

LI Capital Global Inc.

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**March 2024
CRD: 310223**

This brochure ("**Brochure**") provides information about the qualifications and business practices of LI Capital Global Inc ("**LI Capital US**"). If you have any questions about the contents of this Brochure, please contact us at +61 3 9286 7015 or by email at **compliance@LI.com.au**. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("**SEC**") or by any state securities authority.

Registration as an investment adviser does not imply that LI Capital Global Inc. or any of its principals or employees possess a particular level of professional competence, education or special training in the investment advisory business or any other business.

Additional information about LI Capital Global Inc. is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Material Changes

This Brochure dated March 2024 amends the Firm's Brochure that was filed as LI Capital US's initial Brochure filing dated March 2023.

The Brochure has been amended to reflect certain updates to LI Capital US's advisory business in Item 4. None of the updates made in Item 4 are or may be considered material changes to this Brochure.

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Item 4: Advisory Business

Advisory Firm

LI Capital US is a Florida Corporation formed on 19 January 2018. The sole owner and controlling party of LI Capital US is David Feldman (the “**Principal**”).

LI Capital US intends to act as a sub-investment adviser to LI Capital Global Opportunities Master Fund (the “**Master Fund**”) and its feeder fund, LI Capital Global Opportunities Fund (collectively with the Master Fund, the “**Funds**”). The Funds are exempted companies incorporated with limited liability under the laws of the Cayman Islands. The Funds are exempt from registration under the Investment Company Act of 1940, as amended, and the sale of their interests will not be registered under the Securities Act of 1933, as amended.

LI Global Manager Pty Limited (“**LI Global**”) acts as investment manager to the Funds and delegates all investment management rights to LI Capital US and LI Capital Pty Limited (“**LI Capital Australia**”). LI Capital US, LI Capital Australia and LI Global will be referred to collectively as “**LI**” or the “**Firm**” in this Brochure.

Types of Services Offered

The principal activity of LI Capital US is to provide discretionary investment management services, including investment advisory services, to the Master Fund. LI Capital US and LI Global have entered into a subadvisory agreement (the “**Subadvisory Agreement**”) that governs LI Capital US’s investment and trading activities. The Subadvisory Agreement authorizes LI Capital US to conduct investment activities such as portfolio management, risk management, research, and trading from its offices in Miami Beach, on behalf of LI Global for the ultimate benefit of the Funds and future clients of LI.

The investment objective of the Master Fund is to achieve favorable risk adjusted returns with a focus on capital preservation and risk management. LI Capital US provides delegated investment management and advisory services to the Master Fund based on specific investment objectives and strategies. The Funds’ offering documents (as amended and supplemented from time to time) set forth the investment guidelines and/or the types of investments in which the Funds may invest.

The Master Fund will invest in a broad range of equity and debt securities as well as other financial instruments, including, but not limited to, common and preferred shares, bonds, loans, trade claims, bank deposits, currencies and options. Among the principal strategies implemented by the Master Fund are deep value equity and corporate debt, convertible securities, events and equity long/short investing.

Ability to Tailor Services and Impose Restrictions

The investment objectives and strategy for the Funds are described in the Funds’ offering documents. LI Capital US provides investment management and advisory services to the Funds, pursuant to the Subadvisory Agreement, based on the specific investment objectives and strategies of the Funds and does not provide services individually to investors in the Funds (the “**Investors**”). Since the Firm does not provide tailored advice to the Investors, the Investors should consider whether the Funds’ investment strategies are in line with their risk tolerances. The Funds may from time to time enter into side letter agreements or other similar agreements (“**Side Letters**”) providing Investors with additional and/or different rights and benefits.

Wrap Fee Programs

LI Capital US does not participate, sponsor or act as a portfolio manager for any wrap fee programs.

Client Assets

As of December 31st, 2023, LI Capital US had approximately US\$288,458,159 of regulatory assets under management. Because (i) LI Capital US provides its advisory services to LI Global, by means of the Subadvisory Agreement, on a discretionary basis and for the general benefit of the Funds and (ii) LI Capital US's services are not restricted to any particular portfolio or account, LI Capital US may be deemed to concurrently be managing all of the client assets managed by LI Global.

The performance of the Funds is reported, fees are calculated, and all subscriptions and redemptions are transacted, in US dollars (US\$).

Item 5: Fees and Compensation

LI Capital US will receive payment from LI Global for providing sub-advisory services to the Funds. The sub-advisory fees payable to LI Capital US by LI Global represent a portion of the fees received by LI Global from the Funds. The fees, compensation, and expenses applicable to the Funds are set forth in detail in their respective governing agreements.

Management Fee

Investors in the Funds managed by LI Global are charged a fee for investment management services based on assets under management (the “**Management Fee**”), which is set forth in the Funds’ offering documents. LI Global receives an annual management fee of 2% per annum in respect of the net asset value (“**NAV**”) of the relevant class of shares or interests. The Management Fee is payable monthly in arrears as soon as practicable after the end of each calendar month.

LI Global may, in its sole discretion, waive, rebate or decrease the Management Fee that is payable in whole or in part, in respect of certain Investors.

The Funds may from time to time enter into Side Letters providing for changes in management fees. As of the date of this Brochure, no Side Letters have been entered into by the Funds.

Performance Based Compensation

In addition to Management Fees, LI Global (or one of its affiliates) receives performance-based compensation in the form of a performance fee or performance allocation (the “**Performance Fee**”) which is set forth in the Funds’ offering documents. The Performance Fee will accrue monthly as at the close of business on each valuation day and generally will be paid annually in arrears.

LI Global in its sole discretion, may reduce, waive, rebate, or modify the Performance Fee with respect to certain Investors.

The Funds may from time to time enter into Side Letters providing for changes in Performance Fees.

Other Costs and Expenses

The Funds pay various ongoing operational expenses, including but not limited to, accounting, auditing, tax preparation, legal, administration, research, travel, and trading costs. The Funds may incur brokerage and other transaction costs.

Fees and compensation are generally deducted from the assets of each Fund on a monthly basis.

If, in the future, LI manages multiple client accounts, a portion of the Funds’ operating expenses may be shared with other investment entities or accounts managed by LI on an equitable basis.

Sales Compensation

LI and its supervised persons do not receive (directly or indirectly) any compensation from the purchase or sale of securities or investments for the Funds Presumably this does not include structuring fees. LI and its supervised persons do not receive (directly or indirectly) sales commissions in connection with sales of interests in the Funds.

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

As discussed in **Item 5** above, LI Global generally will be entitled to receive performance-based compensation (the Performance Fee) in connection with investment advisory services provided to the Funds.

As LI Capital US currently provides investment advisory services to one client account through a master-feeder structure, it does 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.

The Performance Fee, however, does create or potentially exacerbate a conflict of interest between LI and the Funds in that it creates an incentive for LI to trade and invest the Funds' capital in a manner that is intended to generate larger, short term profits, which could increase the risk present in the Funds' portfolio at any given time.

Item 7: Types of Clients

LI Capital US currently provides investment advisory services for the ultimate benefit of the Funds through the Subadvisory Agreement. Investors in the Funds primarily consist of institutional investors.

The minimum initial investment amount for the Funds is generally US\$250,000 and the minimum subsequent investment amount is US\$250,000. In certain circumstances, minimum investment amounts may be amended by a Fund's directors in consultation with LI.

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

Investment Objective

The investment objective of the Master Fund is superior risk adjusted returns with a focus on capital preservation and risk management. LI Capital US will opportunistically employ a wide variety of strategies on a global basis. The Master Fund will invest in a broad range of equity and debt securities as well as other financial instruments, including, but not limited to, common and preferred shares, bonds, loans, trade claims, bank deposits, currencies and options.

Generally, the instruments in which the Master Fund will invest are publicly traded, although from time to time the Master Fund will purchase securities, including non-publicly traded securities, in private transactions. Such Longer-Term Investments are often privately negotiated with companies and often structured with downside protection.

The Master Fund may also invest in trading vehicles controlled by LI Global and may co-invest together with other investment advisers in entities whose portfolios and strategies are determined by a collaborative decision-making process. In addition, the Master Fund may invest capital with Third-Party Managers through Third-Party Ventures as a passive investor in situations in which LI Global determines that doing so complements the Manager's expertise and/or enhances the Master Fund's ability to access specific investment opportunities. LI Capital US does not intend that such allocations will represent a substantial portion of the Master Fund's investment strategy.

The Master Fund may use leverage without limitation in the implementation of its investment strategy. When the Master Fund borrows money for leverage and its investments increase or decrease in value, the Master Fund's Net Asset Value will increase or decrease more than if it had not borrowed money.

The Master Fund does not currently invest in futures contracts, options on futures, retail off-exchange forex contracts, swaps or commodity pools, but reserves the right to do so in the future, in the sole discretion of LI Global, in consultation with the Directors.

Investment Strategy

The following does not purport to be a complete list of all trading strategies employed, and the Master Fund's trading may involve a combination of, or a departure from these strategies:

- **Deep Value Equity and Corporate Debt:** Trading in equity or corporate debt instruments using technical and fundamental analysis or a combination thereof in anticipation of profiting from movements in the prices of these assets. Such investments may be concentrated in specific industry sectors and may include short- or long-term investments (including Longer-Term Investments), as well as investments in investment grade or distressed debt or equity.
- **Convertible Securities:** Buying "long" a convertible security, the investor gains the downside protection of the bond component whilst retaining upside through the embedded equity option. These instruments are often issued by large growth companies. They are also often used to provide bridge financing to smaller companies that wish to issue equity in the future
- **Events:** Investing in the securities of publicly traded companies involved in prospective mergers or corporate combinations, acquisitions, cash tender offers, exchange offers or corporate recapitalizations in the expectation of profiting from the difference the price of such securities at the inception of the investment and the price of such securities in expectation of or upon consummation of particular events.
- **Long/Short Investing:** Buying "long" a stock or basket of stocks and selling "short" a stock or basket of stocks in anticipation of profiting from changes in the price differential between the respective long and short positions.

