

ITEM 1 – COVER PAGE



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PART 2A OF SEC FORM ADV
March 28, 2024

This Part 2A of the Form ADV (the “Brochure”) provides information about the qualifications and business practices of Clear Sky Advisers, LLC (the “Adviser”). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any other federal or state securities authority.

Additional information about the Adviser is available on the SEC’s website at: www.adviserinfo.sec.gov. If you have any questions about the contents of this Brochure or the additional information about the Adviser made available on the SEC’s website or on the Adviser’s website, please contact the Adviser at (212) 424-2800 or compliance@clearskim.com.

The Adviser is registered with the SEC as an investment adviser under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Such registration, however, does not imply a certain level of skill or training.

References to “we,” “us,” and “our” in this Brochure are to the Adviser and, where appropriate, its affiliates, and references to “client accounts” are to accounts that we manage, advise or sub-advice for the Clear Sky Funds (defined in Item 4 of this Brochure) on a discretionary or non-discretionary basis. See Item 16 of this Brochure for a description of the manner in which we characterize client accounts as “discretionary.”

ITEM 2 – MATERIAL CHANGES

The rules promulgated by the SEC under the Advisers Act require us to identify and discuss any material changes made to our Brochure since the last annual update of our Brochure.

This Brochure amends our March 2023 Brochure by: (i) updating for our new Chief Compliance Officer, Elizabeth Ryvkin, (ii) updating all annual information related to regulatory assets under management and private fund data; (iii) updating the description of our Investment Strategies (see Item 8 of this Brochure); and (iv) updating the description of Investment Risks (Item 8).

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ITEM 4 – ADVISORY BUSINESS

A. Our History, Ownership and Control

We have been in business as an investment adviser since November 2020.

We are wholly owned, directly or indirectly, by our principals Omar Khawaja, John Segrich, Shawn Singh and Ankur Sood. Mr. Singh is also our Chief Executive Officer and serves as our sole managing member. As such, Mr. Singh has controlling authority over the conduct of our business and affairs.

B. Our Current Principal Investment Strategies

Our current principal investment strategies are discussed in Item 8.A of this Brochure.

C. Our Clients

In this Brochure, we refer to our clients individually as a “Client” or a “Clear Sky Fund” and collectively as “Clients” or “Clear Sky Funds.” As of the date of this Brochure, we have the following four types of Clients:

1. Investment funds that we sponsor. These investment funds, which we refer to as “Private Funds:”
 - are organized as legal entities (e.g., Delaware limited partnerships or limited liability companies, or Cayman Islands companies);
 - are not registered or required to be registered as “investment companies” under the U.S. Investment Company Act of 1940, as amended (the “Investment Company Act”) by virtue of their reliance on Section 3(c)(7) of that Act (or because they are not subject to that Act); and
 - offer and sell their securities in transactions that are not registered or required to be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”).

Some Private Funds are “feeder” funds that invest all or substantially all of their assets in Private Funds that are “master” funds.

We are affiliated with certain entities that serve as the general partners or managers of Private Funds that are organized as limited partnerships or limited liability companies, respectively. In this Brochure, references to “we,” “us,” and “our” include references to such entities where appropriate.

2. Investment companies registered as such under the Investment Company Act. We refer to these Clients as “Registered Funds.” As of the date of this Brochure, we sub-advise one Registered Fund pursuant to an investment sub-advisory agreement. We may sub-advise or advise additional Registered Funds in the future.

3. Non-U.S. investment companies, sponsored by parties that are not affiliated with us, that are not registered as “investment companies” under the Investment Company Act because they are not subject to that Act. We refer to these Clients as “Offshore Funds.”

4. Institutional investors – such as: (a) unaffiliated private investment funds that are not registered or required to be registered as “investment companies” under the Investment Company Act by virtue of their reliance on Section 3(c)(1) or Section 3(c)(7) of that Act, (b) public and private pension plans and (c) sovereign wealth funds – that enter into investment management agreements, investment advisory

agreements or similar agreements with us and over whose assets we do not maintain custody. We refer to the accounts of such Clients established pursuant to such agreements as “non-custodial managed accounts” or “NCMAAs.”

For purposes of convenience, we sometimes refer to the following as the “Governing Documents” of a Clear Sky Fund:

- in the case of a Private Fund, such Private Fund’s: (i) private placement memorandum or similar confidential offering memorandum, (ii) investment management or advisory agreement (if applicable) and/or (iii) organizational documents (e.g., limited partnership agreement, limited liability agreement, corporate charter or similar governing document);
- in the case of a Registered Fund, such Registered Fund’s: (i) prospectus and statement of additional information, (ii) investment management or advisory agreement; (iii) investment sub-advisory agreement and/or (iv) organizational documents;
- in the case of an Offshore Fund, such Offshore Fund’s: (i) investor disclosure document, (ii) investment management or advisory agreement; (iii) investment sub-advisory agreement and/or (iv) organizational documents; and
- in the case of an NCMA, such NCMA’s investment management, investment advisory agreement or similar agreement.

D. Our Discretionary and Non-Discretionary Investment Management/Advisory Services

As of the date of this Brochure, we provide investment management services to the Clear Sky Funds on a discretionary basis. As we discuss more fully in Section 16 of this Brochure, this means that, subject to the investment objective(s), strategy(ies), constraints, guidelines, restrictions and limitations set forth in the “Governing Documents” of a Clear Sky Fund (collectively, the “Investment Program” of such Clear Sky Fund), we have the legal authority to purchase and sell securities, other financial instruments and other assets for such Clear Sky Fund without receiving prior authorization from such Clear Sky Fund (or any investor or participant in such Clear Sky Fund) to effect any such purchase or sale.

As of December 31, 2023: (1) we managed approximately \$1,296,822,497 of Clear Sky Fund assets on a discretionary basis and (2) we did not provide investment advisory services to any Clear Sky Fund on a non-discretionary basis. As of the date of this Brochure, we do not provide investment advisory services to any Clear Sky Fund on a non-discretionary basis. We may, however, do so in the future.

E. Client-Imposed Restrictions on Our Investment/Trading Activities

Some of our Private Funds are “commingled” investment vehicles that are designed for multiple investors. We establish the Investment Program for each of these vehicles and manage their assets in accordance with their respective Investment Programs. Investors in these vehicles do not have the authority or ability to impose restrictions on such vehicles’ investments in particular types of securities, other financial instruments or other assets, or otherwise impose constraints, limitations or restrictions on their investment/trading activities.

Similarly, in the case of Registered Funds and Offshore Funds, we typically establish the Investment Programs for such Funds through negotiation with their respective sponsors, and investors in such Funds do not have the authority or ability to impose restrictions on such Funds’ investments in particular types or securities, other financial instruments or other assets, or otherwise impose constraints, limitations or restrictions on their investment/trading activities.

We also establish and manage the assets of Private Funds, and manage the assets of Offshore Funds, which are designed for a single institutional investor or group of related institutional investors. We refer to each

of these Private Funds and Offshore Funds as a “fund-of-one.” In the case of a Private Fund that is a “fund-of-one,” we and the investor (or group of related investors) may mutually agree that we shall adhere to investor-specified constraints, restrictions, limitations and/or guidelines on our investment/trading activities, thereby tailoring our investment management services to the particular investment, legal, regulatory and/or tax needs of the investor. In the case of an Offshore Fund that is a “fund-of-one,” we and the sponsor of and/or investor in such Offshore Fund may mutually agree that we shall adhere to constraints, restrictions, limitations and/or guidelines on our investment/trading activities specified by such sponsor and/or investor.

In connection with entering an NCMA relationship with an institutional investor, we and such institutional investor may mutually agree that we shall adhere to investor-specified constraints, restrictions, limitations and/or guidelines on our investment/trading activities.

ITEM 5 – FEES AND COMPENSATION

A. Private Funds and NCMA—Fees

We do not have a standard fee schedule for managing the assets of Private Funds and NCMA.

In the case of a Private Fund other than a “fund-of-one,” we determine the terms on which we receive compensation for managing the assets of such Private Fund and memorialize those terms in such Private Fund’s Governing Documents. See, however, the last paragraph of this Item 5.A.

In the case of a Private Fund that is a “fund-of-one” and in the case of an NCMA, we negotiate the terms of our compensation with the relevant investor (or group of related investors) and memorialize such terms in such Private Fund’s or NCMA’s Governing Documents.

Our compensation for managing a Private Fund or NCMA includes:

- an asset-based fee (*i.e.*, management fee); and
- in some cases, a performance-based fee, charge or allocation (*e.g.*, carried interest) (“performance-based compensation”).

Management fees typically are paid monthly or quarterly, in advance or arrears, and performance-based compensation is typically paid as of the end of the relevant fiscal year (or when withdrawals or distributions are made from the relevant client account), as specified in the Private Fund’s or NCMA’s Governing Documents.

If management fees are payable in advance, and if the investment management relationship is terminated prior to the expiration of such period, we will make an appropriate pro rata refund of such fees to the relevant Client or to the relevant investor in a Private Fund, as the case may be.

Fees paid by Private Funds may be charged directly against investors’ accounts in such Private Funds, or may be charged directly to such Private Funds, in which case investors in such Private Funds indirectly bear such fees.

Notwithstanding the general fee structure described above, we have and may continue to negotiate different fee structures with certain investors in Private Funds. Such negotiations and agreements are governed by separate agreements commonly referred to as “side letters.” The side letter provisions, which are not found in the Private Funds’ Governing Documents, entitle certain investors to different terms and conditions related to fees, reporting, liquidity, and notifications, among other terms. We reserve the right, but do not

have the obligation, to negotiate or waive fees as well as other investor terms and conditions.

B. Private Funds and NCMA – Expenses

1. Overview of Expenses

Each Private Fund and NCMA bears costs and expenses to the extent described in its Governing Documents. Ordinarily, as discussed more fully below, each Private Fund and NCMA pays (or reimburses us or an appropriate affiliate of ours for any advance of) such fees, costs and expenses as we reasonably determine to be necessary, appropriate, advisable or convenient for:

- in the case of a Private Fund, the organization of such Private Fund and the offering of interests in such Private Fund and, in the case of any NCMA, the creation of the investment management agreement, investment advisory agreement or similar agreement governing the operation of such NCMA (“Organizational and Offering Expenses”);
- the investment/trading of the assets of such Private Fund or NCMA (“Investment Expenses”); and
- the administration and operation of such Private Fund or NCMA (“Operational Expenses”).

Subject to the considerations set forth in the following paragraph, Private Funds and NCMA ordinarily do not pay us (or reimburse us or any of our affiliates for) any of our general overhead costs and expenses such as: (1) employee salaries, bonuses and benefits; (2) rent; (3) heating and air- conditioning; (4) ordinary telecommunications costs and expenses (telephone, facsimile and e-mail); and (5) costs and expenses associated with website and web portal creation and maintenance.

2. Organizational and Offering Expenses

Each Private Fund ordinarily bears its own organizational and offering costs and expenses, which typically include, without limitation (where applicable): (1) legal and accounting fees, costs and expenses incurred in connection with the initial preparation of the Private Fund’s Governing Documents and subsequent updates, amendments or supplements to such documents; (2) legal and accounting fees, costs and expenses, and foreign, state and local filing fees and expenses, incurred in connection with organizing the Private Fund in its jurisdiction of organization, registering the Private Fund and/or interests in the Private Fund in one or more non-U.S. jurisdictions, and subsequently maintaining the Private Fund’s existence as a legal entity in good standing in the appropriate jurisdictions; (3) SEC, “blue sky” and “world sky” filing and registration fees relating to the offer and sale of interests in the Private Fund, including fees relating to filing of claims for exemptions from the registration requirements of applicable U.S., foreign, state and local securities (and other) laws, rules or regulations, and legal and accounting fees and expenses incurred in connection with preparing and making such filings; and (4) legal fees, costs and expenses incurred in connection with reviewing and/or negotiating the terms of side letters with prospective investors in the Private Fund.

Each NCMA ordinarily bears the legal fees and expenses charged to us by our legal counsel in assisting with the negotiation and creation of the investment management agreement, investment advisory agreement or similar agreement that governs the operation of such NCMA, the preparation of a related risk disclosure document and the preparation of related documents.

Notwithstanding the foregoing, except to the extent expressly set forth in a Private Fund’s Governing Documents, no Private Fund pays any sales commissions or similar charges to us or any of our affiliates, or to any unaffiliated placement, distribution or similar agent retained by us or the Private Fund, in

connection with an investor's subscription for or acquisition of an interest in the Private Fund. That is, except to the extent expressly set forth in a Private Fund's Governing Documents, no Private Fund expends its own funds to compensate us, any of our affiliates or any unaffiliated placement, distribution or similar agent for placing interests in the Private Fund.

3. Investment Expenses

"Investment Expenses" of a Private Fund or NCMA include all fees, costs and expenses associated with the investment/trading of the assets of such Private Fund or NCMA, which typically include, without limitation (where applicable): (1) fees, costs and expenses incurred in connection with identifying, sourcing, evaluating, purchasing, holding, selling, exchanging, monitoring and/or managing investments (whether or not ultimately consummated), including: (a) fees, costs and expenses associated with obtaining third-party research (see also Item 12.B of this Brochure); (b) due diligence costs and expenses; (c) broken-deal costs and expenses; (d) fees and out-of-pocket costs and expenses charged by third-party vendors, consultants, industry and other experts, lobbyists, finders and other service providers that assist with identifying, sourcing, evaluating, purchasing, holding, selling, exchanging, monitoring and/or managing investments; and (e) investment banking fees; (2) fees, costs and expenses associated with the use of prime brokers; (3) brokerage commissions, dealer mark-ups and mark-downs, give-ups, and other broker-dealer fees, charges and compensation (see Item 12 of this Brochure for additional details); (4) commissions and other fees, charges and compensation of futures commission merchants; (5) commissions and other fees, charges and compensation of other financial intermediaries engaged to effect transactions for the Private Fund or NCMA; (6) costs and expenses associated with the acquisition and use of trade management systems; (7) fees, costs and expenses associated with the use of third-party risk reporting services and risk management consultants; (8) fees, costs and expenses associated with the acquisition and use of Bloomberg terminals; (9) initial and variation margin payments; (10) interest and borrowing charges on margin accounts and other indebtedness, as well as fees, costs and expenses associated with any borrowing facility, and financing charges inherent in certain financial instruments or other assets; (11) exchange, clearance and settlement fees and charges; (12) bank service fees; (13) fees, costs and expenses associated with the delivery of physical commodities; (14) escrow fees, costs and expenses; (15) governmental and regulatory fees and charges; and (16) legal and accounting fees, costs and expenses associated with activities undertaken in connection with the investment/trading of the assets of the Private Fund or NCMA.

4. Operating Expenses

"Operating Expenses" of a Private Fund or NCMA include all other fees, costs and expenses associated with the administration and operation of such Private Fund or NCMA, which typically include, without limitation (where applicable): (1) fees and out-of-pocket expenses of third-party administrators, custodians and valuation agents, and other custodial fees and expenses; (2) fees and out-of-pocket expenses of accountants, auditors, tax consultants and tax-statement preparers, including fees and out-of-pocket expenses associated with the preparation of financial statements, investor reports and tax returns, and all other accounting fees, costs and expenses associated with activities undertaken in connection with the administration and operation of the Private Fund or NCMA; (3) fees and out-of-pocket expenses paid to third parties for performing various "back-office" functions (including, e.g., information technology and administrative compliance functions), (4) insurance costs and expenses, including, if applicable, bonding costs under ERISA (as a general matter, we currently bear a portion of the premiums for errors and omission and directors and officers insurance, and currently allocate the remaining portion to the Clear Sky Funds); (5) out-of-pocket costs and expenses of directors and advisory board members, and fees of directors or advisory board members who are not associated with us; (6) in the case of a Private Fund, fees and out-of-pocket costs and expenses of the Private Fund's "partnership representative" for U.S. federal income tax purposes (except that, in cases where we or an affiliated or associated person of ours serves as "partnership representative" of a Private Fund, such Private Fund does not bear any fees associated with such service);

(7) governmental and regulatory fees and charges, including taxes (such as withholding or transfer taxes, and entity-level taxes charged to a Private Fund) and similar charges and, in the case of a Private Fund organized outside the U.S., non-U.S. registered office fees, fees payable to governmental bodies such as the Cayman Registrar and/or the Cayman Islands Monetary Authority, and the fees and expenses payable to persons or entities that function as anti-money laundering compliance officer, money laundering reporting officer and deputy anti-money laundering compliance officer; (8) legal fees, costs and expenses associated with activities undertaken in connection with the administration and operation of the Private Fund or NCMA; and (9) extraordinary costs and expenses (if any), including any costs and expenses arising out of any proceeding to which the Private Fund or NCMA is a party or in which it is otherwise involved, and indemnification costs and obligations of such Private Fund or NCMA under its Governing Documents.

