

Dark Forest Capital Management LP

**El Caribe Office Building, 53 Calle Las Palmeras #1200,
San Juan PR 00901
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This “**Brochure**” provides information about the qualifications and business practices of Dark Forest Capital Management LP (hereinafter “**Dark Forest**”, “**we**”, “**us**”, “**our**” or the “**Firm**” or “**Investment Manager**”). If you have any questions about the contents of this Brochure, please contact our Chief Compliance Officer (“**CCO**”), Michael DeAddio, by email at mike@darkforesttech.com. Information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (the “**SEC**”) or by any state securities authority.

Dark Forest is an investment adviser registered with the SEC under the Investment Advisers Act of 1940. Registration as an investment adviser does not imply that Dark Forest or any of its principals or employees possess a particular level of skill or training in the investment advisory business or any other business.

Additional information about Dark Forest is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Material Changes

This update serves as Dark Forest's Annual Amendment to the Form ADV Part 2A Brochure. Since the Firm's last ADV filing in November 2023, the Firm has added an additional Relying Adviser. Clients and prospective clients should read the Registrant's Brochure in its entirety.

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Item 4: Advisory Business

Dark Forest Capital Management LP (hereinafter “**Dark Forest**”, “**we**”, “**us**”, “**our**” or the “**Firm**” or “**Investment Manager**”) was organized in August 2020 as a Delaware limited partnership with a principal place of business in San Juan, PR. References to the Firm herein includes Dark Forest Capital Management, LP and its relying adviser, Dark Forest Hedge Fund Services LP, MLD Capital Services LLC, Ocean Boulevard Holdings LLC, Ophiel LLC, JMK Capital Management LLC, and their respective affiliates, which are all operated as a single advisory business.

We are an affiliate of Dark Forest Capital Management GP LLC (the “General Partner”), the general partner of the Firm; Dark Forest Global Equity Fund GP LLC (the “Fund General Partner”), the general partner of the Onshore Fund (as defined below) and the Master Funds (as defined below). The General Partner and the Fund General Partner, are herein collectively referred to as the “Dark Forest General Partners.”

Jacob Kline, the Founding Member, Chief Executive Officer, and Chief Investment Officer of the Firm (the “**CIO**”), is the majority beneficial owner of Firm and directs the investment activities and operations of the Funds (as defined below) and the Master Funds (as defined below).

Dark Forest provides discretionary investment management services to qualified investors through its private funds: Dark Forest Global Equity Master Fund LP; Dark Forest Global Equity Onshore Fund LP; Dark Forest Global Equity Offshore Fund Ltd; Dark Forest Global Equity Master Fund LP; Dark Forest Global Unconstrained Onshore Fund LP; and Dark Forest Global Unconstrained Offshore Fund Ltd.

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

The Firm has a sub-advisory relationship with an investment adviser (the “**Other Investment Adviser**”) to provide investment advisory services to “**Sub-Advised Funds**” under an Investment Management Agreement (the “**Agreement**”) between the Investment Manager and the Other Investment Adviser. Dark Forest conducts trading for the Sub-Advised Funds in a manner that observes the strategy and risk parameters provided by the Other Investment Adviser and agreed with Dark Forest from time to time.

Dark Forest manages the following private, pooled investment vehicles:

- Dark Forest Global Equity Offshore Fund Ltd, a Cayman Islands exempted company (the “**Offshore Fund**”);
- Dark Forest Global Equity Onshore Fund LP, a Delaware limited partnership (the “**Onshore Fund**”); and
- Dark Forest Global Equity Master Fund LP, a Cayman Islands exempted limited partnership (the “**Master Fund**”).
- Dark Forest Global Unconstrained Offshore Fund Ltd, a Cayman Islands exempted company (the “**Unconstrained Offshore Fund**”);

- Dark Forest Global Unconstrained Onshore Fund LP, a Delaware limited partnership (the “**Unconstrained Onshore Fund**”); and
- Dark Forest Global Equity Master Fund LP, a Delaware limited partnership (the “**Unconstrained Master Fund**”).

The Master Fund and Unconstrained Master Fund are herein collectively referred to as the “**Master Funds**.” The Master Funds, the Onshore Fund the Offshore Fund, the Unconstrained Onshore Fund, the Unconstrained Offshore Fund, and the Sub-Advised Funds are herein each referred to as a “**Fund**” or “**Client**”, and collectively referred to as the “**Funds**” or the “**Clients**”.

The “**Limited Partners**” of the Onshore Fund and Unconstrained Onshore Fund and the “**Shareholders**” of the Offshore Fund and Unconstrained Offshore Fund are hereafter collectively referred to as the “**Investors**” where appropriate.

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

We do not currently participate in any Wrap Fee Programs.

As of December 31, 2023, Dark Forest managed approximately \$1,618,771,160 regulatory assets under management on a discretionary basis.

Item 5: Fees and Compensation

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

Management Fee

Dark Forest is paid an investment management fee (“**Management Fee**”) per annum. The Management Fee ranges from 1.00% to 2.00%.

The Investment Manager, in its sole discretion, may waive or modify the Management Fee or Incentive Fee for any Investor.

Other Types of Fees or Expenses

Dark Forest is authorized to incur and pay in the name and on behalf of the Funds all expenses which they deem necessary or advisable.

The Firm is responsible for and shall pay, or cause to be paid, all of their own ordinary administrative and overhead expenses, including, without limitation, all costs and expenses related to rent, furniture, fixtures, equipment, office supplies, clerical expenses and all salaries, bonuses and benefits paid to, or on behalf of, personnel of the Firm.

The Offshore Fund, Onshore Fund, Unconstrained Offshore Fund, and Unconstrained Onshore bear all of its operating expenses and its pro rata share of the operating expenses of their respective Master Funds (collectively, the “**Partnership Expenses**”), including such costs incurred at or prior to the formation of the Funds and prior to the closing of the Funds, which expenses include, without limitation: (a) organizational and offering expenses; (b) expenses