- **New Issues:** New issues result when the price in the secondary market of a new offering of securities rises to a premium over the initial offering price immediately or very soon after the securities are first distributed to the public.

Risk Factors

An investment in the Funds involves a high degree of risk. There is no guarantee that implementation of the investment objective or strategy with respect to the assets will not result in losses to holders of participating shares.

Listed below are some of the key risks associated with an investment in the Funds. The following explanation of certain risks is not exhaustive, but rather highlights some of the more significant risks involved in the Funds' investment strategies. For a complete explanation of the Funds' investment strategies and their associated risks, Investors and prospective investors are encouraged to read the Funds' offering documents and consult their own advisers before deciding whether to invest in the Funds. Investments should only be made if the nature of investments and risks of investment are understood.

No assurance can be given that profits will be achieved or that substantial losses will not be incurred.

The Master Fund will not invest more than fifteen per cent (15%) at cost price of the Net Asset Value of the Master Fund in a single position. Otherwise, the Master Fund does not observe any rigid policies requiring a specific level of portfolio diversification or restricting the extent of concentration of investment, industry or any single issuer. Although the Master Fund may achieve some diversification of its returns through the use of several strategies across several markets, there is no guarantee that such diversification will be achieved.

The risks of investing in the Fund include, but are not necessarily limited to, the following:

General Risk Factors

Limited Performance or Operating History. The Fund and LI Global have a limited operating history. Accordingly, an investment in the Fund entails a high degree of risk. There can be no assurances that the Fund will achieve its investment objective. Given the factors that are discussed herein, there exists a possibility that a Shareholder could suffer a complete loss of its investment in the Fund.

Dependence on Key Employees. LI Global, via an Advisory Agreement, has appointed LI Capital US as the advisor to assist LI Global in investing the Fund's assets. LI Capital US will be involved in the day-to-day management of the Fund and under the supervision of LI Global. The Fund's investment performance is substantially dependent on the services of David Feldman, who is a Director of the Fund. The Manager has sub-delegated the investment management of the Fund to David Feldman. In the event of the death, disability or the termination of services of Mr. Feldman, the business of the Fund may be adversely affected.

No Current Income. The Fund does not pay distributions and an investment in the Fund is not suitable for investors seeking current income.

No Participation by Investors. Substantially all decisions with respect to the management of the Fund are made exclusively by the Manager. Shareholders have no right or power to take part in the management of the Fund. The Manager makes all of the trading and investment decisions of the Fund.

Incentive Allocation. The Manager's entitlement to an Incentive Allocation may create an incentive for the Manager to make riskier or more speculative investments than would be the

case absent such performance allocation. The Third-Party Managers are subject to the same conflict of interest with respect to any performance-based compensation arrangements.

Subscription Monies. Where a subscription for Participating Shares (as defined in the Fund's private placement memorandum) is accepted, the Participating Shares will be treated as having been issued with effect from the relevant Subscription Day notwithstanding that the subscriber for those Participating Shares may not be entered in the Fund's Register of Shareholders until after the relevant Subscription Day. The subscription monies paid by a subscriber for Participating Shares will accordingly be subject to investment risk in the Fund from the relevant Subscription Day.

Master Feeder Structure. The Fund is a conduit, which means that all of the Fund's assets are invested in the Master Fund. An investment by the Fund in the Master Fund may be affected by an investment by other feeder funds in the Master Fund. In view of the fact that all expenses of the Master Fund may be shared *pro rata* among its investors, if other investors in the Master Fund redeem their shares, then the possibility exists that the Fund will bear the burden of an increased share of the Master Fund's expenses.

Handling of mail. Mail addressed to the Fund and received at its registered office will be forwarded unopened to the forwarding address supplied by Manager to be dealt with. None of the Fund, its directors, officers, advisors or service providers (including the organization which provides registered office services in the Cayman Islands) will bear any responsibility for any delay howsoever caused in mail reaching the forwarding address. In particular the Directors will only receive, open or deal directly with mail which is addressed to them personally (as opposed to mail which is addressed just to the Fund).

Contagion Risk Factor. The Fund has the power to issue Participating Shares in Classes or series. The Articles provide for the manner in which the liabilities are to be attributed across the various Classes or series (liabilities are to be attributed to the specific Class or series in respect of which the liability was incurred). However, the Fund is a single legal entity and there is no limited recourse protection for any Class or series. Accordingly, all of the assets of the Fund will be available to meet all of its liabilities regardless of the Class or series to which such assets or liabilities are attributable. In practice, cross-Class/series liability is only expected to arise where liabilities referable to one Class or series are in excess of the assets referable to such Class or series and it is unable to meet all liabilities attributed to it. In such a case, the assets of the Fund attributable to other Classes and series may be applied to cover such liability excess and the value of the contributing Classes or series will be reduced as a result.

Investment Risk Factors

The price of the Participating Shares may fall as well as rise. There can be no assurance that the Fund will achieve its investment objective or that a Shareholder will recover the full amount invested in the Fund.

Operational Risk. The Fund depends on the Manager to develop, implement and operate the appropriate systems and procedures to control operational risk. These systems and procedures may not account for every actual or potential disruption of the Fund's operations. The Fund's operations are dynamic and complex. As a result, certain operational risks are intrinsic to the Fund's operations and business, especially given the volume, diversity and complexity of transactions that the Fund is enters into daily. The Fund's business is highly dependent on its ability to process, on a daily basis, transactions across numerous and diverse markets. Consequently, the Fund relies heavily on its financial, accounting and other data processing systems to trade, clear and settle transactions, to evaluate certain financial instruments, to monitor its portfolio and net capital, and to generate risk management and

other reports that are critical to oversight of the Fund's activities. The ability of its systems to accommodate an increasing volume, diversity and complexity of transactions could also constrain the ability of the Fund to properly manage its portfolio. In addition, certain portions of the Fund's and the Manager's operations interface are dependent upon systems operated by third parties, including prime brokers, the Administrator, market counterparties and their sub-custodians and other service providers, and the Manager may not be in a position to verify the risks or reliability of such third-party systems. Failure of such systems could result in mistakes made in the confirmation or settlement of transactions, or in transactions not being properly booked, evaluated or accounted for. These and other similar disruptions in the Manager's operations may cause the Manager to suffer, among other things, financial loss, the disruption of its businesses, liability to third parties, regulatory intervention or reputational damage.

Investment and Trading Risk Generally. All investments risk the loss of capital. The profitability of a significant portion of the Fund's investment program depends to a great extent upon correctly assessing the future course of the price movements of securities and other investments. There can be no assurance that the Manager will be able to predict accurately these price movements. With respect to the investment strategies utilized by the Fund, there is always some, and occasionally a significant, degree of market risk. No guarantee or representation is made that the Fund's investment programs will be successful.

Counterparty Risk. The Fund is subject to the risk of insolvency of an exchange, clearinghouse, prime broker, commodity broker, bank and other counterparties with whom it trades. The Fund's assets could be lost or impounded in such an insolvency during lengthy bankruptcy proceedings. Were a substantial portion of the Fund's capital tied up in a bankruptcy, the Manager might suspend or limit trading, perhaps causing the Fund to miss significant profit opportunities. The Fund is subject to the risk of the inability or refusal to perform on the part of the counterparties with whom contracts are traded. In the event that a counterparty is unable to perform its obligations, the Fund's assets are at risk and Shareholders may only recover a *pro rata* share of their investment, or nothing at all. For securities trading, if one or more of the Fund's counterparties were to become insolvent or the subject of insolvency proceedings in the United States (either under the Securities Investor Protection Act or the United States Bankruptcy Code), there exists the risk that the recovery of the Fund's securities and other assets from a prime broker or broker-dealer will be delayed or be of a value less than the value of the securities or assets originally entrusted to such prime broker or broker-dealer. Securities customer balances must be maintained separate from firm assets and cannot be used to finance proprietary business activities or to satisfy firm debts. Securities customer balances must also be maintained separate from commodity customer balances (even for the same customer). In the event of a broker default, all property held by the broker, including certain property specifically traceable to the Fund, will be returned, transferred, or distributed to the broker's customers only to the extent of each customer's *pro rata* share of the assets held by such broker. If segregated assets are insufficient to meet claims, the broker is insolvent and claims exceed Securities Investor Protection Corporation coverage, customers share equally in shortfall and become general creditors for residual claims. If no property is available for distribution, the Fund would not recover any of its assets. Exchange-traded futures and futures-styled option contracts are marked to market on a daily basis, with variations in value credited or charged to the Fund's account on a daily basis. The clearing broker, as futures commission merchant ("**FCM**") for exchange-traded contracts, is required, pursuant to CFTC regulations, to segregate from its own assets, all funds held by such clients with respect to exchange-traded futures and futures-styled options contracts, including an amount equal to the net unrealized gain on all open futures and futures-styled options contracts. Commodity customer balances must also be maintained separate from securities customer balances (even for the same customer). Bankruptcy law applicable to all U.S. futures brokers requires that, in the event of the bankruptcy of such a broker, all property held by the broker, including certain

property specifically traceable to the Fund, will be returned, transferred, or distributed to the broker's customers only to the extent of each customer's *pro rata* share of the assets held by such futures broker. If segregated assets are insufficient to meet claims and the broker is insolvent, customers share equally in shortfall and become general creditors for residual claims. If no property is available for distribution, the Fund would not recover any of its assets. With respect to OTC foreign exchange contracts and uncleared swaps, a party engaging in uncleared swaps with a swap dealer or major swap participant can ask that the portion of collateral at risk upon the swap dealer or major swap participant's insolvency be held with an independent third-party custodian. The Fund would likely bear the costs of such custodial arrangements, were the Manager to elect to utilize those arrangements. There are no limitations on the amount of allocated assets the Fund can trade on foreign exchanges or in forward contracts.