C. Deduction of Fees and Expenses from Brokerage/Custodian Accounts

Fees and expenses are deducted when payable from the Private Funds' and NCMA's brokerage/custodial accounts and paid directly to us or an appropriate affiliate of ours directly from such accounts.

D. Allocation of Costs and Expenses

All costs and expenses that are directly attributable to a particular Private Fund or NCMA (and not to any other Private Fund or NCMA) are charged to that particular Private Fund or NCMA. To the extent that costs and expenses are not directly attributable to a particular Private Fund or NCMA, we generally allocate them to the Private Funds and NCMA's on a pro rata basis in accordance with their respective net asset values (except in cases where: (1) Clients have agreed to receive allocations of such costs and expenses based on the gross asset values of their accounts or (2) we determine that it is more appropriate to specially allocate such expenses to a subset of Private Funds and/or NCMA's to which such expenses more specifically relate), even though such Private Funds and NCMA's may not benefit from such costs and expenses on a strictly *pro rata* basis. See also Item 12.B of this Brochure for a discussion of the allocation of benefits received in exchange for "soft dollar" payments.

In addition, in the case of a Private Fund, we generally charge costs and expenses that are specifically attributable to a specific investor or group of investors in the Private Fund solely to such investor or group of investors, as applicable. Without limiting the generality of foregoing, we have the authority to charge an expense to any specific investor or group of investors, and not treat an expense as an "entity-level" expense of a Private Fund, in the case of, for example, accounting expenses incurred in providing a calculation of unrelated business taxable income to a particular investor, in a manner we consider fair and reasonable.

E. Other Considerations Applicable to Private Fund/NCMA Fees and Expenses

The Private Funds and NCMA's may invest in money market funds and index-based investment vehicles (e.g., exchange traded funds ("ETFs"), iShares, Standard & Poor's Depository Receipts ("SPDRs") managed by third party investment managers). In such cases, the Private Funds and NCMA's pay a separate layer of organizational, offering, investment, investment management and operational expenses to the third-party investment manager and other service providers in relation to such investments.

F. Registered Fund and Offshore Fund Fees and Expenses

Each Registered Fund's and Offshore Fund's investor disclosure documents include information about the fees and expenses paid by such Fund, including the fees payable to us for acting as sub-adviser or adviser. We ordinarily do not receive performance-based compensation from Registered Funds. At present, we serve as a sub-adviser of one Registered Fund and one Offshore Fund, and our sub-advisory fees have been determined by negotiation between us, on the one hand, and the investment adviser and/or board of directors

or trustees (or other governing body) of the Registered Fund or Offshore Fund, on the other hand. Our sub-advisory fees are not subject to negotiation with investors in the Registered Fund or Offshore Fund. If we were to serve as investment adviser or sub-adviser of any additional Registered Fund or Offshore Fund, our fees would be determined by negotiation between us, on the one hand, and the Registered Fund's or Offshore Fund's investment adviser and/or board of directors or trustees (or other governing body), on the other hand, and would not be subject to negotiation with investors in such Registered Fund or Offshore Fund (except that, in the case of an Offshore Fund that is a "fund-of-one," the investor or group of related investors in such Offshore Fund could be expected to play a role in the negotiation of our fees).

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

A. Performance-Based Compensation

As discussed in Item 5 of this Brochure, our compensation for managing Clear Sky Funds other than Registered Funds sometimes includes a performance-based compensation component.

Performance-based compensation arrangements reward us for increases in the value of the assets in client accounts that are subject to such arrangements without directly penalizing us for losses in such accounts. This creates an incentive for us to invest and trade such assets in a manner that is riskier or more speculative than would be the case in the absence of such arrangements.

B. "Fair Valuation" of Assets

We may "fair value" certain of the assets held in client accounts. We have an inherent conflict of interest in "fair valuing" certain assets in client accounts because our fees are based on the value of such assets, which gives us an incentive to place the highest possible value on such assets. However, we will perform our valuation functions in good faith in accordance with internal valuation policies and procedures, without regard to the effect such valuations may have on our management fees and performance-based compensation.

In addition, calculation of performance-based compensation earned is based, in part, on unrealized gains that may never materialize. Such compensation may be greater than if it were based solely on realized gains and losses.

C. Side-by-Side Management

We manage client accounts that are subject to performance-based compensation arrangements at the same time as we manage client accounts that are not subject to such arrangements (*e.g.*, Registered Funds). Similarly, we charge performance-based compensation to client accounts that bear such compensation at different rates, or that is determined by reference to different "hurdles."

These "side-by-side" management practices may create an incentive for us to disproportionately allocate time, services or functions, and to allocate more favorable investment opportunities, to Clear Sky Funds that bear: (i) performance-based compensation (as opposed to Clear Sky Funds that do not) or (ii) performance-based compensation that is more favorable (*i.e.*, performance-based compensation having a higher rate and/or a lower "hurdle") to us than performance-based compensation borne by other Clear Sky Funds.

D. Management of Related Conflicts of Interest

We have adopted policies and procedures that, among other things, are designed to mitigate the types of conflicts of interest described above in this Item 6. Please see Item 11.B of this Brochure for a discussion of such policies and procedures.

ITEM 7 – TYPES OF CLIENTS

A. Types of Clients

Please see Item 4.C of this Brochure for a description of the types of Clients to whom we provide investment management/advisory services.

B. Restrictions on Investments in Private Funds

Investment in our Private Funds is limited to investors who represent and warrant to us that they meet certain financial and sophistication requirements. Specifically, investors in our Private Funds typically must represent and warrant to us that they:

- are “accredited investors” within the meaning of Rule 501(a) of Regulation D under the Securities Act;
- are either: (1) “qualified purchasers” within the meaning of Section 2(a)(51) of the Investment Company Act, or the rules and regulations thereunder or (2) “knowledgeable employees” of the relevant Private Fund (or of us) within the meaning of Rule 3c-5 under the Investment Company Act; and
- either alone or together with their own qualified independent legal, regulatory, tax, accounting, investment, financial and other advisors, have such knowledge and experience in financial and business matters as to be capable of identifying and evaluating the merits, risks and other special considerations associated with an investment in the relevant Private Fund.

The dollar amounts of minimum initial and additional investments, if any, relating to investment in a Private Fund are set forth in such Private Fund’s Governing Documents. We may waive any such minimums in our sole discretion.

C. Restrictions on Participation in NCMAs

Participants in NCMAs must meet such financial and sophistication requirements as we may determine on a case-to-case basis. As a general matter, we expect that we will apply the same financial and sophistication requirements to participants in NCMAs that we apply to investors in our Private Funds.

We determine the dollar amounts of minimum initial and additional investments, if any, relating to participation in an NCMA through negotiation with the Client.

D. Restrictions on Investments in Registered Funds and Offshore Funds

Restrictions on investors in Registered Funds and Offshore Funds are set forth in such Funds’ Governing Documents.

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

A. Our Current Principal Investment Strategies

The specific investment strategy or strategies we employ in managing the assets of a particular Clear Sky Fund are set forth in that Clear Sky Fund's Governing Documents.

Our two current principal investment strategies, which we refer to as the "Environmental Credits Strategy" and the "Lucid Strategy," are described briefly below.

1. Environmental Credits Strategy

Investment Objective

The investment objective of our Environmental Credits Strategy is to generate absolute returns for the Client by investing and trading in:

- allowances, credits, offsets and similar instruments that enable entities to lawfully emit specific amounts of CO₂ or other pollutants into the environment ("Environmental Emissions");
- instruments, such as renewable energy certificates, which enable entities to satisfy environmental obligations they otherwise may not be able to meet (such instruments, together with the allowances, credits, offsets and similar instruments described above, "Environmental Credits"); and
- derivative instruments through which the Client may obtain long or short exposure to Environmental Credits.

Environmental Credits typically are issued by states or other governmental authorities (including regional governmental authorities) or quasi-governmental authorities to implement:

- market-based "cap-and-trade" or similar programs under which entities that emit CO₂ or other pollutants may utilize Environmental Credits to lawfully emit specific amounts of CO₂ and other pollutants into the environment in amounts in excess of limits to which they otherwise would be subject; and
- market-based programs designed to relieve industry participants of the need to comply with certain environmental obligations to which they otherwise would be subject, such as programs that enable energy producers that are required to produce a particular portion of their energy output through renewable resources to meet that requirement by purchasing Environmental Credits in lieu of meeting such requirement.

Investment Strategy

Our Environmental Credits Strategy pursues the investment objective described above by establishing concentrated portfolios composed of single Environmental Credits or diversified portfolios consisting of baskets of two or more Environmental Credits. In establishing these portfolios, we may utilize:

- a "buy and hold" approach, which, as its name implies, is typically characterized by relatively minimal trading;
- a "buy, hold and optimization" approach, which seeks to enhance the returns on a "buy and hold" approach by generating additional returns through selling options or futures to realize premium or other income; or
- a "tactical" approach, which is typically characterized by relatively active trading, frequently around market developments.

2. Lucid Strategy

Investment Objective

The investment objective of our Lucid Strategy is to seek to generate absolute returns by investing and trading in companies and making related investments that we believe contribute to the decarbonization and electrification of the world and the sustainability of the world's energy and natural resources.

Investment Strategy

Our Lucid Strategy is guided by the premise that a decarbonizing world and a transition towards electrification and renewable power generation will drive the future global economy. Accordingly, under ordinary circumstances, our Lucid Strategy generally focusses on investing and trading in:

- securities and other financial instruments issued by companies that we believe contribute to the macro themes of decarbonization and electrification as well as the sustainability of the world's energy and natural resources ("Target Companies"), including but not limited to companies focused on renewable energy, critical sources, smart grids, advanced mobility, agriculture, electrification and microgrids, energy efficiency, and technical innovation in the fields of energy production, use, transmission and sustainability;
- energy and other related commodities and Environmental Credits.

In addition, our Lucid Strategy can be expected to take strategic short positions in:

- non-Target Companies that we believe are exposed due to their emphasis on or use of non-sustainable resources; and
- Target Companies that we believe are over-valued or at risk in relation to other Target Companies.

The strategy – which is intended to be market neutral with targeted portfolio level volatility – emphasizes investments in publicly-traded Target Companies on a global basis. Our research process for the strategy is designed to source companies across the entire value chain, from those that produce raw materials to those that deliver products to end consumers.

B. Additional Strategies

We may engage in additional strategies in the future. Additional strategies may focus on identifying attractive investment and trading opportunities outside as well as inside the energy ecosystem.

C. Methods of Analysis

Our investment professionals typically use fundamental analysis in formulating investment decisions for the Clear Sky Funds. In the case of our Environmental Credits Strategy, this analysis typically focusses on supply and demand forces that affect the value of Environmental Credits. In the case of our Lucid Strategy, we perform a qualitative and quantitative analysis of Target Company fundamentals.

D. Risk of Loss

Set forth below is a description of certain risks and other special considerations generally associated with investments in Clear Sky Funds. The specific risks and other special considerations associated with an investment in a specific Clear Sky Fund are typically set forth in such Clear Sky Fund's Governing Documents. Accordingly, in order to obtain a complete understanding of the specific risks and other special considerations associated with an investment in a specific Clear Sky Fund, a prospective investor in such Clear Sky Fund should read and understand such Clear Sky Fund's Governing Documents prior to investing. Clear Sky also urges all prospective investors to consult with their own qualified independent legal, regulatory, tax, accounting, investment, financial and other advisors in order to identify and evaluate the merits, risks and other special considerations associated with an investment in a Clear Sky Fund.

The following description does not in any way purport to constitute an exhaustive inventory of all of the numerous risks and other special considerations that a prospective investor should consider prior to deciding whether to invest in a Clear Sky Fund; accordingly, the fact that certain specific risks and other special considerations are discussed below (and/or in the Governing Documents of a Clear Sky Fund) should not be construed to imply that there are not numerous other risks and/or special considerations associated with an investment in such Clear Sky Fund; moreover, any discussion of risks and/or other special considerations does not purport to constitute an exhaustive discussion of such risks and/or other special considerations. The risks and other special considerations outlined below are not necessarily listed in order of what we perceive to be their probability or magnitude.

SPECULATIVE INVESTMENT

An investment in a Clear Sky Fund is speculative and involves a high degree of risk (including the possible loss of the entire amount invested). An investment in Clear Sky Fund is suitable only for sophisticated investors. There can be no assurance that a Clear Sky Fund will achieve its investment objective(s), or that an investor will receive a return on its capital or a return of all or any portion of its capital. Further, the returns, if any, of Clear Sky Funds are likely to be unpredictable. Accordingly, a prospective investor:

- should not invest in a Clear Sky Fund unless the prospective investor:
 - > has adequate means (which do not include the amount the prospective investor wishes to invest in the Clear Sky Fund) of providing for its current needs (including cash flow needs) and contingencies;
 - > has no need for liquidity with respect to such investment;
 - > is fully able to bear the financial and other risks associated with such investment for an indefinite period of time; and
 - > is fully able to sustain the possible loss of the entire amount invested in such Clear Sky Fund; and
- should consider an investment in a Clear Sky Fund as a long-term investment that is appropriate only for a limited portion of the high-risk segment of such prospective investor's overall portfolio.

GENERAL MARKET RISKS

The success of our investment management/advisory activities will be affected by general economic, market and political conditions, such as: (1) interest and inflation rates, (2) changing supply and demand relationships, (3) availability of credit, (4) currency exchange controls, (5) economic uncertainty, (5) changes in laws, rules and regulations, (6) trade, fiscal, monetary and exchange control programs and policies of governments, including trade barriers, and (7) national and international political and economic events and policies.

In addition:

- Governments from time to time intervene, directly and by regulation, in certain markets, particularly those in financial instruments and commodities; such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. Market disruptions could result in sudden changes to regulatory requirements or other government intervention implemented on an “emergency” basis, which may suddenly prevent us from implementing certain investment strategies or from managing the risk associated with the outstanding positions of Clear Sky Funds.
- Certain risks are unprecedented in nature or magnitude and therefore are not amenable to existing risk management techniques, which are based on modeling past events and assigning probabilities to the recurrence of those events; such events include, without limitation: wars or security operations; catastrophic acts of terror resulting in mass casualties and associated destruction and subsequent abandonment of large areas in urban locales; imposition or declaration of martial law in jurisdictions with a long history of civil rule of law; mass disruption of telecommunications facilities due to terrorist acts; pandemics resulting from bio-terror attacks or outbreaks of fatal disease for which there is no cure or treatment; urban terror using nerve gas or other toxins; terrorist use of nuclear weapons, radiation dispersal weapons or other weapons of mass destruction; cyber-terror and terrorist attacks on financial markets, exchanges and payments systems; and acts of God.

Since late 2019, the COVID-19 health epidemic has led to significant restrictions on travel and business activities globally. It is unknown how, and to what extent, we and the Clear Sky Funds will continue to be affected if such epidemic continues to persist for an extended period of time. We may incur interruption of critical business functions and significant losses as a result such events. Such events may also adversely affect the financial markets and global economy in unpredictable ways. These events could have a material adverse impact on the performance of the Clear Sky Funds.

Following Russia's invasion of Ukraine in February 2022, the U.S., the European Union (“E.U.”) and its member states, and other countries announced and implemented major sanctions against Russia. The U.S., E.U. nations and other countries could impose wider sanctions and take other actions as the conflict continues. It is difficult to anticipate the long-term impact on the Clear Sky Funds of war in Ukraine, sanctions, and any retaliatory measures by Russia in response. However, any or all of these may cause significant turmoil in the global markets, including domestic and global credit markets and market liquidity, impact the domestic and global economy, further disrupt supply chains, increase the risk of inflation, and/or limit the Clear Sky Funds’ ability to invest in certain situations, which could in turn have a material adverse impact on the Clear Sky Funds.

SYSTEMIC RISK

Systemic risk is the risk of broad financial system stress or collapse triggered by the default of one or more financial institutions, which results in a series of defaults by other interdependent financial institutions. Each Clear Sky Fund and the financial intermediaries, such as futures commission merchants and/or exchanges, with which it interacts are subject to systemic risk. A systemic failure could have an adverse effect on a Clear Sky Fund and on the markets for the securities, other financial instruments or other assets in which it invests or seeks to invest.