associated with all investments and transactions considered, evaluated and/or consummated by the Funds, as well as overall consideration and evaluation of the Master Funds portfolio, including, without limitation, those expenses incurred before the initial closing of the Dark Forest Funds, including, without limitation, expenses associated with sourcing, negotiating, investigating, researching, financing and structuring of investments and potential investments, whether or not consummated, including, without limitation, market data, alternative data and research onboarding, ingestion, aggregation and analysis and third-party research, market data, alternative data, analytics, modeling, risk, structuring, pricing, execution and other third-party information systems, including, without limitation, installation and maintenance, software and service fees (including, without limitation, the expenses with respect to data, data feeds, subscriptions, expert networks, political intelligence providers and reports); (c) the costs of research-related computer hardware and software expenses, including, without limitation, Bloomberg terminals and subscriptions and other market data and alternative information systems, as well as the costs of research management systems and corporate access tracking systems; (d) the costs of the Investment Manager's portfolio management system and any other software used for accounting and/or monitoring of the portfolio, including, without limitation, subscriptions relating to, among other things, trading and order management systems and services; (e) expenses associated with holding, financing, monitoring, hedging, maintaining and disposing of all investments of the Funds and all transaction and other costs associated therewith, including, without limitation, expenses associated with proxy research and voting services; (f) travel and related expenses associated with investments and potential investments; (g) professional fees associated with investments and potential investments, including, without limitation, consulting, due diligence, accounting, valuation, financial, legal and other advisory fees and expenses; (h) transaction fees, brokerage commissions, custodial fees, clearing and settlement charges and similar fees and expenses associated with the acquisition, disposition and settling of investments and potential investments, including, without limitation, in connection with outsourced trading; (i) expenses associated with legal and regulatory filings of the Funds in the United States, the Cayman Islands, or in any other jurisdiction, including, without limitation, pursuant to Sections 13 and 16 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as well as the expenses associated with preparation and filing of the Investment Manager's Form 13F, Form 13H and Form PF, if applicable, and any other similar filing in any other U.S. or non-U.S. jurisdiction; (j) administrative, custodial, appraisal, valuation, legal, regulatory, compliance, consulting, advisory and similar fees and expenses associated with the Funds' operations, investments and transactions, including, without limitation, fees and expenses of the administrator and the costs of client relationship management systems; (k) expenses incurred in connection with responding to requests or inquiries from any U.S. federal, state, local or non-U.S. governmental entity or authority, regulatory body or self-regulatory organization with respect to the Funds; (l) broken-deal, failed transaction, break-up and similar fees, costs and expenses (if any); (m) costs and expenses of leverage or any other borrowings of the Funds, including, without limitation, interest charges and fees; (n) expenses incurred in the collection of monies owed to the Funds, as applicable; (o) auditing and accounting expenses of the Funds, including, without limitation, expenses associated with the preparation of financial statements, tax returns and Schedules K-1 and the fees and expenses of the auditor; (p) any entity-level taxes, fees or other governmental charges on the Funds, including, without limitation, any withholding taxes not due to the status or noncompliance of a particular Limited Partner; (q) costs and expenses associated with investor communications and reports and the delivery thereof to investors; (r) the costs of service providers or software to measure or monitor risk metrics, to aggregate positions and/or to provide reporting with respect to risk metrics and/or positions; (s) costs and expenses associated with meetings of the Limited Partners, including, without limitation,

the reasonable costs of the Investment Manager's travel to such meetings; (t) insurance expenses, including, without limitation, general partner liability insurance and other policies, if any, as well as the Fund's share of expenses with respect to directors' and officers' liability insurance and errors and omissions insurance; (u) costs and expenses (including, without limitation, entity-level taxes, fees or other governmental charges) associated with the formation, organization and operation of any subsidiary, special purpose vehicle, alternative investment vehicle, holding company or similar entity formed with respect to investments, credit facilities or other transactions entered into for the benefit of the Funds; (v) wind-up, liquidation, termination and dissolution expenses; (w) costs, fees and expenses related to registration, qualification and/or exemption under any applicable U.S. federal, state, local or non-U.S. laws, rules or regulations, including, without limitation, blue sky fees, Form D, Form 8.3, CFTC filings and notices and other securities and/or investment-related filing expenses; (x) costs related to any transfers of Interests, unless otherwise charged to or borne by the applicable transferor and/or transferee; (y) expenses incurred in connection with the preparation of any amendment to the amended and restated limited partnership agreement of the Onshore Fund (the "Partnership Agreement") and the private placement memorandums of the Onshore Fund and Offshore Fund, as well as the preparation or amendment of any side letter; (z) expenses incurred in connection with pursuing, defending or participating in any litigation, arbitration, mediation or similar proceeding by the Funds; (aa) any extraordinary expenses (including, without limitation, all litigation-related and indemnification and contribution expenses, including, without limitation, the amount of any judgment or settlement paid in connection therewith); (bb) the Management Fee; and (cc) all other fees, costs, charges and expenses associated with the business, affairs and/or operations of the Funds, including, without limitation, any other cost that may otherwise be paid by the Funds with soft dollars pursuant to Section 28(e) of the Exchange Act.

In general, each Limited Partner will bear its proportionate share of the Partnership Expenses on a pro rata basis with respect to the size of its Capital Account(s). The General Partner may, however, allocate expenses on another basis, including by allocating certain expenses to certain (but not all) Limited Partners or Capital Accounts, if the General Partner determines that such an allocation is more equitable.

In addition, any Partnership Expenses attributable solely to investments in "new issues" will be allocated solely to those Partners who participate in the relevant investments with respect to their relative interest in such investments. Further, the General Partner will have the right to charge any Partner, and not treat as a Partnership Expense, any expense attributable to a single Partner or a group of Partners, including, without limitation, additional accounting expenses incurred in providing a calculation of "unrelated business taxable income" ("UBTI"), if any, to particular Partners.

From time to time, the General Partner, the Investment Manager and/or their affiliates may elect to bear certain expenses on behalf of the Funds that would otherwise be Partnership Expenses. The General Partner, the Investment Manager and/or their affiliates will not have any obligation to bear such expenses and may elect at any time (in whole or in part) to no longer bear such expenses on behalf of the Funds.

To the extent that Partnership Expenses are attributable to multiple Dark Forest Clients (defined below), such amounts will be allocated in accordance with the Investment Manager's expense allocation policy, pursuant to which the Investment Manager will generally allocate such expenses pro rata based upon the respective net asset values of such applicable Dark Forest Clients. Notwithstanding the foregoing, the Investment Manager may make non-pro rata allocations as permitted by its expense allocation policy.

The Investment Manager, the Fund General Partner and/or the Principal, and/or the CIO may advance funds on behalf of the Funds, and the Investment Manager, the General Partner and the Principal and the CIO, as the case may be, will be reimbursed by the Funds for such advanced amounts.

In general, each Investor will bear its proportionate share of the Partnership Expenses on a pro rata basis, calculated based on relative gross asset value as of the beginning of each month. The Fund General Partner may, however, allocate expenses on another basis, including by allocating certain expenses to certain (but not all) Investors or capital accounts, if the Fund General Partner determines that such an allocation is more equitable.

Sub-Advised Funds

Pursuant to the Agreement, Dark Forest is paid a Quarterly Draw by the Sub-Advised Funds.

Dark Forest is also entitled to receive a Performance Fee, which is calculated on the Performance Fee Percentage multiplied by the applicable Sub-Advised Fund's Net Profit.

The Sub-Advised Funds generally bear expenses related to the organization and maintenance of the Sub-Advised Funds.

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

We and our affiliates are entitled to a performance-based compensation between 20% and 30% of gross performance. As a result, we and our affiliates do not currently face certain conflicts of interest that may arise when an investment adviser accepts performance-based fees from some clients, but not from other clients.