Illiquidity of Positions and of Investments in Private Companies. Due to a concentration of the Fund's investment in several large positions, the Fund may suffer from a lack of diversification.

Leverage. The Fund may use leverage without limitation in the implementation of its investment strategy. When the Fund borrows money for leverage and its investments increase or decrease in value, the Fund's Net Asset Value will increase or decrease more than if it had not borrowed money.

Borrowing. The Manager finances certain of the Fund's operations with secured and unsecured borrowing. There is no assurance that the Manager will be able to obtain borrowing or do so on terms that it deems acceptable for the Fund. Furthermore, there is no assurance that counterparties will continue to extend borrowing to the Fund. The ability of the Fund to obtain and maintain borrowing may vary over time. The inability to obtain borrowing or loss of existing lines of credit may adversely impact the performance of the Fund, and thus Shareholders. Like other forms of leverage, the use of borrowing can enhance the risk of capital loss in the event of adverse changes in the level of market prices of the assets being financed with the borrowings. In addition, interest on borrowings is a portfolio expense of the Fund. Consequently, the level of interest rates generally and the rates at which the Fund can borrow in particular will affect the operating results of the Fund.

Uncertain Legal and Regulatory Environment. The laws and regulations affecting western investment and business continue to evolve in an unpredictable manner in certain foreign markets. Laws and regulations applicable to the Fund's activities, particularly those involving taxation, currency regulation, foreign investment and trade and transfer of title to securities and other property, are relatively new and can change quickly and unpredictably. Although basic commercial laws are in place, in many foreign market economies they are often unclear and untested and subject to varying interpretation, and may at any time be amended, modified, repealed or replaced in a manner adverse to the interests of the Fund.

Regulatory Risks of Investment Funds. The regulatory environment for investment funds is evolving and changes therein may adversely affect the ability of the Fund to obtain the leverage it might otherwise obtain or to pursue its investment strategies. In addition, the regulatory or tax environment for derivative and related instruments is evolving and may be subject to modification by government or judicial action which may adversely affect the value of the investments held by the Fund. The effect of any future regulatory or tax change on the Fund is impossible to predict.

Market Disruptions. The Fund may incur major losses in the event of disrupted markets and other extraordinary events which may affect markets in a way that is not consistent with historical pricing relationships. The risk of loss from a disconnect with historical prices is compounded by the fact that in disrupted markets many positions become illiquid, making it

difficult or impossible to close out positions against which the markets are moving. The financing available to the Fund from banks, dealers and other counterparties will typically be reduced in disrupted markets. Such a reduction may result in substantial losses to the Fund. A sudden restriction of credit by the dealer community has resulted in forced liquidations and major losses for a number of investment funds and other vehicles. Because market disruptions and losses in one sector can cause ripple effects in other sectors, many investment funds and other vehicles have suffered heavy losses even though they were not necessarily heavily invested in credit-related investments. In addition, market disruptions caused by unexpected political, military and terrorist events may from time to time cause dramatic losses for the Fund and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk. A financial exchange may from time to time suspend or limit trading. Such a suspension could render it difficult or impossible for the Fund to liquidate affected positions and thereby expose them to losses. There is also no assurance that off-exchange markets will remain liquid enough for the Fund to close out positions.

Non-U.S. Investments. Investments in non-U.S. assets involve certain factors not typically associated with investing in U.S. assets, such as risks relating to (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar (the currency in which the books of the Fund are maintained) and the various non-U.S. currencies in which the Fund's portfolio investments are denominated and costs associated with conversion of investment principal and income from one currency into another; (ii) differences between the U.S. and non-U.S. markets, including the absence of uniform accounting, auditing and financial reporting standards and practices and disclosure requirements, and less government supervision and regulation; (iii) political, social or economic instability; and (iv) the extension of credit, especially in the case of sovereign debt. Investing in the securities of companies in certain developing countries may involve considerations not usually associated with investing in securities of companies of more developed countries, including, among other things, (i) political and economic considerations, such as greater risks of expropriation, nationalization and general social, political and economic instability; (ii) the small size of the securities markets in some countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; (iii) fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and (iv) certain government policies that may restrict the Fund's investment opportunities. In addition, accounting and financial reporting standards that prevail in foreign countries generally are not equivalent to U.S. standards and, consequently, less information is available to investors in companies located in non-U.S. countries than is available to investors in companies located in the United States. There is also less regulation, generally, of the financial markets in non-U.S. countries than there is in the United States.

Event-Driven Investing. Event-driven investing requires the Manager to make predictions about (i) the likelihood that an event will occur and (ii) the impact such event will have on the value of a company's securities. If the event fails to occur or it does not have the effect foreseen, losses can result. For example, the adoption of new business strategies or completion of asset dispositions or debt reduction programs by a company may not be valued as highly by the market as the Manager had anticipated, resulting in losses. In addition, a company may announce a plan of restructuring which promises to enhance value and fail to implement it, resulting in losses to investors. In liquidations and other forms of corporate reorganization, the risk exists that the reorganization either will be unsuccessful, will be delayed 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 Fund of the security in respect of which such distribution was made. The consummation of mergers and tender and exchange offers can be prevented or delayed by a variety of factors, including: (i) opposition of the management or stockholders of the target company, which will often result in litigation to enjoin the proposed transaction; (ii) intervention of a U.S. federal or state regulatory agency; (iii) efforts by the target company to

pursue a “defensive” strategy, including a merger with, or a friendly tender offer by, a company other than the offeror; (iv) in the case of a merger, failure to obtain the necessary stockholder approvals; (v) market conditions resulting in material changes in securities prices; (vi) compliance with any applicable U.S. federal or state securities laws; and (vii) inability to obtain adequate financing. Because of the inherently speculative nature of event-driven investing, the results of the Fund’s operations may be expected to fluctuate from period to period.

Equity Securities. The Fund’s investment portfolios may include positions in common stocks, preferred stocks and convertible securities principally of U.S. issuers and non-U.S. issuers. The Fund also may invest in depositary receipts relating to non-U.S. securities. Equity securities fluctuate in value in response to many factors, including the activities and financial condition of individual companies, the business market in which individual companies compete and industry market conditions and general economic environments.

Small and Medium Capitalization Companies. The Fund may invest a portion of its assets in the securities of companies with small- to medium-sized market capitalizations. While such companies often provide significant potential for appreciation, those stocks, particularly small-capitalization stocks, involve higher risks in some respects than do investments in securities of larger companies. For example, prices of small-capitalization and even medium-capitalization securities are often more volatile than prices of large-capitalization securities and the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) is higher than for larger, “blue-chip” companies. In addition, due to thin trading in the securities of some small-capitalization companies, an investment in those companies may be illiquid.

New Issues. The Fund may purchase securities offered in public offerings registered under the Securities Act (“**New Issues**”). Pursuant to FINRA Rule 5130, FINRA members (including broker-dealers and investment bankers) and their associated persons are generally prohibited from selling any New Issue to any account in which any Restricted Person (as defined below) has an interest, subject to certain exceptions (“**Rule 5130**”). “**Restricted Persons**” include FINRA members or other broker dealers, any officer, director, general partner, associated person or employee of a FINRA member or associated person, any person who has authority to buy or sell securities for a bank, savings and loan institution, insurance company, investment company, investment adviser, and certain control persons of broker-dealers, among others. Rule 5130 prohibits brokers from selling securities in a New Issue to the Fund if more than 10% of the Shares are owned by Restricted Persons (calculated in accordance with FINRA rules) unless such Restricted Persons are “carved-out” of such New Issue allocations or the total amount of New Issue allocations are “carved down” to not more than 10% of the total New Issue allocation. Accordingly, any Restricted Person who acquires Participating Shares will be issued a separate series of Participating Shares and will be restricted from participating in any profits or losses of New Issues purchased by the Fund. As a result, Restricted Persons may earn a different rate of return on their investment than non-Restricted Persons, which rate of return may be higher or lower than the return earned by non-Restricted Persons. In addition, pursuant to FINRA Rule 5131 (including Rule 5130, the “**New Issue Rule**”), certain executive officers or directors of public companies and certain other companies, to the extent they have a relationship with FINRA members, will also be deemed by the Fund to be Restricted Persons and thus subject to the same treatment as described above. To avoid any violation of the New Issue Rule, investors subscribing for Participating Shares must provide information demonstrating whether or not they are Restricted Persons under the New Issue Rule. The Directors reserve the right to amend any Fund policies or procedures relating to the allocation of New Issues, so long as such amended procedures are consistent with the New Issue Rule.