RISKS ASSOCIATED WITH PARTICULAR INVESTMENT STRATEGIES, INVESTMENTS AND INVESTMENT TECHNIQUES

A. General.

The Clear Sky Funds invest and trade in securities, other financial instruments and other assets using investment strategies and techniques that have significant risk characteristics, including those summarized below and described more fully in their respective Governing Documents. No assurance can be given, nor can any representation be made, that the Investment Programs of the Clear Sky Funds will be successful, or that their performance will not be correlated with that of other investment strategies and techniques. The investment results of the Clear Sky Funds may vary substantially over time. The possibility of partial or total loss of capital exists.

The success of some Clear Sky Funds depends on, among other things, our ability to identify and exploit price discrepancies. Identification and exploitation of such opportunities involves uncertainty. In the event that the perceived mis-pricings underlying a Clear Sky Fund's positions were to fail to converge toward, or were to diverge further from, relationships expected by us, such Clear Sky Fund could incur a loss.

B. Environmental Credits Strategy – General

Background. Some Clear Sky Funds focus on employing our Environmental Credits Strategy. Other Clear Sky Funds, however, may also purchase and sell Environmental Credits (and related derivative instruments) if authorized by their Governing Documents. In this connection, Clear Sky Funds that are focused on employing our Lucid Strategy ordinarily may purchase and sell Environmental Credits (and relative derivative instruments), though they are likely to do so to a lesser extent than Clear Sky Funds that are focused on employing our Environmental Credits Strategy.

Macroeconomic Trends Impacting Environmental Emission Market Prices. Macroeconomic trends may have significant impacts on carbon or other markets for Environmental Emissions. For example, as a result of a global economic downturn, industrial and utility emissions may drop significantly in the U.S. and Europe, which can negatively impact the demand for, and prices of, carbon-related Environmental Credits. Accordingly, although we expect prices for carbon-related Environmental Credits in the U.S. to continue to rise in the future, there can be no such guarantee, and a decreased level of general economic activity may adversely impact the prices of carbon-related Environmental Credits.

Political, Judicial, Legal and Regulatory Risks Related to Environmental Credits. Political, judicial, legal, and regulatory developments in jurisdictions that sponsor Environmental Credit programs may adversely affect the value of Environmental Credits issued in connection with such programs, including without limitation, due to the revocation of Environmental Credits or due to changes to or termination of the programs under which Environmental Credits are traded.

Disruptions in Market Tracking Systems. Any disruptions to a market tracking system supporting the market for an Environmental Credit, including without limitation disruptions resulting from cyberattacks or other cyber-security incidents, could negatively affect the value of such Environmental Credit. The trading, settlement and safekeeping processes available in the markets for Environmental Credits generally are less developed than in equity or fixed-income markets.

Risk Management for Environmental Credits. There can be no assurance that we will successfully manage the risks relating to investments in Environmental Credits. Moreover, efforts to manage the volatility of the Environmental Credits in which a Clear Sky Fund invests could become counterproductive. First, we could underestimate various market and regulatory risks, as a result of which the portfolios of affected Clear Sky

Funds may not be sufficiently hedged. For example, as a Clear Sky Fund may be long a particular Environmental Credit at any given time, a sudden and unexpected drop in the price for that Environmental Credit will directly affect the unhedged portion of such Clear Sky Fund's investments and, depending on the extent of the position, could result in such Clear Sky Fund not being able to sell, profitably or at all, any such outstanding investments and could result in the failure to return some or all of such Clear Sky Fund's capital.

Second, certain transactions that could enhance returns to the relevant Clear Sky Fund, such as firm volume commitment forward sales relating to assets that are not acquired on a timely basis, could require such Clear Sky Fund to cover such transactions at materially adverse prices. If we overestimate the future delivery of a particular Environmental Credit, such Clear Sky Fund may not receive a sufficient volume of such Environmental Credit to meet its sales obligations, as a result of which such Clear Sky Fund may have to purchase such Environmental Credit over the counter (OTC) or on an exchange to cover firm sales. In an environment of rising Environmental Credit prices, such circumstances could result in a net loss on Environmental Credits delivered pursuant to a binding sale agreement and could result in the failure to return some or all of a Clear Sky Fund's capital.

Conversely, an ill-timed or overly conservative hedging strategy could materially reduce the proceeds to a Clear Sky Fund from the sale of Environmental Credits and could result in the failure to return some or all of such Clear Sky Fund's capital.

C. Environmental Credits Strategy – Carbon-Related Environmental Credits

Ongoing Demand for Carbon-Related Environmental Credits and Market Terms for Carbon-Related Environmental Credits. The success of the Clear Sky Funds that invest in carbon-related Environmental Credits depends on our understanding and forecast of the carbon market going forward, including an expectation of robust demand for carbon-related Environmental Credits and the continued use of terms and conditions similar to those prevailing in the market today. However, neither the ongoing demand for carbon-related Environmental Credits nor the continued use of current contract terms is guaranteed. A significant drop in demand or change in the prevailing contract terms and conditions for the purchase of carbon-related Environmental Credits could have an adverse effect on their prices or the ability of such Clear Sky Funds to conduct their Investment Programs.

Energy Complex Risks Impacting Market Prices. Performance of the Clear Sky Funds may be affected by a number of risk factors impacting traditional commodities markets, such as weather patterns and the status of oil and gas reserves. In Europe, for example, the prices of carbon-related Environmental Credits have been found to correlate to a certain extent with the price of natural gas. When gas prices increase, electric utilities typically will burn more coal (which emits more CO₂ relative to natural gas), which then puts upward pressure on carbon-related Environmental Credits. Similarly, when there is significant rain, the price of carbon-related Environmental Credits could decrease because utilities can run hydroelectric facilities, which do not emit greenhouse gases ("GHG"). Based on the foregoing, there is a risk that the relevant Clear Sky Fund's returns based on the trading of carbon-related Environmental Credits will be affected by the overall movement in the energy complex.

Technology Breakthroughs and Construction of Nuclear Power Plants. A number of technology breakthroughs could significantly impact the carbon intensity of the generation mix in the U.S. For example, a number of companies and agencies have invested significant capital in research and development necessary to commercialize large-scale carbon capture and storage ("CCS") technology at coal-fired power plants and other energy producing plants. CCS deployment, and associated use of the CO₂ for enhanced oil recovery ("EOR") recently has become more commercially feasible with the revamping of the U.S. tax credit 45Q. Extensive CCS deployment would significantly reduce the amount of GHG emissions

associated with traditional energy production and could cause the price of carbon-related Environmental Credits to drop significantly. Additionally, the permitting and construction of a large number of nuclear power plants that could displace fossil-fuel generation would also significantly reduce GHG emissions from the energy industry. Such developments or other similar factors would reduce the demand for carbon-related Environmental Credits and limit the ability of Clear Sky Funds to sell such credits at attractive prices.

D. Environmental Credits Strategy – Washington Carbon Allowances (“WCAs”)

Washington State Repeal Initiative I-2117. The Washington Initiative 2117, the Prohibit Carbon Tax Credit Trading Initiative (the “Initiative”), is on the ballot in Washington State on November 5, 2024. The Initiative would repeal the Climate Commitment Act and bar the Legislature from re-adopting the Climate Commitment Act, including the Cap-and-Trade Program. If the Initiative is passed by the public on November 5, 2024, which would result in uncertainty in the Washington Carbon Allowance (“WCA”) market. Such effects and impacts could have a material adverse effect on the Clients and their investments.

E. Environmental Credits Strategy – California Carbon Allowances (“CCAs”)

Background. The California Air Resources Board (“CARB”) implemented a mandatory market-based cap-and-trade program (the “California Program”) to meet the State of California’s regulations issued to address GHG and other emissions. The California Program began in 2013 and has been extended until 2030. To comply, large GHG emitters must submit CCAs to CARB based on their annual emissions. “CCAs” include CO₂ emission allowances purchased at auction or in private sales, emission allowances distributed to certain industry participants, and limited proportions of offset credits.

Changes to Carbon Regulations. California carbon regulations include a number of design features that are highly likely to have a significant impact on carbon market prices, including the number of CCAs available in the marketplace, the allocation of CCAs for free distribution, banking or holding CCAs through different compliance periods, limits on the use of CCAs for compliance obligations, the protocols pursuant to which CCAs are issued and the circumstances under which CCAs may be invalidated. Each of these design features could materially and adversely impact prices of CCAs and the ability of Clear Sky Funds that hold them to achieve their investment objectives.

Linked Cap-and-Trade Programs. The California Program was previously linked with the Cap-and-Trade Programs established in the Canadian provinces of Ontario and Quebec. However, Ontario withdrew from the joint Program, which is expected to decrease the demand for CCAs through 2030 and therefore result in lower CCAs and offset prices. As with Ontario, it is possible that Quebec may withdraw from the Program at some point in the future, which could have a material and adverse effect on the price of CCAs and the performance of the Clear Sky Funds with exposure to CCAs. In addition, the California Program may become linked with other jurisdictions in the future – for example Oregon, the Regional Greenhouse Gas Initiative (“RGGI”) – and such other jurisdictions could subsequently withdraw from the California Program. Both the initial linkage and a potential subsequent withdrawal could have a significant and material impact on the supply and price of, and demand for, CCAs.

Regulation of CCAs, CCA Transaction and CCA-Derivatives for Cap-and-Trade Programs. Although most market participants consider CCAs to be commodities largely unregulated in the U.S., this view has not been tested in the courts, and future litigation could result in a decision reaching a different conclusion. A change in the regulatory treatment of CCAs – for example, as securities – could have an adverse impact on the relevant Clear Sky Funds. Furthermore, CCA derivatives could also become subject to additional requirements and restrictions, such as a prohibition on CCA transactions outside of regulated exchanges or limiting CCA transactions to certain industry participants. If adopted, any such changes or requirements could significantly impede liquidity in the carbon market and potentially prevent the relevant Clear Sky

Funds from successfully implementing their Investment Programs.

Legal Challenges to California Program. In 2012, the California Program was challenged in a lawsuit by the California Chamber of Commerce on the basis that the Program violates the California Constitution because it is a tax and because it was not passed by a 2/3 supermajority of the Legislature, which is required under the California Constitution for the adoption of new taxes. The lawsuit was dismissed by the District Court in Sacramento, whose ruling was upheld by the California Court of Appeals on April 6, 2017. The California Supreme Court then declined to hear an appeal of the case, ending the litigation. AB 398, which extends the California Program through 2030, was passed by a 2/3 supermajority, thereby insulating the program from challenges on this particular ground (at least until 2030). However, other legal challenges could be brought and elements of the California Program, or the California Program itself, could be struck down as a result of these challenges.

California Program Beyond 2030. AB 398, which was passed by the California Legislature in 2017, extends California's Program through 2030, but does not provide for the California Program's existence past 2030. Prior to AB 398's passage, CARB took the view that it had the authority to continue the California Program through 2050, but CARB's authority to do so was unclear, and could be challenged in court. If the California Legislature does not extend the California Program again prior to 2030, the California Program could expire, along with the obligation on compliance entities to surrender CCAs. If the California Program is extended through a rulemaking by CARB rather than legislation, the extension could be subject to legal challenge. In addition, future legislation could materially change the design and features of the California Program, which could impact the supply or demand and prices of CCAs.

F. Lucid Strategy

Background. Some Clear Sky Funds are focused on employing our Lucid Strategy. However, other Clear Sky Funds, including Clear Sky Funds that focus on our Environmental Credits Strategy, may also engage in the types of transactions contemplated by our Lucid Strategy, if authorized by their Governing Documents.

Issuer Risks. The issuers of securities acquired by the Clear Sky Funds may sometimes involve a high degree of business and financial risk. Certain issuers in which the Clear Sky Funds invest may be in early stages of development, may not have proven operating histories, may lack management depth, may be operating at a loss or have significant variations in operating results, may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence, may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position, may lack the ability to generate internally or obtain externally the funds necessary for growth, or may otherwise have weak financial conditions. Issuers with new products or services could sustain significant losses if projected markets do not materialize. Such issuers may have, or may develop, only a regional market for products or services and may be adversely affected by purely local events. Moreover, such issuers may face intense competition, including competition from issuers with greater financial resources, more extensive development, manufacturing, marketing, and other capabilities, and a larger number of qualified managerial and technical personnel.

Equity Market Risk. Investments in common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in, and perceptions of, their issuers change. These perceptions are based on various and unpredictable factors including expectations regarding government, economic, monetary and fiscal policies; inflation and interest rates; economic expansion or contraction; and global or regional political, economic and banking crises. If a Clear Sky Fund holds common stocks of any given issuer, it would generally be exposed to greater risk than if it held preferred stocks and debt obligations of the same issuer because common shareholders generally have inferior rights

to receive payments from issuers in comparison with the rights of preferred shareholders, bondholders and other creditors of such issuers. Equity markets tend to be cyclical, with periods when prices generally rise and periods when prices generally decline. Non-U.S. equity markets tend to reflect local economic and financial conditions, and therefore, trends often vary from country to country and region to region.

Preferred and Hybrid Securities. Preferred stocks and hybrid securities have special risks, including provisions that permit the issuer, at its discretion, to defer distributions for a stated period without any adverse consequences to the issuer. If a Clear Sky Fund owns a preferred stock or hybrid security that is deferring its distributions, that Clear Sky Fund may be required to report income for tax purposes even though it has not yet received such income. Some preferred and hybrid securities are non-cumulative, meaning that the dividends do not accumulate and need not ever be paid.

Convertible Securities. Investments in convertible fixed income securities generally offer lower interest or dividend yields than non-convertible securities of similar quality. As with all fixed income securities, the market values of convertible securities tend to decline as interest rates increase and, conversely, to increase as interest rates decline. However, when the market price of the common stock underlying a convertible security exceeds the conversion price, the convertible security tends to reflect the market price of the underlying common stock. As the market price of the underlying common stock declines, the convertible security tends to trade increasingly on a yield basis and thus may not decline in price to the same extent as the underlying common stock. Convertible securities rank senior to common stocks in an issuer's capital structure and consequently entail less risk than the issuer's common stock. If a Clear Sky Fund is authorized to invest in convertible securities, it ordinarily may invest in convertible securities of any maturity and will determine whether to hold, sell or convert any security in which it has invested, depending upon our outlook for the market value for such security, the security into which it converts and/or other factors.

Fixed Income Securities. Bonds or other fixed income securities – including, without limitation, commercial paper and “higher yielding” (including, without limitation, non-investment grade and, therefore, higher risk) debt securities – are subject to credit, liquidity and interest rate risks. Investing in high yield debt involves special risks. Higher-yielding debt securities are generally unsecured and may be subordinated to certain other outstanding securities and obligations of the issuer, which may be secured on substantially all of the issuer's assets. The lower rating of debt obligations in the higher-yielding sector reflects a greater probability that adverse changes in the financial condition of the issuer or in general economic conditions or both may impair the ability of the issuer to make payments of principal and interest. Non-investment grade debt securities may not be protected by financial covenants or limitations on additional indebtedness. In addition, evaluating credit risk for debt securities involves uncertainty. Also, the market for credit spreads is often inefficient and illiquid, making it difficult to accurately calculate discounting spreads for valuing financial instruments. It is likely that a major economic recession could disrupt severely the market for such securities and may have an adverse impact on the value of such securities. In addition, it is likely that any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default for such securities. If the issuer of high yield debt defaults, a Clear Sky Fund may incur additional expenses to seek recovery. The secondary markets on which high yield debt is traded may be less liquid than the market for higher grade debt. Less liquidity in the secondary trading markets could adversely affect and cause large fluctuations in the net asset value of a Clear Sky Fund. Adverse publicity and investor perceptions, whether or not based on fundamental analysis, may decrease the values and liquidity of high yield debt, especially in a thinly traded market.

Large-Capitalization Companies. Investments in larger, more established companies involve the risk that such companies may be unable to respond quickly to new competitive challenges such as changes in consumer tastes or innovative smaller competitors. Also, large-cap companies are unlikely to attain high

growth rates of sales and earnings.

Mid-Capitalization and Small-Capitalization Companies. Investments in these companies involve greater risk and portfolio price volatility than investments in larger capitalization companies. Among the reasons for greater price volatility of these investments are the less certain growth prospects of mid-sized or small firms and the lower degree of liquidity in the markets for such securities. Mid-capitalization or small-capitalization companies may be thinly traded and may have to be sold at a discount from current market prices or in small lots over an extended period of time. In addition, these securities are subject to the risk that during certain periods the liquidity of particular issuers or industries, or all securities in particular investment categories, will shrink or disappear suddenly and without warning as a result of adverse economic or market conditions, or adverse investor perceptions whether or not accurate. In connection with the lack of market liquidity, a Clear Sky Fund may incur losses if required to effect sales at a disadvantageous time and only then at a substantial drop in price. Mid-capitalization or small-capitalization companies include “unseasoned” issues that do not have an established financial history; often have limited product lines, markets or financial resources; may depend on or use a few key personnel for management; and may be susceptible to losses and risks of bankruptcy. Mid-capitalization or small-capitalization companies may be operating at a loss or have significant variations in operating results; may be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence; may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position; and may have substantial borrowings or may otherwise have a weak financial condition. In addition, these companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing, and other capabilities, and a larger number of qualified and managerial personnel. Transaction costs for these investments are often higher than those of large capitalization companies. Investments in mid-capitalization or small-capitalization companies may be more difficult to price precisely than other types of securities because of their characteristics and lower trading volumes.

