**

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The Advisers Act's "**Proxy Voting Rule**" requires an Adviser that exercises voting authority with respect to its client's securities to: (i) adopt written policies reasonably designed to ensure that the Adviser votes in the best interest of its clients and addresses how the Adviser will deal with material conflicts of interest that may arise between the Adviser and its clients; (ii) disclose to its clients information about such policies and procedures; and (iii) upon request, provide information on how proxies were voted.

Pursuant to the Adviser's "**Proxy Voting Policy**," the Adviser will comply with the Proxy Voting Rule and will act solely in the best interests its Clients when exercising its proxy voting authority. The Adviser determines whether and how to vote corporate actions and proxies on a case-by-case basis, and will:

- Attempt to consider all aspects of the vote that could affect the value of the issuer or that of the Client.
- Vote in a manner that it believes is consistent with the Client's stated objectives.

Generally, vote in accordance with the recommendation of the issuing company's management on routine and administrative matters, unless the Adviser has a particular reason to vote to the contrary.

***Non-Controlling Investments***

The Funds anticipate that they will principally hold debt obligations and other non-controlling interests in companies and, therefore, will have a limited ability to influence management of such companies to protect the Funds' position in such portfolio companies. However, the Investment Manager will seek appropriate creditor and shareholder rights to help protect the Funds' interest.

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**Item 18: Financial Information**

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Registered advisers with discretionary authority over or custody of client assets are required to disclose in Part 2A of Form ADV all material facts with respect to its financial condition that are reasonably likely to impair its ability to meet its contractual commitments to investors. Although the SEC has not specifically articulated what these material facts may be, they presumably include illiquidity, insolvency, pending bankruptcy and similar circumstances that would likely have a material effect on the Firm's ability to operate. Senior management personnel will monitor the financial stability and liquidity of the Firm and make appropriate disclosures if factors indicate that the Firm will have difficulty meeting its contractual obligations to its Clients.