Social Media-Related Trading Volatility. Several US stocks have recently been targeted for trading by participants on social media platforms in part due to the amount of short interest in the

stock. If the Fund trades in a manner which seeks to benefit from the decline in value of a stock (especially if others also trade a substantial amount), the short interest may attract social media attention and related trading. Given changes to market structure and the low cost of trading for retail clients, the volume of trading related to social media attention may be significant. As the borrowing costs increase as the price of the stock increases (and may typically only be ended through purchases of securities), social-media-related trading may cause the Fund to incur outsize losses or to exit short positions earlier than it normally would so exit. In addition, if the Fund itself is targeted by social media groups, the Fund's publicly reported short-aligned interest, such as put options, may attract buying. It is possible that US Congress and regulators may react to the volatility related to social-media related trading and restrict, or require the public reporting of, short interest, which may limit the Manager's ability to achieve the Fund's investment objective.

Call Options. There are risks associated with the sale and purchase of call options by the Fund. Options may be traded on equities or other securities. The seller (writer) of a call option which is covered (e.g., the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security offset by the gain in the premium received if the option expires out of the money and gives up the opportunity for gain on the underlying security above the exercise price of the option. If the seller of the call option owns a call option covering an equivalent number of shares with an exercise price equal to or less than the exercise price of the call written, the position is "fully hedged" if the option owned expires at the same time or later than the option written. The seller of an uncovered, unhedged call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The buyer of a call option assumes the risk of losing its entire investment in the call option. If the buyer of the call sells short the underlying security, the loss on the call will be offset in whole or in part by any gain on the short sale of the underlying security (if the market price of the underlying security declines).

Put Options. There are risks associated with the sale and purchase of put options by the Fund. Options may be traded on equities or other securities. The seller (writer) of a put option which is covered (e.g., the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sale price of the short position of the underlying security offset by the premium if the option expires out of the money, and thus the gain in the premium, and the option seller gives up the opportunity for gain on the underlying security below the exercise price of the option. If the seller of the put option owns a put option covering an equivalent number of shares with an exercise price equal to or greater than the exercise price of the put written, the position is "fully hedged" if the option owned expires at the same time or later than the option written. The seller of an uncovered, unhedged put option assumes the risk of a decline in the market price of the underlying security to zero. The buyer of a put option assumes the risk of losing his, her or its entire investment in the put option. If the buyer of the put holds the underlying security, the loss on the put will be offset in whole or in part by any gain on the underlying security.

Straddles. A straddle is an options strategy wherein an investor holds both a put and a call on the same underlying position at the same strike price and maturity date. To the extent the Fund engages in short straddling, which involves selling both a put and a call on the same underlying position at the same strike price and maturity date, the potential for loss is unlimited.

Spread Positions. The Fund's operations may involve spread positions between two or more positions. To the extent the price relationships between such positions remain constant, no gain or loss on the positions will occur. Such positions, however, do entail a substantial risk that the price differential could change unfavorably causing a loss to the spread position.

The Fund's trading operations may also involve arbitraging between two investments. This means, for example, that the Fund may purchase (or sell) investments (i.e., on a current basis) and take offsetting positions in options in the same or related investments. To the extent that the price relationships between such positions remain constant, no gain or loss on the positions will occur. These offsetting positions entail substantial risk that the price differential could change unfavorably causing a loss to the position. A "spread" position may not be less risky than a simple "long" or "short" position.

Stock Index Options. The Fund also may purchase and sell call and put options on stock indices listed on securities exchanges or traded in the over-the-counter market for the purpose of realizing its investment objectives or for the purpose of hedging its portfolios. A stock index fluctuates with changes in the market values of the stocks included in the index. The effectiveness of purchasing or writing stock index options for hedging purposes will depend upon the extent to which price movements in the portfolio correlate with price movements of the stock indices selected. Because the value of an index option depends upon movements in the level of the index rather than the price of a particular stock, whether the Fund will realize gains or losses from the purchase or writing of options on indices depends upon movements in the level of stock prices in the stock market generally or, in the case of certain indices, in an industry or market segment, rather than movements in the price of particular stocks. Accordingly, successful use by the Manager of options on stock indices will be subject to an ability to correctly predict movements in the direction of the stock market generally or of particular industries or market segments. This requires different skills and techniques than predicting changes in the price of individual stocks.

Short Selling. The Fund may engage in "short sale" transactions. A short sale involves the sale of a security that the Fund does not own in the hope of purchasing the same security (or a security exchangeable therefor) at a later date at a lower price. To make delivery to the buyer, the Fund must borrow the security, and the Fund is obligated to return the security to the lender, which is accomplished by a later purchase of the security by the Fund. Short selling can result in profits when the prices of the securities sold short decline. In a generally rising market, the Fund's short positions may be more likely to result in losses because the environment would be more conducive for the securities sold short to increase in value. A short sale involves the theoretically unlimited risk of an increase in the market price of the securities sold short. Purchasing securities to close out a short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

Convertible Securities Risk. The Fund may invest in convertible securities. The market value of a convertible security performs like that of a regular debt security; that is, if market interest rates rise, the value of a convertible security usually falls. In addition, convertible securities are subject to the risk that the issuer will not be able to pay interest or dividends when due, and their market value may change based on changes in the issuer's credit rating or the market's perception of the issuer's creditworthiness. Since it derives a portion of its value from the common stock into which it may be converted, a convertible security is also subject to the same types of market and issuer risks that apply to the underlying common stock.

Debt Securities Risk. The Fund may invest in debt securities. Debt securities, such as bonds, involve interest rate risk, credit risk, extension risk, and prepayment risk, among other things.

- *Interest Rate Risk.* The market value of bonds and other fixed-income securities changes in response to interest rate changes and other factors. Interest rate risk is the risk that prices of bonds and other fixed-income securities will increase as interest rates fall and decrease as interest rates rise. The Fund may be subject to a greater risk of rising interest rates due to the current period of historically low rates. The magnitude of these fluctuations in the market price of bonds and other fixed-income securities is

generally greater for those securities with longer maturities. Fluctuations in the market price of the Fund's investments will not affect interest income derived from instruments already owned by the Fund but will be reflected in the net asset value of the Fund. Such investments may lose money if short-term or long-term interest rates rise sharply in a manner not anticipated by the Manager. To the extent the Fund invests in debt securities that may be prepaid at the option of the obligor, the sensitivity of such securities to changes in interest rates may increase (to the detriment of the Fund) when interest rates rise. Moreover, because rates on certain floating rate debt securities typically reset only periodically, changes in prevailing interest rates (and particularly sudden and significant changes) can be expected to cause some fluctuations in the net asset value of the Fund, to the extent that it invests in floating rate debt securities. These basic principles of bond prices also apply to U.S. Government securities. A security backed by the "full faith and credit" of the U.S. Government is guaranteed only as to its stated interest rate and face value at maturity, not its current market price. Just like other fixed-income securities, government-guaranteed securities will fluctuate in value when interest rates change. A general rise in interest rates has the potential to cause investors to move out of fixed-income securities on a large scale, which may increase redemptions from funds that hold large amounts of fixed-income securities. Heavy redemptions could cause the Fund to sell assets at inopportune times or at a loss or depressed value and could hurt its performance.

- *Credit Risk.* Credit risk refers to the possibility that the issuer of a debt security (i.e., the borrower) will not be able to make principal and interest payments when due. Changes in an issuer's credit rating or the market's perception of an issuer's creditworthiness may also affect the value of the Fund's investment in that issuer. The degree of credit risk depends on the issuer's financial condition and on the terms of the securities.
- *Extension Risk.* When interest rates rise, certain obligations will be paid off by the obligor more slowly than anticipated, causing the value of these obligations to fall.
- *Prepayment Risk.* When interest rates fall, certain obligations will be paid off by the obligor more quickly than originally anticipated, and the Fund may have to invest the proceeds in securities with lower yields.

Currency/Foreign Exchange Risk. The Fund may invest a portion of its assets in non-U.S. currencies, or in instruments denominated in non-U.S. currencies, the prices of which are determined with reference to currencies other than the U.S. dollar. The Fund, however, value its securities and other assets in U.S. dollars. There can be no guarantee that financial instruments suitable for hedging currency or market shifts will be available at the time when the Fund wishes to use them, or that hedging techniques employed by the Fund will be effective. Furthermore, certain currency market risks may not be fully hedged or hedged at all. The Fund may or may not seek to hedge all or any portion of its foreign currency exposure. To the extent the Fund's investments are not hedged, the value of the Fund's non-U.S. assets will fluctuate with U.S. dollar exchange rates as well as the price changes of the Fund's investments in the various local markets and currencies. Thus, an increase in the value of the U.S. dollar compared to the other currencies in which the Fund makes its investments will reduce the effect of increases and magnify the effect of decreases in the value of the Fund's positions in local markets. The Fund may also utilize options and forward contracts to hedge against currency fluctuations, but there can be no assurance that such hedging transactions will be effective, and such techniques entail additional risk. The Fund bears the costs of any currency hedging.