Alternative Energy Industry. Alternative energy refers to the generation of power through environmentally friendly sources that can replace or supplement traditional fossil-fuel sources. It includes power derived principally from biofuels (such as ethanol), biomass, wind, solar, hydro and geothermal sources and also includes the various technologies that support the production, use, storage and transmission of these sources.

The alternative energy industry may be significantly affected by the competition from new and existing market entrants, obsolescence of technology, short product cycles, varying prices and profits, commodity price volatility, changes in exchange rates, imposition of import controls, depletion of resources, technological developments and general economic conditions, fluctuations in energy prices and supply and demand of alternative energy fuels, energy conservation, the success of exploration projects, labor relations and tax and other government regulations. In addition, the alternative energy industry is at a relatively early stage of development and the extent to which alternative energy will be widely adopted is uncertain. Securities of issuers involved in the alternative energy industry have been, and may continue to be, more volatile than securities of issuers operating in more established industries. Certain valuation methods currently used to value issuers involved in the alternative energy industry have not been in widespread use for a significant period of time. As a result, the use of such valuation methods may serve to further increase the volatility of securities of certain issuers in the alternative energy industry. In addition, changes in U.S. and other governments’ policies towards alternative energy technology may have an adverse effect on issuers in which a Clear Sky Fund invests. If government subsidies for alternative energy sources are reduced or eliminated, the demand for alternative energy may decline and cause corresponding declines in the revenues and profits of issuers engaged in the alternative energy industry. Furthermore, because the alternative energy industry is at a relatively early stage of development, it is more likely that issuers in the alternative energy industry will have limited operating histories, and certain of such issuers may never have

traded profitably.

Investments in Non-U.S. Securities; Currency Hedging. Investments in non-U.S. securities may be subject to greater risks than purely U.S. investments due to a variety of factors, including currency controls and the fluctuation of currency exchange rates, changes in governmental administration or economic or monetary policy (in the United States and abroad) or changed circumstances in dealings between nations. Dividends paid by non-U.S. issuers may be subject to withholding and other non-U.S. taxes that may decrease the net return on these investments as compared to dividends paid to the Clear Sky Funds by U.S. corporations.

There may be less publicly available information about non-U.S. issuers than about U.S. issuers and non-U.S. issuers may not be subject to uniform accounting, auditing and financial reporting standards and requirements comparable to those of U.S. issuers. Securities of some non-U.S. issuers are less liquid and non-U.S. brokerage commissions are generally higher than in the United States. Non-U.S. securities markets may also be less liquid, more volatile and less subject to governmental supervision than those in the United States. Investments in non-U.S. countries could be affected by other factors not necessarily present in the United States, including expropriation, exchange controls, confiscatory taxation and potential difficulties in enforcing contractual obligations.

The prices of non-U.S. securities will generally be determined with reference to currencies other than the U.S. dollar. The Clear Sky Funds, however, value their securities and other assets in U.S. dollars. We may or may not seek to hedge all or any portion of such Clear Sky Funds' non-U.S. currency exposure. However, even if we attempt such hedging techniques, it is not possible to hedge fully or perfectly against currency fluctuations affecting the value of securities denominated in non-U.S. currencies because the value of those securities is likely to fluctuate as a result of independent factors not related to currency fluctuations. To the extent unhedged, the value of such Clear Sky Funds' assets will fluctuate with U.S. dollar exchange rates as well as the price changes of such Clear Sky Funds' 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 such Clear Sky Funds make their investments will reduce the effect of increases and magnify the effect of decreases in the prices of such Clear Sky Funds' securities in their local markets. Conversely, a decrease in the value of the U.S. dollar will have the opposite effect on such Clear Sky Funds' non-U.S. securities. To hedge against currency fluctuations, we may conduct currency exchange transactions on a spot (i.e., cash) basis at the spot rate prevailing in the currency exchange market or by utilizing options, forward contracts or swaps, but there can be no assurance that such hedging transactions will be effective, and such techniques entail costs and additional risks.

Purchasing Initial Public Offerings. Special risks associated with acquiring so-called "new issue" securities may include a limited number of interests available for trading, unseasoned trading, lack of investor knowledge of the issuer, and limited operating history. These factors may contribute to substantial price volatility for the interests of these issuers and, thus, the relevant Clear Sky Funds' interests. The limited number of interests available for trading in some initial public offerings may make it more difficult for the relevant Clear Sky Funds to buy or sell significant amounts of interests without an unfavorable impact on prevailing market prices. In addition, some issuers in initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these issuers may be undercapitalized or regarded as developmental-stage issuers, without revenues or operating income, or the near-term prospects of achieving them.

In addition, securities sold in initial public offerings in the past have on occasion experienced initial, sometimes rapid, increases in market value following such offerings. Because investors that are "restricted persons" and, in certain circumstances, company insiders generally do not participate in new issues, such investors will not share in any such increases. Investors participating in new issues may have returns on their investment that are materially different from the returns on investment obtained by investors that do

not participate in new issues.

Non-Publicly Traded Securities, Private Placements and Restricted Securities. Securities that are neither listed on a stock exchange nor traded OTC, including privately placed and restricted securities, may involve a higher degree of business and financial risk that can result in substantial losses. As a result of the absence of a public trading market for these securities, they will be less liquid than publicly traded securities. Although these securities generally may be resold in privately negotiated transactions, the prices realized from these sales could be less than those originally paid by the relevant Clear Sky Funds or less than what may be considered the fair value of such securities. Further, issuers whose securities are not publicly traded may not be subject to the disclosure and other investor protection requirements which might be applicable if their securities were publicly traded. If such securities are required to be registered under the securities laws of one or more jurisdictions before being resold, such Clear Sky Funds may be required to bear the expenses of registration and may incur additional liability in connection with such sale.

G. Investment Techniques

Background. Clear Sky Funds generally may employ the types of investment techniques discussed below. Please refer to the relevant Clear Sky Fund's Governing Document for a discussion of whether and to what extent such Clear Sky Fund may employ such techniques.

Commodities and Derivative Investments. The prices of commodities contracts and derivative instruments, including futures and options, are highly volatile. Payments made pursuant to swap agreements may also be highly volatile. Price movements of commodities, futures and options contracts and payments pursuant to swap agreements are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The value of futures, options and swap agreements also depends upon the price of the commodities underlying them. There is no guarantee that investments in commodities and derivative instruments will work as intended, and changes in the value of derivative instruments in which a Clear Sky Fund invests may not be correlated with changes in the value of the underlying assets or, if they are correlated, may move in the opposite direction than originally anticipated.

A Clear Sky Fund may use different derivatives for different purposes. For example, a Clear Sky Fund may take a long position in an Environmental Credit or other asset by entering into a derivative as a substitute for investing directly in such Environmental Credit or other asset. In this case, the Clear Sky Fund will benefit from increases in the value of the Environmental Credit or other asset. In other instances, a Clear Sky Fund may enter into a derivative to take a short position in an Environmental Credit or other asset, in an attempt to benefit from a decrease in the value of such Environmental Credit or other asset. If a Clear Sky Fund uses a derivative to take a short position, then the Clear Sky Fund will lose money if the value of the Environmental Credit or other asset increases. Because of this, there is not a limit on the level of losses a Clear Sky Fund can incur in respect of a short position.

Options strategies may involve buying or selling (writing) both call options and put options, including writing options on a "covered" or an "uncovered" basis. A call option is "covered" when the writer owns assets (like securities) of the same class and amount as those to which the call option applies. A put option is covered when the writer has an open short position in assets of the relevant class and amount. A Clear Sky Fund's option transactions may be part of a hedging strategy (i.e., offsetting the risk involved in another position with respect to the asset) or a form of leverage, in which the Clear Sky Fund has the right to benefit from price movements in a large number of assets with a small commitment of capital. These activities involve risks that can be substantial, depending on the circumstances.

In general, without taking into account other positions or transactions a Clear Sky Fund may enter into, the principal risks involved in options trading can be described as follows: When a Clear Sky Fund buys an option, a decrease (or inadequate increase) in the price of the underlying asset in the case of a call, or an increase (or inadequate decrease) in the price of the underlying asset in the case of a put, could result in a total loss of such Clear Sky Fund's investment in the option (including commissions). The Clear Sky Fund could mitigate those losses by selling short, or buying puts on, the assets for which it holds call options, or by taking a long position (e.g., by buying the securities or buying calls on them) in assets underlying put options.

When a Clear Sky Fund sells (writes) an option, the risk can be substantially greater than when it buys an option. The seller of an uncovered call option bears the risk of an increase in the market price of the underlying asset above the exercise price. The risk is theoretically unlimited unless the option is "covered." If it is covered, the Clear Sky Fund would forego the opportunity for profit on the underlying asset should the market price of the security rise above the exercise price. If the price of the underlying asset were to drop below the exercise price, the premium received on the option (after transaction costs) would provide profit that would reduce or offset any loss the Clear Sky Fund might suffer as a result of owning the asset.

The market for exchange-traded derivatives may be described as involving "zero-sum economic activity" insofar as for every gain there is an equal and offsetting loss, disregarding transaction costs. This distinguishes the market in exchange-traded derivatives from a typical stock or bond investment, where there is an expectation of, in the case of bonds, constant yields, or, in the case of equity, participation over time in general economic growth. In the case of exchange-traded derivatives, a Clear Sky Fund may incur major losses even though stock and bond prices rise substantially in a prospering economy.

A Clear Sky Fund also faces the risk of non-performance by counterparties to OTC derivatives contracts. Unlike transactions in futures contracts, a counterparty to an OTC derivatives contract is generally a single bank or other financial institution, rather than a centralized clearinghouse. As a result, there is a significant counterparty credit risk in these transactions. Such credit risk may take the form of a payment default by counterparty or the filing of bankruptcy, insolvency or similar action by a counterparty. The risk of counterparty default is substantial and could cause significant losses to a Clear Sky Fund in the event that such a default were to occur.

Finally, a common provision in OTC derivative contracts permits the counterparty to terminate any such contract between it and a Clear Sky Fund, if the value of the Clear Sky Fund's total net assets declines below a specified level over a given time period. Factors that may contribute to such a decline (which usually must be substantial) include significant investor redemptions/withdrawals and/or a marked decrease in the market value of the Clear Sky Fund's investments. Any such termination of a Clear Sky Fund's OTC derivative contracts may adversely affect the Clear Sky Fund (for example, by increasing losses and/or costs and/or preventing the Clear Sky Fund from fully implementing its Investment Program).

Derivatives May be Illiquid. A Clear Sky Fund that has positions in derivatives may not always be able to liquidate those positions at the desired prices, particularly with respect to its OTC derivatives. In particular, it may be difficult to execute a trade at a specific price when there is a relatively small volume of buy and sell orders in a market. A market disruption, such as the most recent financial market turmoil related to the COVID-19 pandemic, can also make it difficult and costly to liquidate a position. Alternatively, limits imposed by futures exchanges or other regulatory organizations, such as speculative position limits and daily price fluctuation limits (see discussion below), may contribute to a lack of liquidity with respect to some derivatives. Moreover, in the OTC derivatives markets, liquidation may only occur upon contract maturation or when the contract is assigned to another party, which is likely to present additional costs.

Position Limits. The U.S. Commodity Futures Trading Commission ("CFTC") and various exchanges have

rules limiting the maximum long or short positions which any person or group may own, hold or control in any given futures contract or option on such futures contract. Any such limits may prevent the Clear Sky Funds from acquiring positions that might otherwise have been desirable or profitable. In addition, in applying such limits, the CFTC and some exchanges require aggregation of the positions owned, held or controlled by certain related entities. Our activities on behalf of the Clear Sky Funds are, and will continue to be, conducted separately from the proprietary activities of us and our affiliates. However, in applying such limits, the CFTC and some exchanges will require aggregation of the Clear Sky Funds' positions in futures and options on futures with positions (if any) held or controlled by us and our affiliates. Under such circumstances, the Clear Sky Funds could be required to limit their use of futures or options on futures or liquidate their positions.

In addition, pursuant to the Dodd-Frank Act, the CFTC recently (i) adopted position limit rules for futures, options on futures contracts and swaps with respect to 25 agricultural, energy and metal commodities, along with economically equivalent futures, options on futures contracts and swaps, and (ii) established aggregation criteria which are more restrictive in some respects than current rules. These new rules, which go into effect in various stages ending on January 1, 2023, may restrict the activities in which we may engage on behalf of the Clear Sky Funds. Any additional rules or rule amendments adopted by the CFTC in the future may hinder our ability to trade such contracts or other instruments and could have an adverse effect on the operations and profitability of the Clear Sky Funds.

Forward Trading. Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the commodities or other assets they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain assets or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market traded by a Clear Sky Fund due to unusual trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward trading to less than that which we would otherwise recommend, to the possible detriment of the Clear Sky Funds. Market illiquidity or disruption could result in major losses to the Clear Sky Funds.

Frequent Trading and Turnover. We may, on behalf of Clear Sky Funds, make frequent trades in securities, other financial instruments and other assets. The turnover rate within the Clear Sky Funds may be significant, potentially involving substantial brokerage commissions, fees and other transaction costs, which could have an adverse effect on the performance of the Clear Sky Funds.

Leverage. Leverage – whether used as part of a Clear Sky Fund's Investment Program or to fund withdrawals/redemptions or otherwise to meet its operational needs – creates an opportunity for greater yield and total return, but at the same time increases exposure to capital risk and higher current expenses (which expenses will generally increase as interest rates rise). If a Clear Sky Fund purchases securities, other financial instruments or other assets on margin and the value of those assets falls, the Clear Sky Fund may be obligated to pay down the margin loans to avoid liquidation of those assets. If loans to such Clear Sky Fund are collateralized with portfolio assets that decrease in value, such Clear Sky Fund may be obligated to provide additional collateral to the lender in the form of cash, securities or other assets to avoid liquidation of the pledged assets. Any such liquidation could result in substantial losses. In addition, the rights of any lenders to a Clear Sky Fund to receive payments of interest or repayments of principal will generally be senior to those of investors in such Clear Sky Fund, and the terms of any such borrowings may restrict certain activities of such Clear Sky Fund, including their ability to make distributions. Moreover,

counterparties of such Clear Sky Fund, in their sole discretion, may change the leverage limits that they extend to such Clear Sky Fund. The use of leverage by a Clear Sky Fund can substantially increase the adverse impact to which such Clear Sky Fund's investment portfolio may be subject. Some Clear Sky Funds may use substantial amounts of leverage.

Hedging Transactions. Hedging techniques – which involve the use of a variety of financial instruments (including, without limitation, stocks, fixed income instruments, options, index options, convertible bonds, and various derivative and interest rate transactions (“Hedging Instruments”)) for risk management purposes – involve risks different from those associated with the underlying investments. In particular, the variable degree of correlation between price movements of Hedging Instruments and price movements in the position being hedged creates the possibility that losses on the hedge may be greater than gains in the value of the relevant Clear Sky Funds' positions. In addition, certain Hedging Instruments and markets may not be liquid in all circumstances. As a result, in volatile markets, a Clear Sky Fund may not be able to close out a transaction in certain of these instruments without incurring losses substantially greater than the initial deposit. Although the contemplated use of Hedging Instruments is intended to minimize the risk of loss due to a decline in the value of the hedged position, at the same time they tend to limit any potential gain which might result from an increase in the value of such position. The ability of Clear Sky Funds to hedge successfully will depend on our ability to predict pertinent market movements, which cannot be assured.

Short Selling. Short selling involves selling assets which may or may not be owned and borrowing the same assets for delivery to the purchaser, with an obligation to replace the borrowed assets at a later date. Short selling allows the relevant Clear Sky Funds to profit from declines in the prices of assets. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying asset could theoretically increase without limit, thus increasing the cost of buying that asset to cover the short position. Moreover, there can be no assurance that the assets necessary to cover a short position will be available for purchase. Purchasing assets to close out the short position can itself cause the price of the assets to rise further, thereby exacerbating the loss.