Dark Forest is also entitled to receive a Performance Fee for the Sub-Advised Funds, which is calculated on the Performance Fee Percentage multiplied by the applicable Sub-Advised Fund's Net Profit.

Performance-based allocation arrangements may create an incentive for us to recommend investments which may be riskier or more speculative than those which we would recommend under a different arrangement.

Item 7: Types of Clients

Our clients are the Funds, as described in Item 4 above, and the Funds are generally open to, among others, institutions, pension plans, endowments, high net-worth individuals, financially sophisticated individuals, and other sophisticated investors. Currently, the minimum investment in the Funds is at least \$1,000,000. Such minimum investment may be waived on a case-by-case basis subject to our discretion.

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

The descriptions set forth in this Brochure of specific advisory services that we offer to Clients, and investment strategies pursued and investments made by us on behalf of our Clients, should not be understood to limit in any way our investment activities. We may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that we consider appropriate, subject to each Client's investment objectives and guidelines as set forth in the Offering Documents. The investment

strategies we pursue are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any Client will be achieved.

Investment Objective and Strategy

The investment objective of the Funds, through their respective Master Funds, is to generate attractive, risk-adjusted returns by employing a global, market-neutral, long-short equity strategy that seeks to apply a systematic investment process to combine long/short equity signals from a wide range of specialized structural flows and macro information in a self-consistent, non-linear manner. The Investment Manager seeks to exploit persistent market inefficiencies created by diverse, price-insensitive market participants across both major developed and emerging markets, and seeks to capture opportunities created by the slow absorption of macro information into individual stocks. The Investment Manager also seeks to employ more traditional, data-driven, statistical equity signals, where they are diversifying and there is a competitive advantage derived from the research process.

Through the use of its distinctive, proprietary machine learning technology, which is designed to natively incorporate transaction costs, diversification and risk constraints, the Investment Manager seeks to combine disparate sources into a single comprehensive trading system in order to produce persistent, high-quality returns.

The investment strategies described herein are those that the Investment Manager expects to employ on behalf of the Master Funds. However, except as expressly set forth herein, there are no limitations on the investment strategies that the Master Funds may employ in order to opportunistically respond to, or to take advantage of, changing market conditions and new investment opportunities. Further, the Investment Manager may invest opportunistically in securities or transactions that vary from the core strategy of the Master Funds.

Notwithstanding the foregoing, from the date of the Partnership's initial closing through and including March 1, 2022, the Master Funds will invest only in single name equity securities; provided, that "single name equity securities" does not include ancillary hedging arrangements such as equity index hedges, similar derivatives, equity swaps, financing on swap or FX.

There can be no assurance that the Partnership's or the Master Funds' investment objective will be achieved, and investment results may vary substantially on a monthly, quarterly and annual basis.

Risk of Loss Factors

The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the clients advised by us. These risk factors include only those risks we believe to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis employed by us.

An investment involves significant risks, and is suitable only for those persons who can bear the economic risk of the loss of their entire investment, who have limited need for liquidity in their investment, and who have met the conditions set forth in the Offering Documents. There can be no assurances that we will achieve our investment objectives. An investment carries with it the inherent risks associated with investments in the Financial Instruments listed in the

Offering Documents, including, without limitation, the risks described below. Each prospective investor should carefully review the Offering Documents and the documents referred to herein before deciding to invest with Dark Forest. Please refer to additional risk factors in the Funds' Offering Documents. Defined terms below have the same meaning as those in the Fund Offering Documents.

Equity Securities. The Master Funds may invest in equity and equity-related securities, including, without limitation, equity investments acquired in connection with restructured debt securities or instruments, or in connection with reorganizations and/or restructurings of debt securities, equity securities or other obligations and assets of undervalued, operationally challenged and/or financially troubled companies or institutions. A risk of investing in the Partnership is that equity securities held by the Master Funds may decline in value. Equity securities fluctuate in value in response to many factors, including the activities and financial condition of individual companies, the business market in which individual companies compete, industry market conditions, interest rates and general economic environments. In addition, equity securities that the Investment Manager believes are undervalued or incorrectly valued may not ultimately be valued by the markets in the manner that the Investment Manager anticipates.

Debt Securities. Although the Master Funds will trade primarily in equities, the Master Funds also may invest in debt or other fixed income securities, including non-investment grade securities, sovereign debt and/or similar obligations and instruments. Particularly with respect to non-investment grade securities, there is a risk that the issuer will default on its payments obligations. The market values of debt instruments may be more volatile than the values of other investments and, during periods of economic uncertainty and change, the market price of these investments may decrease significantly. Debt instruments may also be less liquid than equities, particularly during periods of market dislocation. The lack of a liquid secondary market may have an adverse effect on the market price and the Master Funds' ability to sell particular securities.

Hedging. The Master Funds may engage in certain hedging transactions, including derivatives, options and swaps. Hedges can be more difficult to implement than many other types of transactions, and the possibilities for errors may be greater than for other transactions. Additionally, there is no guarantee that these hedging transactions will prevent losses to the Partnership and/or the Master Funds. The success of the Master Funds' hedging strategy will be subject to the Investment Manager's ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolio being hedged. Since the characteristics of many securities change as markets change or time passes, the success of the Master Funds' hedging strategy will also be subject to the Investment Manager's ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. In addition, hedging transactions may result in poorer overall performance for the Partnership and the Master Funds than if no such hedging transactions were executed. Moreover, the Investment Manager may determine not to hedge against, or may not anticipate, certain risks. Finally, the Master Funds may be exposed to certain risks that cannot be hedged, such as credit risk (relating both to particular investments and counterparties).

Derivatives. The Master Funds may invest in derivative financial instruments. In addition, the Master Funds may, from time to time, utilize both exchange-traded and over-the-counter derivatives, including swaps, futures, options and contracts for differences, either to express an investment view or for hedging purposes. Such derivative instruments are highly volatile, involve certain special risks and expose investors to a high risk of loss. The low initial

margin deposits normally required to establish a position in such instruments permit a high degree of leverage. As a result, a relatively small movement in the price of a contract may result in a gain or a loss which is high in proportion to the amount of funds actually placed as initial margin and may result in unquantifiable further losses exceeding any margin deposited. Further, when used for hedging purposes, there may be an imperfect correlation between these instruments and the investments or market sectors being hedged.

In addition, regulatory restraints, such as requirements related to, among others, recordkeeping, reporting, portfolio reconciliation, central clearing, minimum margin for uncleared over-the-counter instruments and mandatory trading on electronic facilities, and other transaction-level obligations may restrict the instruments that the Master Funds may trade and may cause the Master Funds to forego using certain trading counterparties, which may negatively impact the Master Funds. Parties that act as dealers in swaps are also subject to extensive business conduct standards, additional “know your counterparty” obligations, documentation standards and capital requirements. All of these requirements add costs to the legal, operational and compliance obligations of the Investment Manager and the Master Funds, and increase the amount of time that the Investment Manager spends on non-investment-related activities. Requirements such as these also raise the costs of entering into derivative transactions, and these increased costs will likely be passed on to the Master Funds.