Commodity Futures. Commodity futures contracts are, generally, contracts made on a commodity exchange or other trading facility (these may be referred to collectively as “**exchanges**”) that provide for the future delivery of various agricultural commodities, industrial commodities, foreign currencies or financial instruments at a specified date, time and place. Futures contracts on certain commodities may also be privately negotiated (i.e., traded OTC) in certain circumstances. A “trading facility” is, generally, a person or group of persons that provides a physical or electronic facility or system in which multiple participants have the ability to execute or trade agreements, contracts or transactions by accepting bids and offers made by other participants that are open to multiple participants in the facility or system. Trading facilities include traditional commodity exchanges or regulated contract markets that provide market facilities for trading in futures contracts relating to specified commodities. Among the principal regulated contract markets in the United States is the CME Group (including the Chicago Mercantile Exchange, the New York Mercantile Exchange, Inc., the Chicago Board of Trade and the International Monetary Market). Each of these exchanges operates a traditional “open outcry” market for contracts traded on the exchange. In addition, each of these exchanges operates electronic trading facilities in some or all of their contracts. Some exchanges are electronic only. Shareholders should note that various government agencies have investigated practices engaged in on the floors of the CME Group and certain New York exchanges, and a number of floor brokers in the CME Group were indicted and some were convicted for certain trading practices. Bids and offers for contracts traded on electronic trading facilities are matched by predetermined automated execution algorithms. Exchange-traded futures contracts are uniform for each commodity and vary only with respect to price and delivery time. A commodity futures contract to accept delivery (buy) is referred to as a “long” contract; conversely a contract to make delivery (sell) is referred to as a “short” contract. Until a commodity futures contract is satisfied by delivery or offset it is said to be an “open” position. The contractual obligations may be satisfied either by taking or making physical delivery of an approved grade of the commodity (or cash settlement in the case of certain futures contracts) or by entering into an offsetting contract to purchase or sell the same commodity prior to the designated date of delivery. As an example of an offsetting exchange-traded futures transaction in which the physical commodity is not delivered, the contractual obligations arising from one contract to sell February 2015 wheat on a commodity exchange may be fulfilled at any time before delivery of the commodity is required by entering into one contract to purchase February 2016 wheat on the same exchange. In such instance the difference between the price at which the futures contract to sell was entered into and the price paid for the offsetting contract, less the brokerage fees and exchange and clearing fees, represents the profit or loss to the trader. The Dodd-Frank Act reverses many of the amendments to the CEA provided under the CFMA by bringing a wide range of OTC derivative instruments under the jurisdiction of the CFTC and SEC. The Dodd-Frank Act (i) grants the CFTC jurisdiction over “swaps;” (ii) repeals certain safe harbors of the CEA that previously excluded or exempted OTC derivative transactions, including swap transactions, from most or all provisions of the CEA; (iii) gives the SEC jurisdiction over security-based swaps; (iv) creates new registration categories for certain swap market participants (i.e., major swap participants (each an “**MSP**”) and swap dealers); and (v) authorizes the CFTC to impose capital and margin requirements and business conduct rules on such swap market participants. The Manager does not expect that the Fund will be deemed to be swap dealer or MSP. The Dodd-Frank Act introduces an extremely broad definition of the term “swap” into the CEA. The definition of swap includes: (i) options, such as puts, calls, caps and floors on most reference assets; (ii) swaps, such as those on interest rates, broad-based securities indices and most other reference assets; (iii) credit default swaps; (iv) any other instrument “that is or becomes commonly known as a swap”; (v) foreign exchange swaps and foreign exchange forward contracts (as such terms are defined in the Dodd-Frank Act), except to the extent exempted by certain regulators; and (vi) an instrument that combines any of the above. The Dodd-Frank Act contemplates that a substantial portion of swaps must be executed in regulated markets and submitted for clearing to regulated clearinghouses. Swaps submitted

for clearing will be subject to minimum initial and variation margin requirements set by the relevant clearinghouse, as well as possible SEC or CFTC mandated margin requirements. The regulators also have broad discretion to impose margin requirements on non-cleared OTC derivatives. OTC derivative dealers will be required to post the collateral received from customers as margin on cleared swaps to the clearinghouses through which they clear their customers' trades instead of using such collateral in their operations, as they currently are allowed to do. Swap dealers and MSPs are required to register with the CFTC and/or SEC. Dealers and MSPs will be subject to minimum capital and margin requirements. These requirements may apply irrespective of whether the swaps in question are exchange-traded or cleared. Swap dealers and MSPs are also subject to new business conduct standards, disclosure requirements, reporting and recordkeeping requirements, limitations on conflicts of interest, and other regulatory requirements. The function of the CFTC is to implement the objectives of the CEA of preventing price manipulation and other disruptions to market integrity, avoiding systemic risk, preventing fraud and promoting innovation, competition and financial integrity of transactions. Such regulation, among other things, provides that futures trading in commodities generally must be upon exchanges designated as "contract markets" and that all trading on such exchanges must be done by or through exchange members. For swaps, the Dodd-Frank Act provides that once the CFTC issues a clearing mandate with respect to a particular type of swap, all swaps of that type must be cleared unless subject to the end-user exception from clearing. The Fund may not be eligible for the end-user exception. As of now, only certain interest rate swaps and certain credit default swaps are subject to mandatory clearing, with the clearing requirement being phased in depending upon the nature of the parties to the transaction. Swaps, whether cleared or uncleared, are only permissible if both parties to the swap are "eligible contract participants." To the extent the Fund engages in swaps trading, it will meet the requirements for being considered an eligible contract participant. The CFTC also has exclusive jurisdiction to regulate the activities of "commodity pool operators" and "commodity trading advisors." Registration as a commodity pool operator or as a commodity trading advisor requires annual filings setting forth the organization and identity of the management and controlling persons of the commodity pool operator or commodity trading advisor. In addition, the CFTC has authority under the CEA to require and review books and records of, and review documents prepared by, a commodity pool operator or a commodity trading advisor. The CFTC imposes certain disclosure and record-keeping requirements on commodity pool operators and commodity trading advisors. The CFTC also imposes certain reporting requirements on commodity pool operators. The CFTC is authorized to suspend a person's registration as a commodity pool operator or commodity trading advisor if the CFTC finds that such person's trading practices tend to disrupt orderly market conditions, that any controlling person thereof is subject to an order of the CFTC denying such person trading privileges on any exchange, and in certain other circumstances. Commodity brokers are also subject to regulation by and registration with the CFTC as "futures commission merchants." With respect to domestic futures and options trading, the CEA requires all FCMs to meet and maintain specified fitness and financial requirements, account separately for all customers' funds, property and positions and maintain specified books and records on customer transactions open to inspection by the staff of the CFTC. The CEA authorizes the CFTC to regulate trading by commodity brokerage firms and their employees, permits the CFTC to require exchange action in the event of market emergencies and establishes an administrative procedure under which commodity traders may institute complaints for damages arising from alleged violations of the CEA. Under such procedures, the Fund may be afforded certain rights for reparations under the CEA. Many exchanges (but currently not the foreign currency futures markets) limit the amount of fluctuation in commodity futures contract prices during a single trading day (other than in the spot month). These regulations specify what are referred to as "daily price fluctuation limits" or, more commonly, "daily limits." The daily limits establish the maximum amount the price of a futures contract may vary from the previous day's settlement price. Once the daily limit has been reached in a particular commodity, no trades may be made at a price beyond the

limit. Positions in the commodity could then be taken or liquidated only if traders are willing to effect trades at or within the limit during the period for trading on such day. The “daily limit” rule does not limit losses that might be suffered by a trader because it may prevent the liquidation of unfavorable positions. Also, commodity futures prices have moved the daily limit for several consecutive trading days in the past, thus preventing prompt liquidation of futures positions and subjecting the commodity futures trader to substantial losses.

Possible Effects of Speculative Position Limits. The CFTC and certain exchanges have established speculative position limits on the maximum net long or short positions which any person or group of persons acting in concert may hold or control in particular futures contracts. The CFTC requires each US domestic exchange to set speculative position limits, subject to CFTC approval, for all futures contracts traded on such exchange which are not already subject to speculative position limits established by the CFTC or such exchange. The CFTC has jurisdiction to establish speculative position limits with respect to all futures contracts traded on exchanges located in the United States, and any exchange may impose additional position limits for futures contracts traded on that exchange. In addition, in October 2020, the CFTC adopted regulations for federal speculative position limits in 25 core physical commodity contracts and their economically equivalent futures, options and swaps as well as aggregation rules and exemptions therefrom. In December 2016, the aggregation rules and exemptions were adopted by the CFTC. The aggregation rules and the recently adopted federal speculative position limit rules could adversely affect the Manager’s and/or the Fund’s ability to maintain positions in certain financial instruments. In addition, the CFTC has adopted regulations regarding position visibility reporting and U.S. exchanges also have adopted position accountability levels. Some non-U.S. regulators and exchanges also have position limits in effect. With respect to forward or swap contracts, OTC counterparties may limit the size or duration of positions available to clients as a consequence of credit considerations. In Europe, pursuant to MIFID II, commodity derivative position limits became effective on January 3, 2018.