In 2010, the SEC adopted a short sale price test rule which limited short selling an issuer following a 10% decline in its trading price. Other jurisdictions have imposed similar restrictions, as well as reporting requirements. The imposition of such restrictions and reporting requirements may prevent the relevant Clear Sky Funds from successfully implementing their Investment Programs and achieving their investment objectives. In addition, reporting requirements relating to short selling may provide transparency to such Clear Sky Funds' competitors as to their short positions, which may have a detrimental impact on such Clear Sky Funds' returns.

Asset Lending. To the extent permitted by applicable law, Clear Sky Funds ordinarily may lend their securities, other financial instruments or other assets, directly or indirectly, to brokers, dealers, U.S. and non-U.S. banks, financial institutions and other counterparties for the purpose of increasing their net investment income, including, to the extent permitted by applicable law, entities that are affiliated with us. These loans may be secured by cash or other collateral. There may be risks of delay in recovery of the loaned assets or even loss of rights in the collateral should the borrower of the assets fail financially.

HIGHLY VOLATILE MARKETS

The factors discussed above under “GENERAL MARKET RISKS” and “SYSTEMIC RISK,” as well as other factors, are likely to affect the level and volatility of the prices of securities, other financial instruments and other assets held by the Clear Sky Funds, as well as the liquidity of such investments. Volatility could impair the Clear Sky Funds' profitability or result in losses. Certain Clear Sky Funds may maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets;

the larger the positions, the greater the potential for loss.

LIMITED INVESTMENT OPPORTUNITIES; COMPETITION FOR INVESTMENTS

Some Clear Sky Funds will focus on a small universe of investments, which may result in limited investment opportunities, and we can give no assurance that we will be able to locate suitable investment opportunities in which to deploy all of their capital. In this connection, certain markets in which a Clear Sky Fund may invest may be extremely competitive for attractive investment opportunities and, as a result, there may be reduced expected investment returns. There can be no assurance that we will be able to identify or successfully pursue attractive investment opportunities in such environments. Among other factors, competition for suitable investments from pooled investment vehicles or separately managed accounts, the public equity markets and other investors may reduce the availability of investment opportunities. There has been significant growth in the number of firms organized to make such investments, which may result in increased competition to the Clear Sky Funds in obtaining suitable investments.

DIVERSIFICATION RISK

A Clear Sky Fund's investment objective and strategy may result in the concentration of investments that can expose it to greater volatility than a more diversified Clear Sky Fund and may increase any losses suffered by such Clear Sky Fund. In addition, it is possible that we may select investments that are concentrated in a limited number or type of securities, other financial instruments or other assets. A Clear Sky Fund could be subject to significant losses if it holds a relatively large position that declines in value, and the losses could increase even further if the position cannot be liquidated without adverse market reaction or is otherwise adversely affected by changes in market conditions or circumstances.

LIMITED LIQUIDITY OF CERTAIN INVESTMENTS

Clear Sky Funds may invest a portion of their assets in certain securities, other financial instruments or other assets that are, or may become, illiquid and/or not publicly traded. Such investments may not be readily disposable and, in some cases, may be subject to contractual, statutory or regulatory prohibitions on disposition for a specified period of time. During periods of limited liquidity and higher price volatility, the ability of Clear Sky Funds to dispose of investments at a price and time that we deem advantageous may be impaired, and the affected Clear Sky Funds may be subject to substantial losses as a result. In addition, such circumstances may impair the Clear Sky Funds' ability to meet withdrawal/redemption requests and may cause the Clear Sky Funds to suspend or limit withdrawals/redemptions or delay distributions in respect thereof. See "ILLIQUIDITY OF INTERESTS," below.

NO CURRENT INCOME

Each Clear Sky Fund's Investment Program should be considered speculative, as there can be no assurance that our assessments of the short-term or long-term prospects of its investments will generate a profit. Because the Private Funds, Registerer Funds and Offshore Funds ordinarily do not intend to pay dividends or make distributions, other than the proceeds of withdrawals or redemptions, an investment in such a Fund is not suitable for an investor seeking current income for financial or other purposes.

ILLIQUIDITY OF INTERESTS

An investment in a Private Fund or Offshore Fund is of limited liquidity since transfers of interests or shares, as applicable, are restricted and subject to the consent of the general partner, manager or governing body of such Fund, which consent may be withheld in the sole discretion of such general partner, manager or governing body.

In addition, interests or shares in Private Funds and Offshore Funds are not registered under the Securities Act, the securities laws of any U.S. state or the securities laws of any other jurisdiction and, therefore, cannot be resold unless, among other things, they are subsequently registered under the Securities Act and other applicable securities laws or an exemption from registration is available. There is no public market for interests or shares in any Private Fund or Offshore Fund and none is expected to develop. In addition, interests or shares in a Private Fund or Offshore Fund may only be offered, sold or transferred to investors that are qualified investors under applicable securities laws. A violation of securities registration requirements could result in the rescission of an investor's interest in a Private Fund or Offshore Fund at a price higher than the then-current value of that interest, potentially materially and adversely affecting that Fund's performance and business.

Subject to limited withdrawal or redemption rights, each investor must be prepared to bear the economic risk of its investment in a Private Fund or Offshore Fund for an indefinite period. An investor generally may make a partial or total withdrawal or redemption from a Private Fund or Offshore Fund only upon prior written notice to the Fund's general partner, manager and/or administrator. The Governing Documents of a Private Fund or Offshore Fund may provide that withdrawals or redemptions from such Fund shall be subject to: (1) restrictions such as: (a) a fund-level or investor-level gate, (b) an early withdrawal or redemption adjustment, (c) certain minimum withdrawal or redemption requirements and (d) holdbacks; (2) the ability of the relevant general partner, manager or governing body to suspend or limit withdrawals or redemptions.

For purposes of withdrawals or redemptions, a Private Fund or Offshore Fund will endeavor to complete its valuation with its administrator promptly and to make full payment within the number of calendar days (specified in such Fund's Governing Documents) after the date on which withdrawal or redemption is effective, subject to the considerations discussed in the previous paragraph. As a result, there may be a substantial period of time between the date as of which an investor must submit a withdrawal or redemption request in respect of any particular withdrawal or redemption date and the date as of which such investor can expect to receive full withdrawal/redemption proceeds in respect of withdrawals/redemptions effected as of such date.

Investors whose withdrawal/redemption requests in respect of any particular withdrawal/redemption date are accepted will bear the risk that the relevant Private Fund's or Offshore Fund's net asset value may fluctuate significantly during the period between the date as of which the withdrawal/redemption requests were submitted and the applicable withdrawal/redemption date. This risk will be exacerbated in the event that the relevant general partner, manager or governing body suspends or limits withdrawals or redemptions. Accordingly, investors will have to decide whether to submit withdrawal/redemption requests without the benefit of having current information regarding the value of their investment on a date proximate to the applicable withdrawal/redemption date.

Any withdrawal/redemption proceeds that have not yet been paid following the applicable withdrawal/redemption date, including amounts held back as reserves or the payment of which is otherwise delayed, will not accrue interest and will remain assets of the relevant Private Fund or Offshore Fund (even though the same will not participate in the profits and losses of such Private Fund or Offshore Fund) until they are paid and, as such, will remain subject to claims of creditors of such Private Fund or Offshore Fund. In addition, the Private Funds and Offshore Funds ordinarily are not required to distribute cash or other property to investors, and such Private Funds and Offshore Funds generally do not intend to make distributions (other than in respect of withdrawals/redemptions).

Ordinarily, the liquidity of an investment in an NCMA will depend directly and entirely on the liquidity of the underlying investments held by the NCMA.

SUBSTANTIAL WITHDRAWALS

Substantial withdrawal/redemption requests by investors in a Clear Sky Fund in a concentrated period of time could require us to liquidate certain investments more rapidly than might otherwise be desirable in order to raise cash to fund the withdrawal/redemption requests and achieve a portfolio appropriately reflecting a smaller asset base. This may limit our ability to successfully implement a Clear Sky Fund's Investment Program and could negatively impact the value of the withdrawal/redemption proceeds and the value of the investor capital accounts that remain outstanding. In addition, following receipt of a withdrawal/redemption request, a Clear Sky Fund may be required to liquidate assets in advance of the applicable request date, which may result in such Clear Sky Fund holding cash or highly liquid investments pending such date. During any such period, our ability to successfully implement the Investment Program of such Clear Sky Fund may be impaired, and the returns of such Clear Sky Fund may be adversely affected as a result.

Moreover, regardless of the time period over which substantial withdrawal/redemption requests by investors are made, the resulting reduction in a Clear Sky Fund's net asset value could make it more difficult for such Clear Sky Fund to generate profits or recover losses. Because investors are generally not subject to limitations on the amount that may be requested for withdrawal/redemption, substantial withdrawals/redemptions may occur with respect to any withdrawal/redemption date. Investors will not generally receive notification of substantial withdrawal/redemption requests with respect to any particular withdrawal/redemption date from the Clear Sky Funds and, therefore, may not have the opportunity to make withdrawals/redemptions from their capital accounts prior to or at the same time as the withdrawing/redeeming investors. Substantial withdrawals/redemptions may also cause a Clear Sky Fund to suspend or limit withdrawals/redemptions or delay distributions in respect thereof.

CERTAIN MANAGEMENT-RELATED RISKS

Limited or No Operating History; Past Performance No Assurance of Future Results. Although our principals collectively have extensive experience in the investment management industry, we are a relatively recently formed entity. Similarly, Clear Sky Funds existing as of the date of this Brochure were organized relatively recently, and new Clear Sky Funds are expected to be launched in the future. Accordingly, prospective investors will not be in a position to evaluate the potential investment or operational performance of a particular Clear Sky Fund based on an extensive "track record," either of us or of such Clear Sky Fund.

In any event, past performance cannot provide assurance of future results, and past "track records" of us, of our investment professionals or of any Clear Sky Fund are not necessarily indicative of the future investment or operational performance any Clear Sky Fund. Further, the results of each Clear Sky Fund are likely to be different from and are independent of the results of any other Clear Sky Fund. In this connection, even Clear Sky Funds that employ similar or identical Investment Programs are likely to have different investment portfolios and thus different investment results. This is even more likely to be the case with Clear Sky Funds that have different Investment Programs.

Reliance on the Adviser. In the case of Clear Sky Funds that we manage on a discretionary basis (currently, all Clear Sky Funds), we have the exclusive authority to make all decisions with respect to the investment/trading of their assets, and investors in the Clear Sky Funds have no authority to make decisions for or to participate in the management of the Adviser or any Clear Sky Fund, to review, select or evaluate actual or potential investments for any Clear Sky Fund, or to act for or bind any Clear Sky Fund. The authority for all such decisions for the Clear Sky Funds is delegated to us, and investors must rely on us to manage and conduct the affairs of the Clear Sky Funds. Accordingly, the ability of each Clear Sky Fund to

achieve its investment objective is directly related to our management of that Clear Sky Fund's portfolio. The value of an investor's interest in a Clear Sky Fund may vary with the effectiveness of our research, analysis and asset allocation among portfolio investments. If our investment strategies do not produce the expected results, an investor's investment could be diminished or even lost.

There can be no assurance that the investment professionals associated with us will continue to be associated with us throughout the life of the Clear Sky Funds. In this connection, we rely on the services of one or more key members of our investment team to manage the portfolios of the Clear Sky Funds. As a result, the success of the Clear Sky Funds will depend, at least for the foreseeable future, largely upon the abilities and retention of such key member(s). If such a key member terminates their relationship with us, or dies or becomes incapacitated for any period of time, the profitability of a Clear Sky Fund's investments may suffer. While the investment team may consist of several members, it is possible that the loss of a particular member may have a more significant impact on a Clear Sky Fund than would the loss of other members of the investment team. Notwithstanding the foregoing, the composition of the investment team may change over time, generally without notice to investors. In addition, these professionals likely will have demands on their time for the investment, monitoring and other functions of more than one Clear Sky Fund.

Absence of Regulatory Oversight. The Private Funds, the Offshore Funds and the NCMAs have not been and will not be registered as investment companies under the Investment Company Act, either because they rely on Section 3(c)(7) of that Act or are not subject to that Act. Accordingly, the provisions of the Investment Company Act intended to provide various protections to investors (which, among other things, require investment companies to have a majority of disinterested directors, provide limitations on leverage, limit transactions between investment companies and their affiliates, require securities of an investment company held in custody to be individually segregated at all times from the securities of any other person and marked to clearly identify such securities as the property of such investment company, and regulate the relationship between investment companies and their advisers) are not applicable. At any given time, a substantial portion of the securities, other financial instruments and other assets of the Private Funds, Offshore Funds and NCMAs may be maintained with financial intermediaries that do not separately segregate such assets, as would be required in the case of registered investment companies. Under the provisions of the U.S. Securities Investor Protection Act of 1970, as amended, the bankruptcy or failure of any such financial intermediary is likely to have a greater adverse impact on the Private Funds, Offshore Funds and NCMAs than would be the case if custody of their securities were maintained in accordance with the requirements applicable to registered investment companies. There is also the risk that a custodian could convert to its own use assets committed to it by the Private Funds, Offshore Funds and NCMAs.

We are registered with the SEC as an "investment adviser," and with the CFTC as a commodity pool operator and commodity trading advisor. Registration with the SEC and the CFTC does not imply any level of skill, ability, qualification or training, and neither the SEC nor the CFTC, nor any other U.S. or non-U.S. governmental, regulatory or self-regulatory agency, authority or organization, has in any manner: (A) passed upon or made any finding or determination as to the merits, value or fairness of an investment in any Clear Sky Fund or the adequacy or accuracy of any related private placement memorandum or similar confidential offering memorandum, any related risk disclosure document, or this Brochure, (B) made any recommendation as to such an investment or (C) passed upon, sponsored, recommended, endorsed, approved or disapproved any Clear Sky Fund or our skills, abilities, qualifications or training.

In connection with our registration with the CFTC as a commodity pool operator and commodity trading advisor, we became a member of the National Futures Association ("NFA") and an NFA- approved "swap firm." The NFA's approval of us as a "swap firm" does not mean that we have a particular level of skill, ability, qualification or training, and the NFA has not in any manner passed upon, sponsored, recommended, endorsed, approved or disapproved us or our skills, abilities, qualifications or training.

We have claimed an exemption with respect to each existing Clear Sky Fund (and expect to claim an exemption with respect to any additional Clear Sky Fund) pursuant to CFTC Rule 4.7 based on, among other things, the nature of the Clear Sky Funds and/or the qualifications of investors/participants in the Clear Sky Funds. As a result of claiming this exemption, we are not required to comply with many of the disclosure, reporting and recordkeeping requirements generally applicable to registered commodity pool operators and commodity trading advisors, including delivery to investors/participants of a disclosure document and (in the case of Private Funds and Offshore Funds) a certified annual report that satisfy specific CFTC requirements. We have also claimed an exemption from “commodity trading advisor” registration with respect to the Private Funds pursuant to CFTC Rule 4.14(a)(4), which exempts us from “commodity trading advisor” registration with respect to our Private Funds because we provide commodity trading advice to them solely in our capacity as a registered “commodity pool operator.”

Additional information about us and our Private Funds is available at www.nfa.futures.org.

Performance-Based Compensation. Please see Item 6 of this Brochure for a description of the risks associated with our receipt of performance-based compensation.

Side Letters. Ordinarily, each Private Fund and Offshore Funds may, without any further act, vote, or approval of or notice to any investor, enter into, amend or terminate side letters or other similar agreements with one or more investors which have the effect of altering or supplementing terms on which the relevant investor invests in the Private Funds, including without limitation, the terms attaching to the interests as described in the relevant Private Fund’s private placement memorandum, subscription documents or other Private Fund documents, or of establishing rights not described therein with respect to an investor that has entered into such side letter or other written agreements, including, without limitation, varying fee structures or economic arrangements, providing for more favorable redemption terms or transfer terms, or providing for more favorable transparency about the Private Funds. In addition, side letters entered into by the Private Funds with one or more investors may have an indirect adverse effect on other investors. Investors are not entitled by the relevant Private Fund’s offering memorandum, subscription documents or other Private Fund documents to receive the benefit of any more favorable terms contained in such side letters. The Private Funds may issue additional classes of shares or interests to effectuate the terms of such side letters or similar agreements, or as otherwise determined by the Private Fund, without notice to or approval by existing Investors.

Reliance on Certain Information. We, on behalf of the Clear Sky Funds, are likely to invest in securities on the basis of information and data filed by the issuers of such securities with the SEC or made directly available to us by the issuers of the securities and other instruments or through sources other than the issuers. Although we evaluate all such information and data and seek independent corroboration when we consider it appropriate and when it is reasonably available, we are not in a position to confirm the completeness, genuineness or accuracy of such information and data.