Options. The Master Funds may engage in the trading of options when appropriate. Specific market movements of the securities underlying an option cannot accurately be predicted. The purchaser of an option is subject to the risk of losing the entire purchase price of the option. The writer of an option is subject to the risk of loss resulting from the difference between the premium received for the option and the price of the security underlying the option which the writer must purchase or deliver upon exercise of the option.

Call and Put Options. The Master Funds may incur risks associated with the sale and purchase of call options and put options. Under a conventional cash-settled option, the purchaser of the option pays a premium in exchange for the right to receive upon exercise of the option (i) in the case of a call option, the excess, if any, of the reference price or value of the underlier (as determined pursuant to the terms of the option) above the option’s strike price, or (ii) in the case of a put option, the excess, if any, of the option’s strike price above the reference price or value of the underlier (as so determined). Under a conventional physically-settled option structure, the purchaser of a call option has the right to purchase a specified quantity of the underlier at the strike price, and the purchaser of a put option has the right to sell a specified quantity of the underlier at the strike price.

A purchaser of an option may suffer a total loss of premium (plus transaction costs) if that option expires without being exercised. An option’s time value (i.e., the component of the option’s value that exceeds the in-the-money amount) tends to diminish over time. Even though an option may be in-the-money to the purchaser at various times prior to its expiration date, the purchaser’s ability to realize the value of an option depends on when and how the option may be exercised. For example, the terms of the transaction may provide for the option to be exercised automatically if it is in-the-money on the expiration date. Conversely, the terms may require timely delivery of a notice of exercise, and exercise may be subject to other conditions (such as the occurrence or non-occurrence of certain events, such as knock-in, knock-out or other barrier events) and timing requirements, including the “style” of the option.

Uncovered option writing (i.e., selling an option when the seller does not own a like quantity of an offsetting position in the underlier) exposes the seller to potentially significant loss. The potential loss of uncovered call writing is unlimited. The seller of an uncovered call may incur large losses if the reference price or value of the underlier increases above the exercise price by more than the amount of any premiums earned. As with writing uncovered calls, the risk of writing uncovered put options is substantial. The seller of an uncovered put option bears a risk of loss if the reference price or value of the underlier declines below the exercise price by more than the amount of any premiums earned. Such loss could be substantial if there is a significant decline in the value of the underlier.

Index or Index Option. The value of an index or index option fluctuates with changes in the market values of the assets included in the index. Because the value of an index or index option depends upon movements in the level of the index rather than the price of a particular asset, whether the Master Funds will realize appreciation or depreciation from the purchase or writing of options on indices depends upon movements in the level of instrument prices in the assets generally or, in the case of certain indices, in an industry or market segment, rather than movements in the price of particular assets.

Index Futures. The price of index futures contracts may not correlate perfectly with the movement in the underlying index because of certain market distortions. First, all participants in the futures market are subject to margin deposit and maintenance requirements. Rather than meeting additional margin deposit requirements, participants may close futures contracts through offsetting transactions that would distort the normal relationship between the index and futures markets. Second, from the point of view of speculators, the deposit requirements in the futures market are less onerous than margin requirements in the securities market. Therefore, increased participation by speculators in the futures market also may cause price distortions. Successful use of index futures contracts by the Master Funds also is subject to the Investment Manager's ability to correctly predict movements in the direction of the market.

Futures Contracts. The value of futures contracts depends upon the price of the financial instruments, such as commodities, underlying them. The prices of futures contracts are highly volatile, and price movements of futures contracts can be influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, as well as national and international political and economic events and policies. In addition, investments in futures contracts are also subject to the risk of failure of any of the exchanges on which the Master Funds's positions trade or of its clearing houses or counterparties. Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in that contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent the Master Funds from promptly liquidating unfavorable positions and subject the Master Funds to substantial losses or prevent it from entering into desired trades. Also, low margin or premiums normally required in such trading may provide a large amount of leverage, and a relatively small change in the price of a security or contract can produce a disproportionately larger profit or loss. In extraordinary circumstances, a futures exchange or the CFTC could suspend trading in a particular futures contract, or order liquidation or settlement of all open positions in such contract.

Non-U.S. Futures Transactions. Foreign futures transactions involve executing and clearing trades on a foreign exchange. This is the case even if the foreign exchange is formally “linked” to a domestic exchange, whereby a trade executed on one exchange liquidates or establishes a position on the other exchange. No domestic organization regulates the activities of a foreign exchange, including the execution, delivery, and clearing of transactions on such an exchange, and no domestic regulator has the power to compel enforcement of the rules of the foreign exchange or the laws of the foreign country. Moreover, such laws or regulations will vary depending on the foreign country in which the transaction occurs. For these reasons, the Master Funds may not be afforded certain of the protections which apply to domestic transactions, including the right to use domestic alternative dispute resolution procedures. In particular, funds received from customers to margin foreign futures transactions may not be provided the same protections as funds received to margin futures transactions on domestic exchanges. In addition, the price of any foreign futures or option contract and, therefore, the potential profit and loss resulting therefrom, may be affected by any fluctuation in the foreign exchange rate between the time the order is placed and the time the foreign futures contract is liquidated, or the time the foreign option contract is liquidated or exercised.

Forward Contracts. The Master Funds may enter into forward contracts and options thereon, including non-deliverable forwards. The principals who deal in the forward contract market are not required to continue to make markets in such contracts. There have been periods during which certain participants in forward markets have refused to quote prices for forward contracts 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. The imposition of credit controls or price risk limitations by governmental authorities may limit such forward trading to less than that which the Investment Manager would otherwise recommend, to the possible detriment of the Master Funds. In its forward trading, the Master Funds will be subject to the risk of failure of, or the inability or refusal to perform with respect to its forward contracts by, the principals with which the Master Funds trades. Master Funds assets on deposit with such principals will also generally not be protected by the same segregation requirements imposed on certain regulated brokers in respect of customer funds on deposit with them. The Investment Manager may order trades for the Master Funds in such markets through agents. Accordingly, the insolvency or bankruptcy of such parties could also subject the Master Funds to the risk of loss.