Forward Contracts. Currencies may be purchased or sold for future delivery through banks or dealers pursuant to what are commonly referred to as “forward contracts.” In such instances, the bank or dealer generally acts as principal in the transaction and includes its anticipated profit and costs of the transaction in the prices it quotes. Mark-ups and/or commissions may also be charged on such transactions. The Fund may trade foreign currency forward contracts to a significant extent. Forward transactions on non-financial commodities which the parties intend to physically settle are not considered to be swaps and are substantially unregulated. The Dodd-Frank Act includes foreign exchange forwards and foreign exchange swaps (as such terms are defined in the Dodd-Frank Act) in the definition of “swap” but grants the U.S. Treasury Department the discretion to exempt those transactions from all aspects of the Dodd-Frank Act other than reporting, recordkeeping and business conduct rules for swap dealers and major swap participants. In November 2012, the U.S. Department of Treasury determined that those transactions can be carved out of the swap category, and they are subject only to the noted categories of the Dodd-Frank Act requirements. Spot foreign exchange transactions are not considered to be swaps, but other types of currency-based transactions are subject to CFTC regulation, including cross-currency swaps and non-deliverable forwards. The CEA includes protections for parties who engage in foreign exchange transactions but are not eligible contract participants. Unlike exchange-traded futures contracts, forward contracts are not always of any standard size. Rather, they are frequently the subject of individual negotiation between the parties involved. Moreover, because generally there is no clearinghouse system applicable to forward contracts, forward contracts are not fungible and there is no direct means of “offsetting” a forward contract by purchase of an offsetting position on the same (or a linked) exchange as one can a futures contract. The forward markets provide what has typically been a highly liquid market for currency trading, and in certain cases the prices quoted for forward contracts may be more favorable than those quoted for comparable futures positions on the CME Group. Unlike

futures contracts traded on U.S. exchanges, no daily cash settlements of unrealized profit or loss are made in the case of open forward contract positions. Commodity futures and forward transactions are highly leveraged, and prices are highly volatile and are influenced by, among other things, changing supply and demand relationships, government agricultural, commercial and trade programs and policies, national and international political and economic events, weather and climate conditions, insects and plant disease, purchases and sales by foreign countries and changing interest rates.

Clearing and Trading Requirement of the US OTC Derivatives Markets. The Dodd-Frank Act includes provisions that comprehensively regulate the US OTC derivatives markets. The Dodd-Frank Act requires that a substantial portion of OTC derivatives must be executed in regulated markets and submitted for clearing-to-clearing houses. OTC derivatives trades submitted for clearing are subject to initial and variation margin requirements set by the relevant clearing house, as well as possible CFTC- or SEC-mandated margin requirements. The regulators also have broad discretion to impose margin requirements on non-cleared OTC derivatives. Although the Dodd-Frank Act includes limited exemptions from the clearing and margin requirements for so-called “end-users”, the Fund will not be able to rely on such exemptions. In addition, the OTC derivative trading counterparties with which the Manager may execute OTC transactions will not be able to rely on the end-user exemptions under the Dodd-Frank Act and therefore such trading counterparties will be subject to clearing and margin requirements, notwithstanding whether the Fund is subject to such requirements. OTC derivative trading counterparties also are required to post margin to the clearing houses through which they clear their customers’ trades instead of using such margin in their operations. This will increase the trading counterparties’ costs, and these increased costs are expected to be passed through to other market participants in the form of higher upfront and mark-to-market margin, less favorable trade pricing, and the possible imposition of new or increased fees. The SEC and CFTC will require a substantial portion of derivatives transactions that were historically executed on a bilateral basis in the OTC markets to be executed through a securities, futures, or swap exchange or execution facility and/or to be cleared. Clearing and trading requirements may make it more difficult and costly for investment funds, including the Fund to enter into OTC transactions. They may also render certain strategies in which the Fund might otherwise engage impossible or so costly that they will no longer be economical to implement. Finally, the clearing requirement will centralize risk in a small number of clearing counterparties. While the OTC derivatives clearing organizations’ margin requirements will reduce the risk of default on contracts, the mere fact of centralizing and pooling risks at a small number of clearing organizations may increase the impact of the failure of a central counterparty.

Trading Swaps Creates Distinctive Risks. The Fund may trade in certain swaps. Unlike futures and options on futures contracts, most swap contracts currently are not traded on or cleared by an exchange or clearinghouse. The CFTC currently requires only a limited class of swap contracts (certain interest rate and credit default swaps) to be cleared and executed on an exchange or other organized trading platform. In accordance with the Dodd-Frank Act, the CFTC will in the future determine which other classes of swap contracts will be required to be cleared and executed on an exchange or other organized trading platform. Until such time as these transactions are cleared, the Fund will be subject to a greater risk of counterparty default on its swaps. Because swaps do not generally involve the delivery of underlying assets or principal, the amount payable upon default and early termination is usually calculated by reference to the current market value of the contract. Some swap counterparties may require the Fund to deposit collateral to support its obligations under the swap agreement but may not themselves provide collateral for the benefit of the Fund. If the counterparty to such a swap defaults, the Fund would be a general unsecured creditor for any termination amounts owed by the counterparty to the Fund as well as for any collateral deposits in excess of the amounts owed by the Fund to the counterparty, which would result in losses to the Fund.

There are no limitations on daily price movements in swaps. Speculative position limits are not currently applicable to swaps, but in the future may be applicable for swaps on certain commodities. In addition, participants in the swap markets are not required to make continuous markets in the swaps they trade and determining a market value for calculation of termination amounts can lead to uncertain results. Trading of swaps will be subject to substantial change under the Dodd-Frank Act and related regulatory action. Under the Dodd-Frank Act, many commodity swaps will be required to be cleared through central clearing parties and executed on exchanges or other organized trading platforms. Security-based swaps will be subject to similar requirements. Additional regulatory requirements will apply to all swaps, whether subject to mandatory clearing, or not. These include margin, collateral and capital requirements, reporting obligations, speculative position limits for certain swaps, and other regulatory requirements. Swaps which are not offered for clearing by a clearing house will continue to be traded bi-laterally. Such bi-lateral transactions will remain subject to many of the risks discussed in the preceding paragraph.

Contracts for Differences. Contracts for differences (“CFDs”) are privately negotiated contracts between two parties, buyer and seller, stipulating that the seller will pay to or receive from the buyer the difference between the nominal value of the underlying instrument at the opening of the contract and that instrument’s value at the end of the contract. The underlying instrument may be a single security, stock basket or index. A CFD can be set up to take either a short or long position on the underlying instrument. The buyer and seller are both required to post margin, which is adjusted daily. The buyer will also pay to the seller a financing rate on the notional amount of the capital employed by the seller less the margin deposit. A CFD is usually terminated at the buyer’s initiative. As is the case with owning any financial instrument, there is the risk of loss associated with buying a CFD. There may be liquidity risk if the underlying instrument is illiquid because the liquidity of a CFD is based on the liquidity of the underlying instrument. A further risk is that adverse movements in the underlying security will require the buyer to post additional margin. CFDs also carry counterparty risk, i.e., the risk that the counterparty to the CFD transaction may be unable or unwilling to make payments or to otherwise honor its financial obligations under the terms of the contract. If the counterparty were to do so, the value of the contract may be reduced. Entry into a CFD transaction may, in certain circumstances, require the payment of an initial margin and adverse market movements against the underlying stock may require the buyer to make additional margin payments. CFDs may be considered illiquid. To the extent that there is an imperfect correlation between the return on the Fund’s obligation to its counterparty under the CFDs and the return on related assets in its portfolio, the CFD transaction may increase the Fund’s financial risk.

Events of Default and Termination Events under Brokerage Agreements. Agreements between the Fund and the clearing brokers may specify certain events of default and/or termination events for which the Fund would be the affected party, e.g., specific declines of the Fund’s Net Asset Value over a certain period of time. Following the occurrence of such event, the clearing broker generally has the right to terminate and liquidate the positions of the Fund against liquidation prices determined by the clearing broker. Such action(s) will have an impact on the Manager’s ability to trade for the Fund and may have a negative impact on the performance of the Fund.

Margins. Commodity futures contracts are customarily bought and sold on margin deposits that range upward from as little as less than 1% of the purchase price of the contract being traded (margin on security futures are higher in order to be consistent with margin on comparable exchange-traded stock option contracts as required by the CFMA). Because of these generally low margins, price fluctuations occurring in commodity futures markets may create profits and losses that are greater than are customary in other forms of investment or speculation. Margin is the minimum amount of funds that must be deposited by the commodity

futures trader with the commodity broker in order to initiate futures trading or to maintain open positions in futures contracts. A margin deposit is not a partial payment, as it is in connection with the trading of securities but is like a cash performance bond; it helps assure the trader's performance of the commodity futures contract. Because the margin deposit is not a partial payment of the purchase price, the trader does not pay interest to his or her broker on a remaining balance. The minimum amount of margin required with respect to a particular futures contract is set from time to time by the exchange upon which such commodity futures contract is traded and may be modified from time to time by the exchange during the term of the contract. Brokerage firms carrying accounts for traders in commodity futures contracts may increase the amount of margin required as a matter of policy in order to afford further protection for themselves. The Fund's commodity brokers intend to require the Fund to meet their standard customer margin requirements, which may or may not be greater than exchange minimum levels. When the market value of a particular open commodity futures position changes to a point where the margin on deposit does not satisfy the maintenance margin requirements, a margin call will be made by the trader's broker. If the margin call is not met within a reasonable time, the broker is required to close out the trader's position. Margin requirements are computed each day by the trader's commodity broker. With respect to the Fund's trading, the Fund and not the Shareholders personally, will be subject to the margin calls. As discussed above, under the Dodd-Frank Act, swaps submitted for clearing will be subject to minimum initial and variation margin requirements set by the relevant clearinghouse, as well as possible SEC- or CFTC-mandated margin requirements. These regulators, as well as the banking regulators with respect to swaps engaged in by entities under their jurisdiction, also have broad discretion to impose margin requirements on non-cleared OTC derivatives. Rules for margin on non-cleared swaps have been proposed but are not in final form.