OPERATIONAL AND SYSTEMS RISK

Institutional Risk and Custodial Risks. The institutions, including broker-dealers and banks, with which the Clear Sky Funds (directly or indirectly) do business, or to which securities or assets have been entrusted for custodial and brokerage purposes, may encounter financial difficulties that impair the operational capabilities or the capital position of the Clear Sky Funds. If a broker-dealer or bank does not hold sufficient financial assets (including securities) to satisfy the claims of all of its customers, then each customer will only receive its pro rata share of what the broker-dealer or bank owns and become an unsecured credit with respect to any shortfall.

Some of the markets in which a Clear Sky Fund may effect transactions in OTC or “interdealer” markets.

The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of “exchange-based” markets. This exposes a Clear Sky Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Clear Sky Fund to suffer a loss. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where a Clear Sky Fund has concentrated its transactions with a single or small group of counterparties. Clear Sky Funds ordinarily are not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty.

A Clear Sky Fund’s internal credit functions, which evaluate the creditworthiness of its counterparties, may prove insufficient. The lack of any meaningful or independent evaluation of the financial capabilities of a Clear Sky Fund’s counterparties and the absence of a regulated market to facilitate settlement may increase the potential for losses by that Clear Sky Fund.

Prime Brokers. A Clear Sky Fund that utilizes the services of a prime broker will rank as one of each prime broker’s unsecured creditors in relation to assets which such prime broker borrows, lends, pledges or re-hypothecates and, in the event of the insolvency of any of the prime brokers, the Funds might not be able to recover equivalent assets in full.

Electronic Trading. The Clear Sky Funds may trade on electronic trading and order routing systems, which differ from traditional open outcry trading and manual order routing methods. Transactions using an electronic system are subject to the rules and regulations of the exchanges offering the system or listing the instrument. Characteristics of electronic trading and order routing systems vary widely among the different electronic systems with respect to order matching procedures, opening and closing procedures and prices, trade error policies and trading limitations or requirements. There are also differences regarding qualifications for access and grounds for termination and limitations on the types of orders that may be entered into the system. Each of these matters may present different risk factors with respect to trading on or using a particular system. Each system may also present risks related to system access, varying response times and security. In the case of internet-based systems, there may be additional risks related to service providers and the receipt and monitoring of electronic mail.

Trading through an electronic trading or order routing system is also subject to risks associated with system or component failure. In the event of system or component failure, it is possible that for a certain time period, it might not be possible to enter new orders, execute existing orders or modify or cancel orders that were previously entered. System or component failure may also result in loss of orders or order priority. Some investments offered on an electronic trading system may be traded electronically and through open outcry during the same trading hours. Exchanges offering an electronic trading or order routing system and listing the instrument may have adopted rules to limit their liability, the liability of brokers and software and communication system vendors and the amount that may be collected for system failures and delays. The limitation of liability provisions varies among the exchanges.

Trading Suspensions. Securities and futures exchanges typically retain the right to suspend or limit trading in all instruments that they list. Such a suspension might render it impossible for us to liquidate positions and, accordingly, could expose a Clear Sky Fund to losses and/or cause us to suspend or limit withdrawals/redemptions or delay distributions in respect thereof.

Cybersecurity Risks. We have implemented procedures and systems in place that we believe are reasonably designed to protect information and prevent data loss and security breaches. However, such measures cannot provide absolute security. The techniques used to obtain unauthorized access to data, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time. Hardware or software acquired from third parties may contain defects in design or manufacture or

other problems that could unexpectedly compromise information security.

We consider a cyber-incident to be any adverse event that threatens the confidentiality, integrity or availability of our information systems (“Systems”). These incidents may be an intentional attack or an unintentional event and could involve gaining unauthorized access to information systems for purposes of misappropriating assets, stealing confidential information, corrupting data or causing operational disruption. To the extent that the Systems are subject to cyber-attack or other unauthorized access is gained, Clear Sky Funds may be subject to substantial losses in the form of stolen, lost or corrupted (i) investor data or payment information; financial information of the Clear Sky Client; (iii) software, contact lists or other databases; (iv) proprietary information or trade secrets; or (v) other items. In certain events, a failure or deemed failure to address and mitigate cybersecurity risks may be the subject of civil litigation or regulatory or other action. Any of these circumstances could subject a Clear Sky Client to substantial losses. In addition, in the event that such a cyber-incident or other unauthorized access is directed at us or one of our service providers holding our financial or investor data, we and the Clear Sky Client may also be at risk of loss, despite efforts to prevent and mitigate such risks under our policies.

Remote Work. In response to the spread of COVID-19, many businesses, including Clear Sky, had encouraged or mandated that their personnel work from home in an effort to help slow the spread of the coronavirus pandemic. Clear Sky continues to permit remote work, and a portion of its staff work remotely on a fulltime basis. To the extent personnel, as a result of working remotely, rely more heavily on external sources for information and technology systems for their business-related communications and information sharing, that business will likely be more vulnerable to cybersecurity incidents and cyberattacks and could have more difficulty resuming normal operations in the event it is the target of such incident or attack. See “Cybersecurity Risk,” above.

Global Interruption (Terrorist Action / Pandemic). There is a risk of global interruption, including terrorist attacks or pandemics affecting the United States and elsewhere, causing significant loss of life, property damage and disruptions in global markets. The impact of such events is unclear but could have a material effect on general economic conditions and market liquidity.

Business Continuity and Disaster Recovery Risks. Our business operations, and those of the Clear Sky Funds, may be vulnerable to disruption in the case of catastrophic events such as fires, natural disasters, terrorist attacks, pandemics, or other circumstances resulting in property damage, network disruption, transmission failures and/or prolonged power outages. We have implemented certain safeguards designed to protect the interests of the Clear Sky Funds in case of such disruptions. Such safeguards may include the use of parallel or back-up systems, emergency power and alternative data feeds. There can be no assurances that we have planned for all contingencies, or that the measures we have adopted will be effective in all situations. Accordingly, we and the Clear Sky Funds may be adversely affected by the occurrence of any such disruption. The risk of loss could be substantial.

LEGAL, TAX AND REGULATORY CONSIDERATIONS

Governmental Regulation and Related Risks. The industry in which certain of the Clear Sky Funds will become active participants is highly regulated at both state and federal levels. Some of these regulations, including those related to the trading of Environmental Credits, are discussed in greater detail in the Governing Documents of the relevant Clear Sky Funds. The assets of a Clear Sky Fund may be subject to governmental regulations in addition to those discussed herein, and new regulations or regulatory agencies may develop that affect such Fund’s operations and ability to generate revenue. Each Clear Sky Fund will attempt to comply with all applicable regulations affecting the markets in which it operates. However, such regulation may become overly burdensome and therefore may have a negative effect on such Fund’s ability to implement its trading strategy(ies).

Legal, Tax and Regulatory Risks; Disclosure of Information Regarding Investors. Legal, tax and regulatory changes are expected to occur during the term of the Clear Sky Funds that may materially adversely affect the Clear Sky Funds (including the ability of the Clear Sky Funds to achieve their respective investment objectives and pursue their respective investment strategies). Certain proposed rules and regulations may require material changes to our business and operations or have other adverse effects on us. Such requirement may increase the operating expenses of the Clear Sky Funds, as well as the administrative burden of managing their assets, which could have a material adverse effect on them.

In addition to the legal, tax and regulatory changes that are expected to occur during the term of the Clear Sky Funds, there may be unanticipated changes. The legal, tax and regulatory environment for hedge funds, registered investment companies, investment advisers, and the instruments that they utilize (including, without limitation, derivative instruments) is continuously evolving. In addition, there is significant uncertainty regarding potential legislation and, consequently, the full impact that such legislation will ultimately have on us and the Clear Sky Funds and the markets in which the Clear Sky Funds invest/trade cannot be fully known.

Moreover, we, the Clear Sky Funds and/or service providers or agents of the Clear Sky Funds may from time to time be required or may, in their sole discretion, determine that it is advisable to disclose certain information about the Clear Sky Funds and their investors, including, but not limited to, investments held by the Clear Sky Funds and the names and level of beneficial ownership of their investors, to (i) one or more regulatory and/or taxing authorities of certain jurisdictions which have or assert jurisdiction over the disclosing party or in which such Clear Sky Funds directly or indirectly invest/trade and/or (ii) one or more counterparties of, or service providers to, us or such Clear Sky Funds. Under the Governing Documents of a Clear Sky Fund, each investor in such Clear Sky Fund ordinarily will have consented to any such disclosure relating to such investor.

EU Alternative Investment Fund Managers Directive. The European Union Alternative Investment Fund Managers Directive (the “AIFMD”) regulates the activities of certain private fund managers undertaking fund management activities or marketing fund interests to investors within the European Economic Area (“EEA”). If any of the Private Funds or Offshore Funds are actively marketed to investors domiciled or having their registered office in the EEA in circumstances where no transitional relief is available: (i) the relevant Private Fund or Offshore Fund may be subject to certain reporting, disclosure and other compliance obligations under the AIFMD, which may result in such Private Fund or Offshore Fund incurring additional costs and expenses; (ii) we and such Private Fund or Offshore Fund may become subject to additional regulatory or compliance obligations arising under national law in certain EEA jurisdictions, which may result in the relevant Private Fund or Offshore Fund incurring additional costs and expenses or otherwise affect the management and operation of such Private Fund or Offshore Fund; (iii) we and/or the relevant Private Fund or Offshore Fund may be required to make detailed information relating to such Private Fund or Offshore Fund and its investments available to regulators and third parties; and (iv) the AIFMD may also restrict certain activities of the relevant Private Fund or Offshore Fund in relation to EEA portfolio companies (if any) including, in some circumstances, such Private Fund’s or Offshore Fund’s ability to recapitalize, refinance or potentially restructure an EEA portfolio company within the first two years of ownership. In addition, it is possible that some EEA jurisdictions will elect to restrict or prohibit the marketing of non-EEA private funds to investors based in those jurisdictions, which may make it more difficult for the relevant Private Fund or Offshore Fund to raise subscriptions.

Anti-Money Laundering. If either we, the sponsor of a Registered Fund or Offshore Fund, and administrator of a Clear Sky Fund or any governmental agency believe that a Clear Sky Fund has accepted capital contributions from, or is otherwise holding assets of, any person or entity that is acting directly or indirectly, in violation of any U.S., international or other anti-money laundering laws, rules, regulations, treaties or

other restrictions, or on behalf of any suspected terrorist or terrorist organization, suspected drug trafficker, senior foreign political figure(s) suspected in engaging in foreign corruptions or persons or entities subject to any trade, economic or other sanctions imposed by the United Nations or any other applicable governmental or regulatory authority, the relevant general partner, we, such sponsor, such administrator or such governmental agency may freeze the assets of such person or entity or suspend such person's or entity withdrawal/redemption rights. We, the Clear Sky Funds and/or their administrators may also be required to remit or transfer those assets to a governmental agency.

Certain ERISA Considerations. The assets of a Private Fund, Offshore Fund or NCMA may constitute "plan assets" from time to time. At any time that the assets of a Private Fund, Offshore Fund or NCMA constitute "plan assets," such Private Fund, Offshore Fund or NCMA may, among other things, be subject to certain restrictions on its abilities to conduct its activities as described in its Governing Documents. As a result, under certain circumstances, a Private Fund, Offshore Fund or NCMA could be prohibited from purchasing or holding certain assets, notwithstanding that such assets might otherwise be an appropriate investment for it. Similarly, an entity's ability to acquire interests in loans by participation may be limited at any time that its assets constitute "plan assets."

Litigation and Claims. The Clear Sky Funds may be subject to lawsuits or other legal proceedings by government entities or private parties. Except in certain limited circumstances, expenses or liabilities of the Clear Sky Funds arising from or associated with any such lawsuit or other legal proceeding will be borne by the relevant Clear Sky Funds.

OTHER RISKS AND SPECIAL CONSIDERATIONS

Valuation; Assets That Lack a Readily Ascertainable Market Value. The net asset value of a Clear Sky Fund as of a particular date may be materially greater than or less than the net asset value that would be determined if such Clear Sky Fund's assets were to be liquidated as of such date. For example, if a Clear Sky Fund were required to sell a certain asset or all of a substantial portion of its assets on a particular date, the actual price that such Clear Sky Fund would realize upon the disposition of such asset or assets could be materially less than the value of such asset or assets as reflected in the net asset value of such Clear Sky Fund. Volatile market conditions could also cause reduced liquidity in the market for certain assets, which could result in liquidation values that are materially less than the values of such assets as reflected in the net asset value of a Clear Sky Fund.

In addition, to the extent that a Clear Sky Fund hold assets that lack a readily ascertainable market value, the net asset value of such Clear Sky Fund will be affected by the valuations of any such assets. In valuing assets that lack a readily ascertainable market value, the Clear Sky Funds (or their independent agents, as applicable) may utilize dealer-supplied quotations or pricing models developed by third parties or, to the extent permitted by applicable law, us. Such methodologies may be based upon assumptions and estimates. The uncertainty inherent in the valuation of assets that lack a readily ascertainable market value may significantly increase the risk that the value of such assets as reflected in a Clear Sky Fund's net asset value will differ materially from the prices at which such Clear Sky Fund would be able to liquidate such assets. The value of assets that lack a readily ascertainable market value may be subject to later adjustment based on valuation information available to a Clear Sky Fund at that time including, for example, as a result of year-end audits. Any adjustment to the value of such assets may result in an adjustment to the net asset value of such Clear Sky Fund (and, as a result, in certain circumstances, investors or former investors may be required to return distributions to such Clear Sky Fund).

Notwithstanding the risks of potential inaccuracies in the valuations of certain investments, such valuations will affect the determination of the net asset value of a Clear Sky Fund and each investor's capital therein, including, without limitation, in connection with calculation of the management fee and performance fee.

We or any other party involved in the valuation of the assets of the Clear Sky Funds, including assets that lack a readily ascertainable market value, will face a conflict of interest in valuing such assets, to the extent that the value of such assets will affect such party's compensation.

Continuous Offerings. The Private Funds, Registered Funds and Offshore Funds generally accept additional subscriptions on a continuous basis, as is determined by their respective general partners, managers or sponsors, as the case may be, in their sole discretion. Such additional subscriptions may dilute the indirect interests of existing investors in the investment portfolios of such Clear Sky Funds prior to any such subscriptions. This could have an adverse impact on the existing investors' interests in such Clear Sky Funds if the performance of their future investments is not as favorable as that associated with their prior investments.

In-Kind Distributions. The Private Funds and Offshore Funds generally expect to pay withdrawal/redemption proceeds and other distributions, if any, in U.S. dollars unless otherwise provided in their Governing Documents. However, the Private Funds and Offshore Funds generally have the right, in their sole discretion, to cause any distributions, including, without limitation, distributions with respect to withdrawals/redemptions, to be made in part or wholly in-kind (or the Private Funds and Offshore Funds may create one or more special purpose vehicles or liquidating trusts to hold related securities, other financial instruments or other assets until they can be sold).

In the event a Private Fund or Offshore Fund makes such a distribution of securities, other financial instruments or other assets, the investors who received such assets will bear all of the risks associated with such assets and may be required to pay brokerage commissions or other costs in order to dispose of such assets. Moreover, assets distributed by the Private Funds or Offshore Funds may not be readily marketable or saleable and may have to be held by investors (or any special purpose vehicle or liquidating trust created to hold such assets) for an indefinite period of time. The risk of loss and delay and any expenses incurred in connection with liquidating such assets (including any expenses involved in the organization and maintenance of any applicable special purpose vehicle or liquidating trust and any brokerage commissions or other costs) will be borne by the applicable investors, which may result in such investors ultimately receiving less cash than they would have received if such distribution had been made in cash. While assets distributed in-kind will ordinarily be valued as of the applicable withdrawal or distribution date, the value of such assets will fluctuate and the value assigned thereto for purposes of such distribution may not reflect the actual amount that will be realized in connection with a disposition (or, on the eventual liquidation) of such assets.

Designated Investments. Certain of the Private Funds and Offshore Funds may, from time to time, invest their capital in securities, other financial instruments or other assets that are illiquid, restricted on sale, not susceptible to valuation prior to disposition or maturity, or that we otherwise determine should be held until the occurrence of certain events or for an extended period, and which are designated by us as "Designated Investments." Such Designated Investments have to be held for a substantial period of time before they can be liquidated, if at all. Market prices for such Designated Investments are often volatile and may not be ascertainable. The resale of restricted and illiquid Designated Investments often may have higher brokerage charges. Illiquid and restricted investments that are designated as Designated Investments will represent capital that is not available for investors upon a withdrawal or redemption. Designated Investments may be difficult to value.