Contracts for Difference. Contracts for differences (“CFD”) are privately negotiated contracts between two (2) parties, buyer and seller, stipulating that the seller will pay to or receive from the buyer the difference between the nominal value of the underlying instrument at the opening of the contract and that instrument’s value at the end of the contract. The underlying instrument may be a single security, stock basket or index. A CFD can be set up to take either a short or long position on the underlying instrument. The buyer and seller are both required to post margin, which is adjusted daily. The buyer will also pay to the seller a financing rate on the notional amount of the capital employed by the seller less the margin deposit. As is the case with trading any financial instrument, there is the risk of loss associated with trading a CFD. There may be liquidity risk if the underlying instrument is illiquid because the liquidity of a CFD is based on the liquidity of the underlying instrument. A further risk is that adverse movements in the underlying security will require the posting of additional margin. CFDs also carry counterparty risk, i.e., the risk that the counterparty to the CFD transaction may be unable or unwilling to make payments or to otherwise honor its financial obligations under the terms of the contract. If the counterparty were to do so, the value of the contract may be reduced. Entry into a CFD transaction may, in certain circumstances, require the payment of an initial margin, and adverse market movements

against the underlying stock may require additional margin payments. CFDs may be considered illiquid. To the extent that there is an imperfect correlation between the return on the Master Funds' obligation to its counterparty under the CFDs and the return on related assets in its portfolio, the CFD transaction may increase the Master Funds' financial risk.

Failure to Enter into Offsetting Trade. To the extent that the Master Funds invests in a futures contract or long option, unless an offsetting trade is made, the Master Funds would be required to take physical delivery of the commodity underlying the future or option. To the extent the Investment Manager fails to enter into such offsetting trade prior to the expiration of the contract, the Master Funds may suffer a loss since neither the Master Funds nor the Investment Manager has the operational capacity to accept physical delivery of commodities.

Possible Effects of Speculative Positions and Trading Limits. The CFTC and certain commodity exchanges have established limits referred to as "speculative position limits" on the maximum net long or short position which any person or entity may hold or control in a particular commodity futures contract. The Investment Manager does not anticipate that current position limits will adversely affect the contemplated trading of the Master Funds; however, no assurance is given that such limits will not adversely affect such accounts in the future.

Currency Hedging. The Master Funds may be exposed to foreign exchange risk, and may seek to mitigate this risk through the use of a variety of strategies and products, including, but not limited to, Forex forwards, currency futures and currency swaps. There is no guarantee that any of these currency hedging strategies will reduce or prevent losses to the Partnership and/or the Master Funds. As part of its currency hedging strategy, the Master Funds may enter into currency transactions that are not traded on an exchange, and the funds the Master Funds invests in those transactions may not receive the same protections as funds used to margin or guarantee exchange-traded futures and options contracts. If the counterparty to an over-the-counter Forex transaction becomes insolvent and the Master Funds has a claim for amounts deposited or profits earned on transactions with the counterparty, the Master Funds' claim may not receive a priority. Without a priority, the Master Funds is a general creditor and its claim will be paid, along with the claims of other general creditors, from any monies still available after priority claims are paid. Even the Master Funds' funds that the counterparty keeps separate from its own operating funds may not be safe from the claims of other general and priority creditors. Forex trading can quickly lead to large losses as well as gains. Such trading losses can sharply reduce the net asset value of the Master Funds.

Forex Trading. The Master Funds may enter into transactions that are not traded on an exchange, and the funds the Master Funds invests in those transactions may not receive the same protections as funds used to margin or guarantee exchange-traded futures and options contracts. If the counterparty becomes insolvent and the Master Funds has a claim for amounts deposited or profits earned on transactions with the counterparty, the Master Funds' claim may not receive a priority. Without a priority, the Master Funds is a general creditor and its claim will be paid, along with the claims of other general creditors, from any monies still available after priority claims are paid. Even the Master Funds' funds that the counterparty keeps separate from its own operating funds may not be safe from the claims of other general and priority creditors. Forex trading can quickly lead to large losses as well as gains. Such trading losses can sharply reduce the net asset value of the Master Funds.

Inside Information. From time to time, the Investment Manager or its affiliates may come into possession of material, non-public information concerning a company, and the possession of such information may limit the ability of the Investment Manager to cause the Master Funds to buy or sell the securities issued by such company at times when the Investment Manager might otherwise wish to cause the Master Funds to buy or sell such securities.

Leverage. The Master Funds may employ leverage in connection with its investment strategies and/or for any other purpose deemed necessary, desirable or appropriate at such times, in such amounts and subject to such terms and conditions as the General Partner and/or the Investment Manager may determine in its sole and absolute discretion. Such leverage may take a variety of forms, including, but not limited to, margin borrowing from securities brokers and dealers, loans, repurchase agreements, derivative instruments that are inherently leveraged, and other financing arrangements, as determined by the General Partner in its sole and absolute discretion. The use of leverage increases both the possibility for gain and the risk of loss. Leverage employed by the Master Funds may be secured by the securities holdings and other assets of the Partnership and/or the Master Funds, as applicable. Under certain circumstances, a lender may demand an increase in the collateral that secures such obligations, and if the Master Funds is unable to provide additional collateral, the lender could liquidate assets held in the account to satisfy such obligations. Liquidation in that manner could have extremely adverse consequences. In addition, the amount of the Master Funds' borrowing and the interest rates on that borrowing, both of which will fluctuate, may have an effect on the Master Funds' and the Partnership's profitability. Additionally, leverage typically will cause the Master Funds' net asset value to increase or decrease at a greater rate than if leverage were not used. In addition, the use of leverage may cause a tax-exempt U.S. investor to realize UBTI.

Short Sales. The Investment Manager may engage in short selling on behalf of the Master Funds. Short selling involves selling securities that are not owned by the Master Funds. A short position is established when the Master Funds borrows securities from securities brokers or other institutions and sells them in an open market transaction with an obligation to return the borrowed securities at a later date. Short selling allows the Master Funds to profit from the decline in the price of the securities by purchasing the securities at a price that is lower than the price at which they were initially sold, in each case, to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. In addition, short sales may act as a hedge against long positions in the same or related securities in the Master Funds' portfolio in the event that the price of securities decline.

However, **a short sale creates the risk of unlimited loss** because in order to close out a short position, the Master Funds would need to return the borrowed securities by purchasing such securities at prevailing market prices. Specifically, the price of the subject security could rise without limit, thus increasing the cost to the Master Funds of buying those securities in order to close out the short position. There can be no assurance that the security necessary to close out a short position will be available for purchase. Purchasing securities to close out the short position can itself cause the price of the securities to rise further if the demand to buy such securities outpaces the available supply, thereby exacerbating the loss.

For instance, a so-called "short squeeze" can occur when the price of securities in which the Master Funds has an open short position rise sharply in a short time frame. The rapid rise may be a result of (i) multiple short sellers seek to cover their short positions in the same time frame by purchasing the security, resulting in a rapid price increase; (ii) market participants collectively purchase a significant amount of shares, thereby causing a

substantial increase in the price of such securities; and/or (iii) one or more lenders of a security that was used to facilitate a short position suddenly demand the return of the security that has been loaned. A “short squeeze” may result in the Master Funds having to prematurely close out a short position at unattractively high prices, resulting in a substantial loss. Further, the risk of a “short squeeze” likely will increase if other short sellers, market participants, and/or lenders become aware of the Master Funds’ short positions, including, without limitation, as a result of legally-required reporting with respect to the Master Funds’ ownership of options to purchase the underlying security being shorted.