Epidemics, Pandemics and Market Disruption. The Fund's business may be materially affected by conditions in the global financial markets and economic conditions or events throughout the world that are outside of the Manager's control including, but not limited to, economic uncertainty, slowdown in global growth, changes in laws (including laws relating to taxation and regulations on the financial industry), due to disease, pandemics or other severe public health events, including related trade and travel barriers, volatility in commodity prices, currency exchange rates and controls and other national and international political circumstances. Recently, there has been an outbreak worldwide of the highly transmissible and pathogenic novel coronavirus (COVID-19) which the World Health Organization has declared to be a pandemic. Countries that already have suffered outbreaks of COVID-19 are likely to suffer a continued increase in recorded cases of the disease. A continued escalation in the COVID-19 outbreak could see a continual and rapid decline in global economic growth. The outbreak is likely to adversely affect general commercial activity and the economies and financial markets of many countries, including through supply chains from affected countries, and such disruption may occur for a sustained period of time. The spread of COVID-19 may affect the level and volatility of securities prices, the liquidity and the value of investments and the operations of the Manager and have a material adverse effect on the Fund.

Lack of Independent Representatives. Legal counsel, accountants and other experts have been consulted regarding the formation of the Fund. Such personnel are accountable to the relevant Fund only and not to the Shareholders themselves. Each prospective investor should consult his own legal, tax and investment managers regarding the desirability of an investment in the Fund.

Lack of Independent Counsel; No Responsibility or Independent Verification. Akin Gump Straus Hauer & Feld LLP acts as U.S. counsel to the Fund and the Master Fund. Carey Olsen acts as Cayman Islands counsel to the Fund and the Master Fund. Neither Akin Gump Straus Hauer & Feld LLP nor Carey Olsen have represented, and will not represent, the Shareholders in

connection with their representation of such entities. No independent counsel has been engaged by the Fund to represent the Shareholders. Shareholders should seek individual counsel if they so desire. Akin Gump Straus Hauer & Feld LLP and Carey Olsen's representation of the Fund and the Master Fund is limited to specific matters as to which it has been consulted by the Fund and the Master Fund. There may exist other matters that could have a bearing on the Fund as to which Akin Gump Straus Hauer & Feld LLP and Carey Olsen have not been consulted. In addition, Akin Gump Straus Hauer & Feld LLP and Carey Olsen do not undertake to monitor compliance by the Fund or the Manager with the investment objectives, valuation procedures and other guidelines set forth herein, nor does Akin Gump Straus Hauer & Feld LLP or Carey Olsen monitor ongoing compliance with applicable laws. Akin Gump Straus Hauer & Feld LLP and Carey Olsen are not responsible for any acts or omissions of the Manager, the Fund or the Master Fund (including their compliance with any guidelines, policies, restrictions or applicable law, or the selection, suitability or advisability of their investment activities) or any administrator, accountant, custodian/prime broker or other service provider to the Manager, the Fund and the Master Fund. Akin Gump Straus Hauer & Feld LLP and Carey Olsen have reviewed this Offering Memorandum based on information furnished by the Manager; Akin Gump Straus Hauer & Feld LLP and Carey Olsen have not independently verified such information.

Risks Associated with Allocations to Third-Party Managers

Tiered Fee Structure. The Fund may allocate a portion of its assets to Third-Party Managers for investment in Third-Party Ventures. In addition to the Management Fee charged by the Manager and the Incentive Allocation made to the Manager, Third-Party Ventures may charge the Fund investment management fees and receive performance-based fees and allocations. As a result, the Fund, and indirectly a Shareholder in the Fund, may bear multiple investment management fees, as well as incentive fees and performance allocations imposed by Third-Party Managers, which, in the aggregate, will exceed the fees and allocations that would typically be incurred by a direct investment in a single Third-Party Venture. In addition, it is possible that the Fund, and indirectly a Shareholder of the Fund, may pay incentive fees to Third-Party Managers during periods when the Fund as a whole incurs losses.

Third-Party Managers. The Manager does not have control over the investment decisions of the Third-Party Managers that it selects. Such Third-Party Managers may take tax positions, employ excessive leverage, be involved in litigation, choose risky counterparties, alter their diversification policies or otherwise manage the Fund's assets allocated to them in a manner detrimental to the Fund and not anticipated by the Manager at the time of initial investment. Third-Party Managers typically have broad discretion to change trading strategies without notice and to pursue any and all types of trading strategies. The Fund does not have the ability to control the decisions of the Third-Party Managers or exercise any direct or indirect influence with respect to the Third-Party Managers' trading strategies and none the Fund, the Directors or the Manager is liable therefor. The Fund is also dependent upon the Third-Party Managers' own valuation of their assets and does not independently value or review such assets.

Tax Risks

Tax Laws Are Subject to Change at Any Time. Tax laws, and court and IRS (as defined below) interpretations thereof, are subject to change at any time, possibly with retroactive effect. Prospective investors are urged to discuss scheduled and potential tax law changes with their independent tax advisers.

Non-U.S. Investors May Face Exchange Rate Risk and Local Tax Consequences. Non-U.S. investors should note that Participating Shares are denominated in U.S. dollars and that changes in rates

of exchange between currencies may cause the value of their investment to decrease or to increase. Non-U.S. investors should consult their own tax advisors concerning the applicable U.S. and foreign tax implications of this investment.

Compulsory Redemption. The Directors have the right to redeem compulsorily any holding of Participating Shares for any or no reason. Such compulsory redemption may create adverse tax and/or economic consequences to the Shareholder depending on the timing thereof.

Tax Transparency Reporting Requirements. In recent years the Cayman Islands, in common with many other countries, has entered into a network of bilateral tax information exchange agreements with other jurisdictions as part of a trend toward greater cross-border tax transparency promoted by the Organisation for Economic Co-operation and Development. In 2013 the Cayman Islands entered into inter-governmental agreements (“IGAs”) with the United States and the United Kingdom pursuant to which it agreed to the automatic exchange of tax information in respect of persons taxable in the United States and the United Kingdom, respectively. In addition, the Cayman Islands and more than 90 other countries have entered into the Organisation for Economic Co-operation and Development’s multilateral competent authority agreement to implement common reporting standards (together with the IGAs, “**AEOI**”), pursuant to which the Cayman Islands has committed to begin an automatic exchange of information with the tax authorities in such jurisdictions from 2017. Tax reporting compliance is therefore likely to become increasingly costly for the Fund as the requirements increase and it may be necessary for the Fund to compulsorily redeem the Participating Shares of Shareholders who fail to provide information the Fund is required to report.

Consequences for Investors as a Result of AEOI. The Fund may take such action as it deems necessary in relation to an investor’s holding or redemption proceeds, as a result of relevant legislation and regulations, including but not limited to, AEOI. Such actions may include but are not limited to the following:

- (a) The disclosure of the Fund, the Administrator or such other service provider or delegate of the Fund, of certain information relating to an investor to the Tax Information Authority or equivalent authority and any other foreign government body as required by AEOI. Such information may include, without limitation, confidential information such as financial information concerning an investor’s investment in the Fund, and any information relating to any shareholders, principals, partners, beneficial owners (direct or indirect) or controlling persons (direct or indirect) of such investor.
- (b) The Fund may compulsorily redeem any Participating Shares held by an investor in accordance with the Fund’s Articles of Organisation and the terms of the Fund’s private placement memorandum and may deduct relevant amounts from a recalcitrant investor so that any withholding tax payable by the Fund or any related costs, debts, expenses, obligations or liabilities (whether internal or external to the Fund) are recovered from such investor(s) whose action or inaction (directly or indirectly) gave rise or contributed to such taxes, costs or liabilities. Failure by an investor to assist the Fund in meeting its obligations pursuant to AEOI may therefore result in pecuniary loss to such investor.

Additional Considerations. Prospective investors should read the section in the Private Placement Memorandum entitled “Taxation” for a discussion of some of the tax risks of investing in the Participating Shares. Prospective investors should also consult with their independent tax advisors about how an investment in the Fund could potentially affect their particular tax situation.

THE FOREGOING RISKS DO NOT PURPORT TO BE A COMPLETE EXPLANATION OF ALL THE RISKS ASSOCIATED WITH AN INVESTMENT IN THE FUND AND THE FUND’S INVESTMENT PROGRAM. PROSPECTIVE

INVESTORS ARE URGED TO READ THE ENTIRE PRIVATE PLACEMENT MEMORANDUM BEFORE MAKING A DETERMINATION AS TO WHETHER TO SUBSCRIBE FOR AN INTEREST IN THE FUND.

Item 9: Disciplinary Information

There are no legal or disciplinary events that are material to a client's or a prospective client's evaluation of LI Capital US's advisory business or the integrity of its management.

Item 10: Other Financial Industry Activities and Affiliations

Broker Dealer Registration Status

None of LI Capital US or any of its management persons are registered as broker-dealers or registered representatives of broker-dealers, and no applications are pending to register LI Capital US or any of its management persons with the SEC as a broker-dealer or a registered representative of a broker-dealer.

Futures Commission Merchant, Commodity Pool Operator or Commodity Trading Adviser Registration Status

LI Capital US is not registered as, and currently does not have any pending application to register as, a futures commission merchant, a commodity pool operator (a “CPO”) or a commodity trading advisor.

Material Relationships or Arrangements with Industry Participants

LI Global is licensed with the Australian Securities and Investments Commission (“ASIC”). It is an authorised representative (Number 1277957) of LI Capital Australia which holds an Australian Financial Services License (Number 314 302), authorizing it to carry on a financial services business.