Contingency Reserves. A Private Fund or Offshore Fund may, at the sole discretion of its general partner or manager, establish reserves payable for contingencies and liabilities (including reserves for unspecified contingencies and liabilities, as well as any required tax withholdings) of the Private Fund or Offshore Fund. We may also cause a Private Fund to establish similar reserves in connection with the calculation of its net asset value. The establishment of such reserves will not insulate any portion of such Private Fund's

assets from being at risk, and such assets may still be traded by such Private Fund. A pro rata portion of any reserve may be withheld from distribution to a withdrawing/redeeming investor in such Private Fund.

Investor Loss. With respect to any given fiscal year, investors and former investors will share all losses, liabilities and expenses of the Private Funds and Offshore Funds up to the limit of their respective interests in the Private Funds and Offshore Funds during such fiscal year. As such, each investor and former investor may be required, for purposes of meeting these obligations, to make additional contributions or payments, respectively, up to, but not in excess of, the aggregate amount of returns of capital and other amounts actually received from the Private Funds and Offshore Funds during or after the fiscal year to which any such obligation is attributable.

Master-Feeder Structure. Certain Clear Sky Funds are organized as a part of “master-feeder” structures. A master-feeder structure, and in particular the existence of multiple investment vehicles investing in the same portfolio, presents certain unique risks to investors and a Clear Sky Fund that invests in a master fund may be materially affected by the actions of another Clear Sky Fund that invests in such master fund.

Cash, Cash Equivalents and Short-Term Investments. For cash management purposes, pending allocation of capital to one or more investments, for defensive purposes, to meet operational needs, to maintain liquidity, to fund anticipated withdrawals/redemptions or expenses or otherwise, we may in our discretion cause a Clear Sky Fund to invest up to 100% of its assets in cash, cash equivalents and short-term investments that provide returns in the form of fixed periodic payments and the return of principal at maturity. The value of such investments will change as the general levels of volatility and interest rates fluctuate. When interest rates decline, the value of such investments can be expected to rise, and when interest rates rise, the value of such investments can be expected to decline. Money market funds are subject to fees and expenses that will reduce the returns on any holdings in such funds. Cash, cash equivalents, and money market fund shares may be not insured and therefor may be subject to loss. A Clear Sky Fund may be prevented from achieving its investment objective during any period in which its assets are not substantially invested in accordance with its principal investment strategy or strategies.

U.S. Government Securities. As part of its cash management strategy, a Clear Sky Fund may invest in U.S. Government securities. Treasury obligations may differ in their interest rates, maturities, times of issuance and other characteristics. Obligations of U.S. Government agencies and authorities are supported by varying degrees of credit but generally are not backed by the full faith and credit of the U.S. government. No assurance can be given that the U.S. government will provide financial support to its agencies and authorities if it is not obligated by law to do so. Certain of the government agency securities a Clear Sky Fund may purchase are backed only by the credit of the government agency and not by full faith and credit of the U.S. government.

ITEM 9 – DISCIPLINARY INFORMATION

We and our employees have not been involved in any legal or disciplinary events that would be material to a prospective Client, or a prospective investor in a Private Fund, Registered Fund or Offshore Fund, in connection with such Client’s or prospective investor’s evaluation of our business or the integrity of our management.

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

We are registered with the CFTC as a “commodity pool operator” and a “commodity trading adviser” and, in that connection, we are a member of the NFA. In addition, we have been approved by the NFA as a “swap firm.” See, however, Item 8.D of this Brochure under the heading “Certain Management-Related Risks – Absence of Regulatory Oversight.”

ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT AND PERSONAL TRADING

A. Our Code of Ethics

We have adopted a Code of Ethics (the “Code”) that, among other things, requires our principals and employees to:

- conduct themselves in an honest and ethical manner in all activities they perform on behalf of Clear Sky and the Clear Sky Funds;
- act consistently with the fiduciary duties of care and loyalty that we owe to the Clear Sky Funds in connection with our management of the assets of such Funds; and
- observe high standards of commercial honor and just and equitable principles of trade in conducting our business as a commodity pool operator and commodity trading advisor.

Our principals and employees must acknowledge their receipt of the Code, their understanding of the provisions contained in the Code, and their agreement to abide by those provisions.

The Code addresses, among other things:

- identification and appropriate handling of material non-public information;
- prevention of unlawful trading, including front-running and unlawful insider trading;
- identification and appropriate handling of conflicts of interest (see “Conflicts of Interest,” below); and
- reporting and pre-clearance of certain:
 - > personal securities transactions and holdings;
 - > gifts, entertainment and dining;
 - > charitable and political contributions, and certain other political activities;

and

- > outside business activities.

Subject to certain limited exceptions, we do not, and we do not permit our affiliates, principals and employees to, purchase or sell for Clear Sky Funds securities or other financial instruments in which we or such affiliates, principals or employees have a material financial interest. In this connection, we do not, and we do not permit our affiliates, principals and employees to, engage in so-called “principal transactions” with Clear Sky Funds in which we, our affiliates or such principals or employees purchase securities or other assets from or sell securities or other assets to Clear Sky Funds for our/their own accounts.

Subject to certain limited exceptions, we and our affiliates do not invest for our own accounts in the same securities (or related securities, such as warrants, options or futures) in which the Clear Sky Funds invest. In addition, in implementing the pre-clearance provisions of the Code relating to personal trading, we ordinarily prohibit our principals and employees from investing in the same securities (or related securities) in which the Clear Sky Funds invest. To the extent such transactions are permitted, they must comply with the anti-frontrunning provisions of the Code. Under those provisions, a principal or employee is prohibited from executing an order to buy or sell a security or other financial instrument in any account in which such principal or employee has a beneficial interest if such principal or employee has non-public information concerning an imminent transaction by a Clear Sky Fund in such security or other financial instrument (or related security or financial instrument).

Notwithstanding the foregoing, accounts in which a principal or employee has a beneficial interest may engage in transactions that would otherwise be prohibited under our Code if we reasonably determine that such principal or employee does not have any direct or indirect influence or control over the investment-decision making process with respect to such accounts. Further, our principals and employees are generally free to trade in the following types of securities without pre-clearing their transactions, and without regard to whether Clear Sky Funds hold the same securities: (i) shares issued by open-end investment companies registered as such under the Investment Company Act, including money market mutual funds; (ii) direct obligations of the Government of the United States; and (iii) bankers' acceptances, bank certificates of deposit, commercial paper and high-quality, short-term debt instruments, including repurchase agreements.

Our principals and employees are required to disclose to us all outside business activities. In the event an outside business activity presents a material conflict of interest with Clear Sky Funds, we reserve the right to prohibit or restrict the activity.

A copy of the Code is available to any Client or prospective Client, and any investor or prospective investor in a Clear Sky Fund, upon request by contacting our CCO.

B. Conflicts of Interest

General

The specific conflicts of interest to which we are subject in connection with managing the assets of Clear Sky Funds are typically set forth in their respective Governing Documents. Set forth below is a description of the conflicts of interest to which we are generally subject in connection with managing the assets of Clear Sky Funds.

As a general matter, we have fiduciary duties to the Clear Sky Funds to act in good faith and with fairness in all of our dealings with them and not to subordinate the interests of any Clear Sky Fund to our own interests. We will take such duties into account in dealing with all actual and potential conflicts of interest, including those discussed below. Investors in Clear Sky Funds must be aware, however, that certain conflicts of interest are inherent in the activities we undertake in connection with managing the assets of Clear Sky Funds and cannot be eliminated. If an investor in a Clear Sky Fund believes that we have violated our fiduciary duties, such investor may seek legal relief under applicable law. However, it may be difficult for an investor to obtain relief because of the changing nature of the law in this area, limitations on private rights of action against investment advisers under the Advisers Act, the vagueness of standards defining the required conduct, the broad discretion given us under the governing documents of the Clear Sky Funds and the broad exculpatory and indemnification provisions of such governing documents.

For purposes of this Item 11.B, the term "Clients" includes all current and future investment funds and accounts managed, advised or sub-advised by us.

Our Services Are Not Exclusive to Particular Clients

We and our members, officers, directors and employees (such members, officers, directors and employees, "Related Persons") are not under any obligation to devote our or their full time (or any material part of our or their time) to the business of Clients, but are required to devote only such time and attention to the business of any Client as shall be reasonably necessary, in our opinion, to achieve such Client's investment objective(s). We and our Related Persons engage in other activities unrelated to the affairs of any particular Client, including, without limitation, managing the assets of or advising other Clients. These activities could be viewed as creating a conflict of interest in that the time and effort of us and our Related Persons will not be devoted exclusively to the business of any particular Client but will be allocated between the business

of such Client and all other Clients. We strive to mitigate this potential conflict of interest by ensuring that we and our Related Persons are devoting an appropriate of time and attention to every Client's affairs and performing the services expected of us and our Related Persons to all Clients on an ongoing basis.

Allocation of "Scarce" Investment Opportunities

If we determine (by reference to the respective Investment Programs of the Clear Sky Funds) that an investment opportunity is appropriate for two or more Clear Sky Funds and that such investment opportunity is "scarce" – i.e., that access to such opportunity is not sufficient to satisfy what we determine to be the maximum optimal allocation of such opportunity to each Clear Sky Fund for which such investment is appropriate – we may be required to: (i) select those Clear Sky Funds that will participate in such opportunity and those that will not and/or (ii) allocate less of such opportunity to one or more Clear Sky Funds than we consider to be the maximum optimal allocations to them.

By way of contrast, in some cases, an investment opportunity may be appropriate for one or more Clear Sky Funds but not for one or more other Clear Sky Funds.

It is our policy that each Clear Sky Fund should be treated fairly over time in respect to the allocation of investment opportunities and that, to the extent possible and consistent with each Clear Sky Fund's Investment Program, each Clear Sky Fund should participate in such opportunities to the maximum extent we determine to be optimal for it. It is also our policy not to take our management fees and performance-based compensation (including the status of performance hurdles) into account when making investment allocation decisions.

In order to implement these policies, we have adopted procedures designed to: (i) determine whether particular "scarce" investment opportunities are appropriate for all Clear Sky Funds or only a subset of Clear Sky Funds and (ii) appropriately allocate "scarce" investment opportunities among Clear Sky Funds for which such opportunities are appropriate, without regard to the types of management fees and performance-based compensation we receive from them.

As a general matter, our portfolio management team first determines, based on the respective Investment Programs of the Clear Sky Funds, whether particular investment opportunities are appropriate for one or more of them. If our portfolio management team determines that a particular investment opportunity is appropriate for one or more Clear Sky Funds, the lead portfolio manager for each such Clear Sky Fund determines, based on factors such as those set forth below, a "Targeted Exposure" to such opportunity for such Clear Sky Fund (unless such lead portfolio manager has previously determined a Targeted Exposure to such opportunity for such Clear Sky Fund, in which event such lead portfolio manager may adjust such Targeted Exposure based on such factors).

The factors considered by a lead portfolio manager in initially determining (or subsequently adjusting) a Targeted Exposure to a particular investment opportunity for a particular Clear Sky Fund include, among others:

- the Clear Sky Fund's Investment Program and risk profile;
- the current portfolio composition of such Clear Sky Fund, including how existing physical and futures positions already provide exposure to identical or similar opportunities;
- the types of the investments (e.g., physical, futures, or options on futures) that we can use to reach the Targeted Exposure to such opportunity;
- availability of cash and short-term investments for deployment into the opportunity, including a consideration of the timing of cash flows in and out of such Clear Sky Fund

- due to investment activity and otherwise, such as through expected subscriptions to and withdrawals/redemptions from such Clear Sky Fund;
- current market conditions, including without limitation price volatility and expected demand and liquidity in the relevant market;
- tax considerations specific to such Clear Sky Fund; and
- laws, rules and regulations that generally apply to an investment in such opportunity, such as physical auction limitations, accountability and position limits established by futures exchanges, etc., as well as laws, rules and regulations that apply specifically to the investment activities of such Clear Sky Fund.

In addition, the investment strategy of one Clear Sky Fund may permit investment in both futures contracts and options on futures contracts, while the investment strategy of another Clear Sky Fund may only permit investment in futures contracts.

This wide range of factors typically results in each Clear Sky Fund for which a particular investment opportunity is appropriate having a different Targeted Exposure to such opportunity.

Once the lead portfolio managers of the Clear Sky Funds formulate initial Targeted Exposures for participating Clear Sky Funds, they communicate that information to our Operations Department, and communicate subsequent updates to such Targeted Exposures to our Operations Department on or prior to the trade date. To the extent Clear Sky is able to access the opportunity, the opportunity is allocated to participating Clear Sky Funds pro rata in accordance with their respective Targeted Exposures. See also “Aggregation or Orders,” below.

Aggregation of Orders

We may or may not aggregate multiple orders, and certain Clear Sky Funds may be excluded from aggregated orders in the discretion of our Chief Investment Officer. If we aggregate orders, the respective Clear Sky Funds will participate at the average price of all trades in the aggregated order. In addition, each Clear Sky Fund participating in an aggregated order will share commissions and other trade related costs based on its level of participation.

Periodic Review of Order Allocations and Aggregations

The Allocation Committee, including our Chief Compliance Officer (“CCO”) (or their designees), will conduct or arrange for a third-party to conduct periodic reviews of a sample of trade allocations from aggregated orders. In addition, with respect to certain client accounts, the CCO or their designee may receive and review daily trade blotter reports directly from our order management system provider..

Advising Different Accounts

The results of the investment activities of certain Clear Sky Funds may differ significantly from the results achieved by other Clear Sky Funds. Allocation decisions among client accounts may be more or less advantageous to any one account or group of accounts. We may determine that an investment opportunity or particular purchases or sales are appropriate for one or more Clear Sky Funds, but not for one or more other Clear Sky Funds, or are appropriate for, or available to, several or all Clear Sky Funds but in different sizes, terms or timing. Therefore, the amount, timing, structuring or terms of an investment by certain Clear Sky Funds may differ from, and performance may be higher or lower than, investments and performance of other Clear Sky Funds.

We will manage the assets of the Clear Sky Funds in accordance with their respective Investment Programs.

However, we may give advice, and take actions, with respect to any one or more current or future Clear Sky Funds that may compete or conflict with the advice or actions (or with the timing thereof) we give or take on behalf of any one or more other Clear Sky Funds.

Transactions undertaken on behalf of certain Clear Sky Funds may adversely affect other Clear Sky Funds. At times, we will buy or sell positions for one or more Clear Sky Funds while one or more other Clear Sky Funds are undertaking the same or a differing, including potentially opposite, strategy, which could disadvantage one or more Clear Sky Funds as compared to one or more other Clear Sky Funds (e.g., one Clear Sky Fund could take a short position in a security or other asset in which another Clear Sky Funds holds a long position, or vice versa). In addition, transactions in investments made by us on behalf of certain Clear Sky Funds may have the effect of diluting or otherwise disadvantaging the values, prices or investment strategies of other Clear Sky Funds, particularly, but not limited to, in small capitalization, emerging market or less liquid strategies. When we implement a portfolio decision or strategy for one or more Clear Sky Funds ahead of, or contemporaneously with, similar portfolio decisions or strategies for one or more other Clear Sky Funds, market impact, liquidity constraints, or other factors could result in such other Clear Sky Fund(s) receiving less favorable trading results, the costs of implementing such portfolio decisions or strategies could be increased and/or such other Clear Sky Fund(s) could otherwise be disadvantaged.

Further, we may at times cause one or more Clear Sky Funds to invest in issuers in which we have previously invested on behalf of one or more other Clear Sky Funds. The terms of such investments may be different. We may also at times cause two or more Clear Sky Funds to invest in issuers contemporaneously. The terms of such investments may also be different. No Clear Sky Fund will benefit directly from independent investments made on behalf of any other Clear Sky Fund in issuers in which such Clear Sky Fund is invested.

In addition, we at times may invest the assets of one or more Clear Sky Funds in debt securities or obligations of issuers in which one or more other Clear Sky Funds holds equity interests (or vice versa). In such event, potential conflicts of interest would arise insofar as the Clear Sky Fund(s) investing in the debt securities or other obligations would have an interest in structuring the financial and other terms (such as interest and repayment terms, covenants and events of default) to be more restrictive than such other Clear Sky Fund(s), as equity owner(s), may desire. In addition, further conflicts could arise after the closing of such investments (e.g., in the event of a default, in which the Clear Sky Funds holding debt securities or similar obligations would have a preference over Clera Sky Funds holding equity interests in the same issuer).