In the instance where securities lenders demand a return of securities in respect of an open short position, the Master Funds will need to either find another source of supply of such security or purchase the subject securities in open market transactions at then-prevailing market prices. If the Master Funds is unable to source another securities lender and is forced to close out its short position, the Master Funds could incur significant losses if the securities sold short had increased beyond the price at which the Master Funds initially established its short position.

In addition to the risks of securities loan recalls or “short squeezes,” the Master Funds may be required to provide additional margin to its counterparties, including its prime brokers, on short notice if the price of a security underlying a short position suddenly rises. If the Master Funds is unable to deliver the additional margin required, the Master Funds may need to prematurely close out the short position at unattractive prices, thereby resulting in a substantial loss. In addition, depending on the timing and magnitude of a price increase in respect of an open short position, the Master Funds may be required to liquidate long positions in order to meet margin requirements, thereby further increasing the losses (or decreases the gains) of the Master Funds.

In addition, stock loan fees charged to the Master Funds for borrowing securities may be substantial, and will decrease any gains (or increase losses) associated with the short position. Certain jurisdictions have enacted restrictions on short selling (including wholesale bans, at times) as well as public disclosure requirements. If additional short-selling restrictions and disclosure requirements are enacted, the prices of the instruments in which the Master Funds invests may be materially affected and the ability of the Investment Manager to take advantage of opportunities for short-selling may be significantly reduced.

Relative Value Strategies. Relative value strategies involve taking offsetting long and short positions in comparable financial instruments that have either an economic or mathematical relationship to each other and where a distortion exists between either the historical price or the fair value of that relationship. These strategies may include merger arbitrage, intra-industry pairs trades, and cross-holdings. Although there is an economic or mathematical relationship between such long and short positions, there is no guarantee that the Investment Manager’s assessment of that relationship will be correct. Furthermore, because the Master Funds’ strategies involve short selling, there is a risk that the Master Funds will not be able to maintain its ability to borrow securities that have been sold short.

Securities Lending. The Master Funds may lend securities to securities brokers and other institutions as a means of earning additional income. If the other party to such transaction becomes insolvent or bankrupt, the Master Funds could experience delays and extra costs in recovering payment or the securities. To the extent that, in the meantime, the value of securities changes, the Master Funds could experience further losses. Security loans must be fully collateralized, and the Investment Manager must be satisfied with the creditworthiness of the other party to the transaction.

Interest Rates. The General Partner and/or the Investment Manager may borrow funds from brokerage firms and banks on behalf of the Master Funds to be able to increase the amount of capital available for marketable securities investments. The rates at which the Master Funds can borrow, in particular, will affect the operating results of the Partnership and the Master Funds. Even if the Master Funds makes a profit on a trade, the interest expense incurred in carrying the position may exceed the profit generated by the trade.

Margin. The General Partner and/or the Investment Manager may make use of short-term borrowing or repurchase agreements on behalf of the Master Funds, and any such use will result in certain additional risks to the Master Funds and/or the Partnership. For example, should the securities pledged or charged to brokers to secure the Master Funds' margin accounts or repurchase obligation decline in value, the Master Funds could be subject to a "margin call," pursuant to which the Master Funds must either deposit additional funds with the broker or suffer mandatory liquidation of the pledged or charged securities to compensate for the decline in value. In the event of a sudden drop in the value of the Master Funds' assets, the Master Funds might not be able to liquidate assets quickly enough to pay off its margin debt. In addition, the banks and dealers that provide financing to the Master Funds can apply essentially discretionary margin, "haircut," financing and collateral valuation policies. Changes by counterparties in any of the foregoing may result in large margin calls, loss of financing and forced liquidations of positions at disadvantageous prices. Lenders that provide other types of asset-based or secured financing to the Master Funds may have similar rights. There can be no assurance that the Master Funds will be able to secure or maintain adequate financing.

Price and Liquidity Fluctuations of Investments. It is expected that the Master Funds' investments will be in public securities. However, the market value of the Master Funds' investments may fluctuate with, among other things, changes in prevailing interest rates, general economic conditions, the condition of financial markets, developments or trends in the securities markets and the financial condition of the issuers of the securities in which the Master Funds invests. During periods of limited liquidity and higher price volatility, the Master Funds' ability to acquire or dispose of its investments at a price and time that the Master Funds deems advantageous may be impaired. As a result, in periods of rising market prices, the Master Funds may be unable to participate in price increases fully to the extent that it is unable to acquire the desired positions quickly; the Master Funds' inability to dispose fully and promptly of positions in declining markets will conversely cause its net asset value to decline as the value of unsold positions is marked to lower prices.

Trade Error Risk. Trade errors include, for example, keystroke errors that occur when entering trades into an electronic trading system or typographical or drafting errors related to derivatives contracts or similar agreements. Given the volume and complexity of transactions executed by the Investment Manager on behalf of the Master Funds, trade errors are likely to occur, notwithstanding the execution of due care and special procedures designed to prevent such errors. If trading errors do occur, the Investment Manager will not be responsible for gains or losses resulting from trade errors, except where such trade error is the result of the Investment Manager's gross negligence, willful misconduct or fraud.

Competition. The securities industry is extremely competitive. The Investment Manager will compete for investment opportunities against various other investors, including many of the larger securities and investment banking firms, which have substantially greater financial resources and research staffs. Competitive investment activity

by other firms may reduce the Master Funds' opportunity for profit by reducing the availability of or increasing the price of what the Master Funds believes to be, based on its investment criteria, exceptional investment opportunities.

Securities Market Volatility. Securities markets are volatile and may decline significantly in response to adverse issuer, political, regulatory, market or economic developments. Different parts of the market and different types of debt and equity securities may react differently to these developments. For example, small-cap stocks may react differently than large-cap stocks. Issuer, political or economic developments may affect a single issuer, issuers within an industry, sector or geographic region or the market as a whole.

Risk of Operations/Liquidity Risks. Although the securities that the Master Funds may acquire generally will be traded on public exchanges, each exchange typically has the right to suspend or limit trading in all securities that it lists. Such a suspension could render it difficult or impossible for the Master Funds to liquidate its positions and would thereby expose it to losses. In addition, some of the securities in which the Master Funds may invest may be thinly traded, potentially making it difficult for the Master Funds to dispose of a position at the time or price desired. Moreover, in periods of extreme market volatility, the bid/ask spreads for some securities that ordinarily are liquid may widen, making it difficult or undesirable to sell the securities. There can be no assurance that the trading markets will remain liquid enough for management to close out existing positions at any time there is a need to do so. There may be a variety of other reasons why a security in which the Master Funds may invest may be illiquid, and, in such event, the Master Funds may have similar issues with realizing such security.