LI Capital US, LI Capital Australia and LI Global may from time to time use shared personnel for certain services, including back office personnel and investment professionals. Such shared personnel may have conflicts of interest in allocating their time and resources among the various LI affiliates; however, such conflict is mitigated by the fact that LI currently provides advisory services solely to the Funds. Different compensation structures or incentives also may apply to shared personnel, which may also create a conflict of interest. LI has adopted a unified compliance program, including a Code of Ethics, to address potential conflicts of interest. Please see **Item 11**, “Code of Ethics, Participation or Interest in Client Transactions and Personal Trading” below for additional information regarding LI’s Code of Ethics.

All qualifying LI personnel are treated as “access persons” by LI Capital US within the meaning of Rule 204A-1 under the Investment Advisers Act of 1940 and are subjected to LI’s global Code of Ethics. Please see **Item 11**, “Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading” below for additional information about LI’s Code of Ethics.

Other Material Relationships

LI Capital US does not recommend or select other investment advisers for its clients in return for compensation directly or indirectly from those advisers.

LI Capital US does not have other relationships or arrangements that are material to the advisory business or to its clients or any of its management persons have with any of the following related persons: (i) a broker-dealer, municipal securities dealer, or government securities dealer or broker; (ii) an investment company or other pooled investment vehicle; (iii) a futures commission merchant, commodity pool operator, or commodity trading advisor; (iv) a banking or thrift institution; (v) an accountant or accounting firm; (vi) a lawyer or law firm; (vii) an insurance company or agency; (viii) a pension consultant; and (ix) a real estate broker or dealer sponsor or syndicator of limited partnerships.

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

Code of Ethics

In order to address conflicts of interest, LI has adopted a Code of Ethics pursuant to Rule 204A-1 under the Investment Advisers Act of 1940 (the “**Advisers Act**”) which is applicable to all LI affiliates, subadvisors, managers, members, and employees (collectively, “**Employees**”), irrespective of their geographic location or the regulatory status of their specific employer.

The Code of Ethics generally sets the standard of ethical and professional business conduct that the Firm requires of its Employees, requires Employees to comply with applicable federal securities laws and regulations, and sets forth provisions regarding personal securities transactions by Employees. Additionally, the Code of Ethics sets forth the policies and procedures with respect to material, non-public information and other confidential information, and the fiduciary obligations that LI and each of its Employees owe to Investors.

The Code of Ethics is circulated at least annually to all Employees, and each Employee at least annually must certify that he or she has received and followed the Code of Ethics and any amendments thereto. LI will provide a copy of the Code of Ethics to any client, prospective client or Investor, free of charge, upon request.

Participation or Interest in Client Transactions

LI Capital US serves as sub-adviser to the Funds. Employees, affiliates of the Employees, and relatives of the Employees may make investments in the Funds. LI Capital US does not receive any compensation from such investments from Employees.

Principal Transactions / Cross Trades

In a “principal transaction,” an investment adviser, acting for its own account, buys a security from, or sells a security to, a client’s account. LI Capital US does not intend to engage in principal transactions. If, in the future, LI Capital US manages multiple client accounts, LI Capital US may engage in cross trades only if the transaction acts in the best interests of the clients involved, and when the transaction is expressly permitted by the clients. To the extent that cross trades may be viewed as principal transactions due to the ownership interest in the Funds or other client by LI and/or its Employees, LI will comply with the requirements of Section 206(3) of the Advisers Act.

Personal Account Dealing

All Employees of the Firm and its affiliates must provide duplicate copies of brokerage statements to LI’s compliance team (“**Compliance**”). These records are used to monitor compliance with the Compliance Manual and Code of Ethics.

LI does not allow any of its principals or staff to trade shares on their personal accounts, except in the case of certain limited exceptions, outlined in LI’s Code of Ethics.

In addition, the personal account dealing policy requires that:

- trades are subject to a general 30-day minimum holding period;
- securities cannot be traded if they are on LI’s restricted list;

- a Covered Person (defined below) may not purchase a security in an initial public offering available to the Fund without preclearance from Compliance;
- the CCO will consider the volume of both personal and the trading when reviewing trade preclearance requests to determine whether trading may affect market prices.

The policy extends to the trading of Employees and certain other persons who have a relationship with LI or its personnel (“**Covered Persons**”). Covered Persons must obtain written authorization from Compliance prior to purchasing, selling or transferring certain types of securities, or exercising any option which is traded on exchanges in certain markets. Employees may not participate in any initial public offerings or limited offerings of investments in private companies before obtaining authorisation from Compliance.

Item 12: Brokerage Practices

Best Execution

LI Capital US has responsibility for selecting brokers to execute trades and negotiating commissions paid with respect to the Funds' transactions.

LI Capital US's primary consideration in placing transactions with particular brokers is to obtain execution in accordance with best execution standards. LI Capital US will also evaluate a variety of criteria and use good faith judgment in seeking to obtain execution of portfolio transactions at commissions that are reasonable in relation to the brokerage and research services provided.

Criteria deemed relevant include: price, the size and type of the transaction; the reasonableness of compensation to be paid, including spreads and commission rates, which shall not be in excess of customary full service brokerage rates; the speed and certainty of trade executions, including broker willingness to commit capital; the nature and character of the markets for the security to be purchased or sold, including the degree of specialization of the broker in such market or securities; the availability of liquidity in the security, including the liquidity and depth afforded by a market center or market-maker; the reliability of a market center or broker; the trader's assessment of whether and how closely the broker will follow the trader's instructions to the broker; the degree of anonymity which a particular market or broker can provide; the potential for avoiding market impact; the execution services rendered on a continuing basis; the execution efficiency, settlement capability and financial condition of the firm; arrangements for payment of Master Fund expenses; and the provision of additional brokerage and research goods and services.

Soft Dollars

LI Capital US may cause the Funds to pay broker-dealer commissions (or markups or markdowns with respect to certain types of riskless principal transaction) for effecting transactions in excess of that which another broker-dealer might have charged for effecting the transaction in recognition of the value of the brokerage and research services provided by the broker-dealer. The Funds' brokerage commissions (or markups or markdowns) may produce "**Soft Dollars**", which can be used to acquire products or services from brokers or other third parties (for example through commission sharing agreement) such as (without limitation) research and advisory services, economic and political analysis, portfolio analysis (including valuation and performance measurement), market analysis, data and quotation services and software incidental to the above soft dollars, clearing and custodian services and investment related publications. To the extent possible and appropriate, LI Capital US will use Soft Dollars for the benefit of the Funds but may also use the Soft Dollars for other investment funds, client accounts and proprietary accounts it may manage in the future.

LI Capital US has established a Soft Dollar policy and will adhere to the procedures as set out in the policy when engaging in Soft Dollar practices to ensure such arrangements comply with the safe harbour requirements of Section 28(e) of the Exchange Act. The Soft Dollar practices are disclosed in the relevant offering documents.

Item 13: Review of Accounts

Review of Accounts

The Funds are reviewed by Compliance to ensure that the structure and individual securities held are suitable and consistent with the objectives and strategies. In addition, Compliance also monitors the Funds to help ensure conformity with investment objectives and guidelines. LI Capital US engages in active management and frequent transactions and, accordingly, performs daily trade and cash reconciliation.

LI Global has also engaged an independent administrator to prepare monthly unaudited investor statements of the Funds' performance for the month.

Reporting to Clients

The Funds will prepare the annual financial statements in accordance with International Financial Reporting Standards ("IFRS"). Copies of the audited financial statements will be issued to all Investors within 120 days of the Funds' fiscal year-end, ending on December 31.

LI Global will prepare and issue an investor newsletter on a quarterly basis. The administrator will issue monthly account statements to Investors.

Item 14: Client Referrals and Other Compensation

Currently, neither LI Capital US nor its affiliates receive any economic benefit from anyone, other than the Funds, for providing investment advice and other advisory services to clients.

In the event LI Capital US or its affiliates engage third party marketers in the future, due diligence and background checks will be carried out prior to engagement to ensure that applicable regulatory registrations are in place and that they have adequate controls and procedures to monitor compliance with selling procedures and suitability requirements.

Item 15: Custody

LI Capital US is subject to Rule 206(4)-2 under the Advisers Act (the “**Custody Rule**”). However, it is not required to comply (or is deemed to have complied) with certain requirements of the Custody Rule with respect to each Fund because it complies with the provisions of the so-called “Pooled Vehicle Annual Audit Exception”, which, among other things, requires that each Fund be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and requires that each Fund distribute its audited financial statements to all Investors within 120 days of the end of its fiscal year, as discussed above.

Item 16: Investment Discretion

LI Capital US possesses discretionary portfolio management authority over the Master Fund with respect to asset allocations and direct investments as per the advisory agreements and offering documents in place between each Fund and the LI Global and the Subadvisory Agreement.

LI Capital US has the authority to determine (i) the securities to be purchased and sold for the Master Fund and (ii) the amount of securities to be purchased or sold for the Master Fund.

Item 17: Voting Client Securities

Where LI Capital US and its affiliates have responsibility for voting proxies, LI will take measures reasonably designed to ensure that they are voted in the best interest of Investors in the Funds, which generally means voting with a view to enhancing the value of Master Fund securities. The financial interest of Investors in the Funds is the primary consideration in determining how their proxies will be voted. LI Capital US and its affiliates may also refrain from voting in certain circumstances.

Item 18: Financial Information

There is no financial condition that is reasonably likely to impair LI Capital US's ability to meet its contractual and fiduciary commitments to clients.

LI Capital US has not been the subject of a bankruptcy proceeding.

Item 19: Requirements for State-Registered Advisers

Not applicable.