Except as described in this paragraph, our Related Persons are permitted to buy and sell securities, other financial instruments and other assets for their own accounts. As a result of differing trading and investment strategies or constraints, positions may be taken by our Related Persons that are the same, different from or made at different times than positions taken for one or more Clear Sky Funds. To reduce the possibility that a Clear Sky Fund will be materially adversely affected by the personal trading described above, we have established policies and procedures that place certain restrictions on securities trading in the personal accounts of our Related Persons. However, there can be no assurance that such policies will reduce potential conflicts, and we may modify such policies and procedures at any time without notice to Clients (or investors in Private Funds, Registered Funds or Offshore Funds).

Material Non-Public Information

From time to time, we may come into possession of material non-public information concerning certain issuers. Under certain circumstances, our use of such information for the benefit of Clear Sky Funds may constitute a violation of applicable securities laws and could expose Clear Sky Funds to additional risk of

loss. The investment flexibility of Clear Sky Funds may be constrained as a result (e.g., Clear Sky Funds may be forced to forgo certain potentially profitable investment opportunities or may be unable to dispose of investments at an opportune time), which could have a material adverse effect on their performance. We have established policies and procedures designed to prevent the unlawful use of material non-public information and will manage all instances of the potential receipt of material non-public information accordingly.

Additional Potential Limitations and Restrictions on Investment Opportunities

From time to time, the activities of the Clear Sky Funds may be restricted because of regulatory or other requirements applicable to us and/or our internal policies designed to comply with, limit the applicability of, or otherwise relate to such requirements. An investment fund or account not advised by us may not be subject to some of those considerations.

Our investment activities for certain Clear Sky Funds may also limit the investment strategies and rights of other Clear Sky Funds. For example, in regulated industries, in certain emerging or international markets, in corporate and regulatory ownership definitions, in the ownership of certain commodities and in certain derivative transactions, there may be limits on the aggregate amount of investment by affiliated investors that may not be exceeded without the grant of a license or other regulatory or corporate consent or, if exceeded, may cause one or more Clear Sky Funds to suffer disadvantages or business restrictions. If certain aggregate ownership thresholds are reached or certain transactions undertaken, our ability to purchase or dispose of investments on behalf of Clear Sky Funds, or exercise rights or undertake business transactions, may be restricted by regulation or otherwise impaired. As a result, we may, on behalf of one or more Clear Sky Funds, limit purchases, sell existing investments, or otherwise restrict or limit the exercise of rights (including voting rights). In order to seek to avoid potential conflicts of interest, we may preclude one or more Clear Sky Funds from making investments or selling existing investments in, or taking other actions with respect to, securities of an issuer where we are advising one or more other Clear Sky Funds to make or sell an investment in the securities of the same issuer.

Performance-Based Compensation

As described in Item 6 of this Brochure, our receipt of performance-based compensation creates certain conflicts of interest.

Valuation

Our valuation of the assets in client accounts presents certain potential conflicts of interest because such valuations affect the calculation of the management fees and performance-based compensation. Such potential conflicts are greater with respect to the valuation of assets that lack a readily ascertainable market value. However, we will perform our valuation functions in good faith in accordance with internal valuation policies and procedures, without regard to the effect such valuations may have on our management fees and performance-based compensation.

Brokerage Transactions

See Item 12 of the Brochure for a discussion of certain conflicts of interest relating to our brokerage practices.

ITEM 12 – BROKERAGE PRACTICES

A. Selecting Broker-Dealers

Our goal in placing orders for the Clear Sky Funds is to obtain “best execution” of those orders in a manner that appropriately addresses conflicts of interest. We generally grant our traders discretion to decide upon the appropriate means of executing a trade. When determining which trading broker-dealers and venues to use and the reasonableness of their commissions or other compensation, our traders may consider, among other factors:

- listed bids and asks;
- the opportunity for price improvement or execution assurance;
- general trading expertise;
- anonymity;
- liquidity;
- speed of execution;
- quality of research;
- expertise with difficult securities;
- trading style and strategy;
- geographic location;
- frequency of errors; and
- access to new issues.

B. Research and Other Soft Dollar Benefits

As an institutional money manager, we receive access to research made available through broker-dealers utilized by the Clear Sky Funds. We believe this research is available to all institutional money managers of similar size. This research is made available to us on an unsolicited basis and without regard to the rates of commissions charged to or paid by the Clear Sky Funds or the volume of business we direct to such broker-dealers. Since this research is merely made available to us by broker-dealers as part of a bundled business package to us, which we may or may not use, it is our understanding that such broker-dealers do not set discrete prices for such research. Accordingly, we do not separately compensate such broker-dealers for the provision of such research and do not believe that we “pay-up” for such research since the broker-dealers do not break out the costs for such research.

We currently use commission dollars to obtain other investment research services for the benefit of the Clear Sky Funds. Section 28(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) provides a “safe harbor” for investment advisers who use commission dollars of their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to the adviser in performing its investment decision making responsibilities.

We currently compensate one service provider, and may compensate additional service providers, for research services that are within the safe harbor of Section 28(e) of the Exchange Act by participating in commission sharing arrangements (“CSAs”). The CSAs permit us to consolidate payments for research services using accumulated Client commissions from securities transactions executed through the broker-dealers sponsoring the CSAs. The service providers are compensated directly by the broker-dealers sponsoring the CSAs from a pool of commissions that are set aside by the broker-dealers for use by us to obtain the research services. We do not generate any soft dollar credits, nor do we maintain any soft dollar arrangements outside of CSAs.

We may use research products obtained through CSA credits generated by one or more Clear Sky Funds to service Clear Sky Funds that may not have paid for the CSA benefits. We do not seek to allocate CSA benefits to Clear Sky Funds in proportion to the CSA benefits the Clear Sky Funds generate. Relationships with broker-dealers that provide research to us may influence our judgment in allocating brokerage business

and create a potential conflict of interest in using the services of such broker-dealers to execute securities transactions for Clear Sky Funds. Selecting broker-dealers on the basis of considerations other than applicable commissions at times results in higher transaction costs than would otherwise be the case. When we use brokerage commissions (or mark-ups or mark-downs) generated by the Clear Sky Funds to obtain research or other products or services, we receive a benefit because we do not have to produce or pay for such research, products or services. This gives us an incentive to select broker-dealers based on our interest in receiving research or other products or services, rather than on the interest of the Clear Sky Funds in receiving most favorable execution.

During our last fiscal year, we acquired with client commission dollars, (i) research, such as proprietary research from brokers, which may have been written and/or oral; (ii) research products, such as databases and quotation services; (iii) research services, such as Bloomberg and consultation with industry consultants concerning specific companies, industries or sectors; and (iv) brokerage services, such as software used to transmit orders and/or clearance and settlement in connection with a trade.

At least annually, we will review and evaluate the amount and nature of research, and research and brokerage services obtained through the CSAs, as well as the extent to which such services are relied upon, to determine in good faith whether the commissions used to obtain those products and services were reasonable in relation to the value of the brokerage, research or other products or services provided by the broker-dealer.

The Clear Sky Funds derive direct and indirect benefit from research received from broker-dealers, particularly to the extent the same research offsets expenses which the Clear Sky Funds would otherwise pay.

C. Brokerage for Client Referrals

We at times direct some brokerage business to brokers who refer prospective Clients (or prospective investors/participants in Clear Sky Funds) to us. Such referrals could provide a benefit to Clear Sky Funds by creating additional liquidity and the ability to pursue additional investment opportunities. Nevertheless, we may have an incentive to select broker-dealers based on our interest in receiving referrals, rather than on the interest of the Clear Sky Funds in receiving most favorable execution. We believe that the risk of this conflict is mitigated by our internal best execution procedures, including our quarterly operations meetings. To mitigate the potential conflict arising when directing Client transactions to a particular broker-dealer in return for referrals, we do not allocate brokerage business to a referring broker unless we determine in good faith that the commissions payable to such broker are reasonable in relation to those available from other brokers that do not refer investors to us and that offer us services of substantially equal value.

D. Directed Brokerage

We do not recommend, request or require that a Client direct us to execute transactions through a specified broker-dealer.

We may permit a Client who establishes an SMA with us to require us to direct brokerage business to a particular broker-dealer. In that case, the Client must understand that we are likely to be unable to achieve most favorable execution of transactions for the NCMA, because directing brokerage may cost the Client more money. For example, in a directed brokerage arrangement, the Client may pay higher brokerage commissions because we may not be able to aggregate the Client's orders to reduce transaction costs, or the Client may receive less favorable prices.

E. Trade Aggregation and Allocation

Please refer to Item 11.B of this Brochure for a description of the process by which we aggregate and allocate orders for the Clear Sky Funds.

F. Trade Errors

Errors may occur during the trading process. It is our policy to correct trade errors as soon as practicable. Errors must also be reported to our Chief Compliance Officer and reviewed to determine whether policies or procedures should be changed to prevent future errors. Generally, the governing documents of the Clear Sky Funds specify the allocations of profits and losses resulting from trade errors committed by us. The cost of errors in the accounts of Clear Sky Funds will be borne by the Clear Sky Fund unless an error is the result of bad faith, gross negligence, or willful misconduct on our part or, in the case of Clear Sky Funds that are subject to ERISA, a breach of ERISA's standard of care by us. Gains associated with any trade error shall be retained by the affected Clear Sky Funds.

ITEM 13 – REVIEW OF ACCOUNTS

Designated portfolio managers and analysts review all client accounts on a daily basis. A number of factors including, but not limited to, macroeconomic events or policies, political occurrences, weather patterns, natural disasters, research or technological developments, company specific events, public disclosures, and/or general market price movements may trigger consideration of a new investment or review of an existing position.

As discussed in Item 15 of this Brochure, we undertake to deliver to Private Fund investors, within 120 days after the end of the fiscal year of the relevant Private Fund, financial statements that are audited by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board.

We also provide investors with:

- written unaudited monthly performance updates; and
- such written reports as are described, as the case may be, in a Private Fund's placement memorandum or similar confidential offering memorandum (and/or in such Private Fund's other governing documents), in the investment management agreement, investment advisory agreement or similar agreement that establishes an NCMA with an institutional investor, or in the investment advisory agreement of sub-advisory agreement relating to our management of a Registered Fund.

Different investors, including different investors in the same Clear Sky Fund, well as certain other persons, may receive oral and/or written reports from us that differ in form, substance, level of detail, timing and/or frequency.

Recipients of oral and written reports should be aware that:

- we do not permit such recipients to copy, transmit or distribute such reports, or any data or other information contained therein, in whole or in part, or authorize such actions by others, without our express prior written consent; and
- by their receipt of such reports, they will be deemed to have acknowledged that: (i) the data and/or other information contained therein may include data and/or information that, under applicable law, may be deemed to be material, non-public information regarding particular securities and/or the issuers thereof; (ii) under certain circumstances, United States securities laws prohibit the purchase and sale of securities by persons or entities who are in possession of material, non-public information

relating to such securities and/or the issuers thereof; (iii) securities laws of other jurisdictions may contain a similar prohibition; and (iv) as a result, it is possible that trading in securities that are the subject of data and/or information contained in such reports may be prohibited by law.

If you are a recipient of our oral or written reports, we strongly urge you to review your own policies and procedures relating to the possible receipt of confidential or material, non-public information to ensure that any information that you receive from us relating to particular securities and/or the issuers thereof will not be used in any manner that conflicts with applicable laws.

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

We do not receive any economic benefits from persons outside our organization (other than Clients and investors in Private Funds, Registered Funds and Offshore Funds) for providing investment advice or advisory services to Clients. See, however, Items 12.B and C of this Brochure.

We and our related persons may – subject to compliance with applicable laws, rules and regulations – directly or indirectly compensate persons outside our organization for referring prospective Clients, or prospective investors in Private Funds or Offshore Funds, to us. Our Clients and such prospective investors, however, would not be responsible for compensating such persons. As a result of any such payment, such party would have an economic incentive to refer potential Clients and investors in Private Funds and Offshore Funds to us because it has an interest in our continuing to use and pay it for those services. Any such party would be subject to a conflict of interest in that when it refers a potential Client or investor to us, it cannot be said that it is acting in an impartial manner.

ITEM 15 – CUSTODY

Rule 206(4)-2 under the Advisers Act (the “Custody Rule”) imposes certain requirements on SEC-registered investment advisers that have custody of client funds or securities. We ordinarily are deemed to have custody of the funds and securities of Private Funds because of our authority over such funds and securities.

Because of our authority over the funds and securities of the Private Funds, the Custody Rule requires that we maintain such funds and securities in custodial accounts with broker-dealers, banks and other so-called “qualified custodians.” However, custody of CCAs, which are not securities, is maintained via a Compliance Instrument Tracking System Service (“CITSS”) account. The CITSS is a management and tracking system for accounts and Compliance Instruments issued through participating Western Climate Initiative cap-and-trade programs. CITSS is administered by the Western Climate Initiative, Inc. (“WCI, Inc.”). WCI, Inc. is a non-profit corporation formed to provide administrative and technical services to support the implementation of state and provincial greenhouse gas emissions trading programs.

Although we are required to maintain the funds and securities of the Private Funds in custodial accounts with “qualified custodians,” we are exempt from many of the provisions of the Custody Rule because we undertake to deliver to Private Fund investors, within 120 days after the end of the fiscal year of the relevant Private Fund, financial statements that are:

- prepared in accordance with Generally Accepted Accounting Principles in the United States (U.S. GAAP), or with accounting principles other than U.S. GAAP under certain circumstances; and
- audited by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board.

Investors in Private Funds, Registered Funds and Offshore Funds ordinarily do not receive periodic account statements from the custodians of such funds.

We do not have and are not deemed to have custody of the assets of Registered Funds, Offshore Funds or NCMAs (unless we agree otherwise with the sponsors of the Offshore Funds or the beneficial owners of NCMAs, as the case may be).

ITEM 16 – INVESTMENT DISCRETION

As of the date of this Brochure, we provide investment management services to Clear Sky Funds on a discretionary basis. We consider a Clear Sky Fund to be managed by us on a discretionary basis if we have been granted legal authority in the governing documents of such Clear Sky Fund – through a power of attorney or similar contractual provision – to purchase and sell securities, other financial instruments and other assets for such Clear Sky Fund without receiving prior authorization from such Clear Sky Fund (or any investor or participant in such Clear Sky Fund) to effect such purchases and sales. In all cases, however, our discretionary authority is subject to the Investment Program set forth in the Governing Documents of the relevant Clear Sky Fund. Please refer to Item 4.E of this Brochure for a discussion of a Client's ability to place limitations on our investment/trading activities.

As of the date of this Brochure, we do not provide investment advisory services to Clear Sky Funds on a non-discretionary basis, but we may do so in the future.

ITEM 17 – VOTING CLIENT SECURITIES

We typically accept and exercise the authority to vote the proxies relating to securities held by the Clear Sky Funds.

Our objective is to vote proxies in the best interests of the Clear Sky Funds in a manner consistent with their respective Investment Programs.

Analysts assigned to cover specific issuers are designated to monitor and opine on proxy proposals. The analysts assigned to cover an issuer, in consultation with the relevant portfolio manager(s), will consider whether we are subject to any material conflict of interest in connection with each proxy vote. The analysts must notify our CCO if they are aware of any material conflict of interest associated with a proxy vote. The CCO and one or more designees of the CCO will assess potential conflicts of interest on a case-by-case basis.

Unless we specifically agree otherwise with a Client, we do not accept instructions from a Client on how to vote proxies relating to the securities held in the Client's account. We may vote proxies in a manner that is inconsistent with Glass Lewis', a Client's or third-party proxy advisor's recommendations when we believe it is in the best interest of the Client and such a vote does not create a conflict of interest between us and the Client.

We may abstain from voting if we deem abstention to be in relevant Clear Sky Fund(d)'s best interests, or if: (A) we do not receive the related proxy with sufficient time prior to the voting cut-off date to consider the impact of the proposal and complete our evaluation procedures; (B) we determine that the related proxy does not provide sufficient detail to support a reasoned decision; or (C) we determine that the expected cost or administrative burden of giving due consideration to the related proxy does not justify the potential benefits to the affected Clear Sky Fund(s) that might result from adopting or rejecting the proposal in question.

In addition, with respect to Clear Sky Funds that have elected to participate in securities lending with a prime broker or other custodian, we may not be able to call back securities to vote and therefore may not have the ability to vote related proxies.

Current investors/participants in Clear Sky Funds may request a copy of our full proxy voting policies and procedures and proxy voting records as provided by Rule 206(4)-6 of the Advisers Act.

ITEM 18 – FINANCIAL INFORMATION

We do not require or solicit prepayment of more than \$1,200 in fees per Client (or per investor in any Private Fund, Offshore Fund or Registered Fund) six months or more in advance.

We have never been the subject of a bankruptcy petition.

We are not aware of any financial condition that is reasonably expected to impair our ability to meet our contractual commitments to our Clients.