Regulation in the Derivatives Industry. There are many rules related to derivatives that may negatively impact the Master Funds, such as requirements related to recordkeeping, reporting, portfolio reconciliation, central clearing, minimum margin for uncleared over-the-counter ("OTC") instruments and mandatory trading on electronic facilities, and other transaction-level obligations. Parties that act as dealers in swaps, are also subject to extensive business conduct standards, additional "know your counterparty" obligations, documentation standards and capital requirements. All of these requirements add costs to the legal, operational and compliance obligations of the Investment Manager and the Master Funds, and increase the amount of time that the Investment Manager spends on non-investment-related activities. Requirements such as these also raise the costs of entering into derivative transactions, and these increased costs will likely be passed on to the Master Funds. These rules are operationally and technologically burdensome for the Investment Manager and the Master Funds. These compliance obligations require employee training and use of technology, and there are operational risks borne by the Master Funds in implementing procedures to comply with many of these additional obligations.

These regulations may also result in the Master Funds forgoing the use of certain trading counterparties, as the use of other parties may be more efficient for the Master Funds from a regulatory perspective. However, this could limit the Master Funds' trading activities, create losses, preclude the Master Funds from engaging in certain transactions or prevent the Master Funds from trading at optimal rates and terms.

Many of these requirements were implemented pursuant to the Dodd–Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), the EU Regulation on OTC Derivatives, Central Counterparties and Trade Repositories (known as the European Market Infrastructure Regulation, or "EMIR") and similar regulations globally. In the U.S., the Dodd-Frank Act divides the regulatory responsibility for derivatives between the SEC and the

CFTC, a distinction that does not exist in any other jurisdiction. The SEC has regulatory authority over “security-based swaps” and the CFTC has regulatory authority over “swaps”. EMIR is being implemented in phases through the adoption of delegated acts by the European Commission. As a result of the SEC and CFTC bifurcation and the different pace at which the SEC, the CFTC, the European Commission and other international regulators have promulgated necessary regulations, different transactions are subject to different levels of regulation. Though many rules and regulations have been finalized, there are others, particularly SEC regulations with respect to security-based swaps and EMIR regulations, that are still in the proposal stage or are expected to be introduced in the future.

The following describes derivatives regulations that may have significant impact on the Partnership:

Reporting. Most swap transactions have become subject to anonymous “real time reporting” requirements, meaning that information relating to transactions entered into by the Master Funds will become visible to the market in ways that may impair the Master Funds’ ability to enter into additional transactions at comparable prices or could enable competitors to “front run” or replicate the Master Funds’ strategies.

Central Clearing. In order to mitigate counterparty risk and systemic risk in general, various U.S. and international regulatory initiatives are underway to require certain derivatives to be cleared through central clearinghouses. In the U.S., clearing requirements have been implemented as part of the Dodd-Frank Act. The CFTC imposed its first clearing mandate on December 13, 2012 affecting certain interest rate and credit default swaps. The CFTC and the SEC may introduce clearing requirements for additional classes of derivatives in the future. EMIR also requires OTC derivatives contracts meeting specific criteria to be cleared through central counterparties.

While such clearing requirements may be beneficial for the Master Funds in many respects (for instance, they may reduce the counterparty risk to the dealers to which the Master Funds would be exposed under non-cleared derivatives), the Master Funds could be exposed to new risks, such as the risk that an increasing percentage of derivatives will be required to be standardized and/or cleared through central clearinghouses, and, as a result, the Master Funds may not be able to hedge its risks or express an investment view as well as it would have been able to had it used customizable derivatives available in the over-the-counter markets. The Master Funds may have to split its derivatives portfolio between centrally cleared and over-the-counter derivatives, which may result in operational inefficiencies and an inability to offset risk between centrally cleared and over-the counter positions, and which could lead to increased costs.

Another risk is that the Master Funds may be subject to more onerous and more frequent (daily or even intraday) margin calls from both the Master Funds’s FCM and the clearinghouse. Virtually all margin models utilized by the clearinghouses are dynamic, meaning that unlike traditional bilateral swap contracts where the amount of initial margin posted on the contract is typically static throughout of the life of the contract, the amount of the initial margin that is required to be posted in respect of a cleared contract will fluctuate, sometimes significantly, throughout the life of the contract. The dynamic nature of the margin models utilized by the clearinghouses, and the fact that the margin models might be changed at any time, may subject the Master Funds to an unexpected increase in collateral obligations by clearinghouses during a volatile market environment, which could have a detrimental effect on the Master Funds. Clearinghouses also limit collateral that they will accept to cash, U.S. treasuries and, in some cases, other highly rated sovereign and private debt instruments,

which may require the Master Funds to borrow from a dealer to meet margin calls and raise the costs of cleared trades to the Master Funds. In addition, clearinghouses may not allow the Master Funds to portfolio-margin its positions, which may increase the Master Funds's costs.

Although standardized clearing for derivatives is intended to reduce counterparty risk (for instance, it may reduce the counterparty risk to the dealers to which the Master Funds would have been exposed under OTC derivatives), it does not eliminate risk. Derivatives clearing may also lead to concentration of counterparty risk, namely in the clearinghouse and the Master Funds' FCM, subjecting the Master Funds to the risk that the assets of the FCM are insufficient to satisfy all of the FCM's payment obligations (also known as "fellow customer risk"), leading to a payment default. The failure of a clearinghouse or FCM could have a significant impact on the financial system. Even if a clearinghouse does not fail, large losses could force significant capital calls on FCMs during a financial crisis, which could lead FCMs to default and thus worsen the crisis.

Swap Execution Facilities. In addition to the central clearing requirement, certain swap transactions are required to trade on regulated electronic platforms such as swap execution facilities, which require the Master Funds to subject itself to regulation by these venues and subject the Master Funds to the jurisdiction of the CFTC. The E.U. regulatory framework governing derivatives is set not only by EMIR but also by the European Union's Market In Financial Instruments Directive II ("MiFID II"). Among other things, MiFID II will require transactions in derivatives to be executed on regulated trading venues. MiFID II only became effective on January 3, 2018 and as such it is currently difficult to assess a full impact of such regulatory reforms on the Master Funds. It is not clear whether these trading venues will benefit or impede liquidity, or how they will fare in times of market stress. Trading on these trading venues may increase the pricing discrepancy between assets and their hedges as products may not be able to be executed simultaneously, therefore increasing basis risk. It may also become relatively expensive for the Master Funds to obtain tailored swap products to hedge particular risks in its portfolio due to higher collateral requirements on bilateral transactions as a result of these regulations.

Risks of Foreign Investments. The Master Funds may invest in securities of foreign companies, governments and government agencies. Investing in such securities, which are generally denominated in foreign currencies, and the use of forward foreign currency exchange contracts, involves unusual risk not typically associated with investing in securities issued by U.S. companies or by the U.S. government or its agencies or instrumentalities. Investing in emerging markets poses greater risks and a greater potential for returns than investing in developed countries. Securities of companies in these emerging markets are generally more volatile and may be much more volatile than securities issued by companies located in developed countries. The Master Funds may be affected favorably or unfavorably by exchange control regulations or changes in the exchange rate between such currencies and the U.S. dollar. Moreover, individual foreign economies may compare unfavorably with the U.S. economy in growth of gross national product, rate of inflation, rate of savings and capital reinvestment, resource self-sufficiency, balance-of-payment positions and in other respects. Some of the countries in which the Master Funds may invest have laws and regulations that currently preclude or severely restrict direct foreign investment in securities of their companies. Securities of some foreign companies are less liquid and their prices are more volatile than securities of comparable U.S. companies. Investing in foreign securities creates a greater risk of securities clearance and settlement problems. Further, some of the securities in which the Master Funds may invest may be thinly traded and relatively illiquid or may cease to be traded after the Master Funds invests in them. In addition

to being illiquid, such securities may be issued by unseasoned companies and may be highly speculative. In addition, the Master Funds occasionally may acquire relatively large positions in a few securities. In such cases, and in the event of extreme market activity, the Master Funds may not be able to liquidate investments promptly, if the need should arise, which could materially and adversely affect the results of such investments.

Company Capitalization. The Master Funds may invest in securities of companies with various capitalizations where such companies meet the investment criteria described herein. While such companies may provide significant potential for appreciation, such investments, particularly small-capitalization securities, involve higher risks in some respects than do investments in securities of larger companies. The prices of small-capitalization and even medium-capitalization securities are often more volatile than prices of large-capitalization securities and the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to long investors) is higher than for larger, “blue-chip” companies. In addition, due to thin trading in some small- and medium-capitalization securities, an investment in those securities may be illiquid. The small- and medium-capitalization securities may, at times, significantly underperform the large-capitalization securities and may do so in the future. A related concern for short sale risk is that smaller companies tend to be more readily acquired.

Securities of Sub-Investment Grade Companies. Special risks may arise if the Master Funds invests in the securities of sub-investment grade and highly-leveraged companies. Although such investments may result in significant returns to the Master Funds, they involve a substantial degree of risk. If the “natural leverage” created by a company’s high level of borrowing works against a Master Funds short position, the Master Funds’ losses would be heightened. If the Master Funds purchases distressed and/or non-performing debt securities, and subsequent to purchasing them finds that they are no longer readily traded by broker-dealers, these securities may not show any return for a considerable period of time. Many distressed and/or non-performing securities ordinarily remain unpaid while the company is in bankruptcy and may not ultimately be paid unless and until the company reorganizes and/or emerges from bankruptcy proceedings. As a result, if they are no longer readily traded by broker-dealers, such securities may have to be held for an extended period of time. There is no assurance that the Investment Manager will correctly evaluate the nature and magnitude of the various factors that could affect the prospects for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to a company in which the Master Funds invests, the Master Funds may lose its entire investment. Under such circumstances, the returns generated from the Master Funds’ investments may not compensate the Limited Partners adequately for the risks assumed.

Special Situation Investments. The Master Funds may invest in companies involved in, or the target of, acquisition attempts or tender offers or in companies involved in or undergoing work-outs, liquidations, spin-offs, reorganizations, bankruptcies or other catalytic changes or similar transactions. In any investment opportunity involving any such type of special situation, there exists the risk that the contemplated transaction either will be unsuccessful, will take considerable time or will result in a distribution of cash or a new security, the value of which will be less than the purchase price to the Master Funds of the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, the Master Funds may be required to sell its investment at a loss. Because there is substantial uncertainty concerning the outcome of the transactions involving financially troubled companies in which the Master Funds may invest, there is a potential risk of loss by the Master Funds of its entire investment in such companies.

Item 9: Disciplinary Information

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

Item 10: Other Financial Industry Activities and Affiliations

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

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

Code of Ethics

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

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

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

The Code of Ethics places restrictions on personal trades by employees and mandates that employees disclose their personal securities holdings and transactions to the Investment Adviser on a periodic basis. The Code of Ethics permits personal accounts, but prohibits trading in single name equity securities, other than legacy positions, which are subject to pre-approval, and requires pre-approval and/or minimum holding periods for certain types of transactions.

Employees are not required, however, to obtain pre-clearance for personal investments in certain other asset classes and goods, including certain investments in residential real estate and mutual funds, whether or not our clients have invested in the same or similar assets. We have the ability to permit certain employees to maintain various personal investments that were acquired prior to their association with the Investment Adviser, including investments in private issuers that may subsequently conduct public offerings of securities, and may grant similar permissions in the future and/or permit personnel to sell such previously acquired securities.

Employees are prohibited from participating in Initial Public Offerings (“IPOs”). Employees are also prohibited from personally, or on behalf of a Client, purchasing or selling securities that appear on the Firm’s Restricted List.

Employees must obtain pre-approval from the CCO before: (i) engaging in any outside business activities; or (ii) making any private investments.

We will provide a copy of our Code of Ethics to our Investors, or any prospective investor, upon request, to be viewed on the premises.

Item 12: Brokerage Practices

Dark Forest is authorized to determine the broker-dealer to be used for executing securities transactions for the Funds. In selecting broker-dealers to execute transactions, we do not need to solicit competitive bids and do not have an obligation to solely seek the lowest available commission cost. Generally, it is not our practice to negotiate “execution only” commission rates; therefore, the Funds may be deemed to be paying for research, brokerage or other services provided by the broker which are included in the commission rate.

We shall also have the authority to select and appoint custodians of the assets of the Funds. The Firm’s authority is limited by its own internal policies and procedures and each Fund’s investment guidelines.

Dark Forest is not authorized to open any accounts or execute any account opening in the name of the Sub-Advised Funds with any brokers, dealers, issuers, or custodians without the advance written consent of the Other Investment Adviser.

Best Execution

In selecting an appropriate broker-dealer to effect a Client trade, we seek to obtain “**Best Execution**,” meaning generally the execution of a securities transaction for a Client in such a manner that a Client’s total costs or proceeds in the transaction are most favorable under the circumstances. Accordingly, in seeking Best Execution, we will take into consideration the price of a security offered by the broker-dealer, as well as a broker-dealer’s full range and quality of their services including, among other things, their facilities, reliability and financial responsibility, execution capability, commission rates, responsiveness to us, brokerage and research services provided to us (for example, research ideas, analysis, and investment strategies), special execution and block positioning capabilities, clearance, and settlement and custodial services.

Soft Dollars

The Firm currently does not use “**Soft Dollars**”. However, if the Firm chooses to use Soft Dollars in the future, in such cases, Soft Dollar credits, generated by the Fund’s trading activities, would be used to purchase brokerage and research services or products that would otherwise have been a Fund expense. We intend to keep any such arrangements within the parameters of the safe harbor of Section 28(e) of the Exchange Act.

Neither Dark Forest nor any related person receives client referrals from any broker-dealer or third party. However, subject to best execution, we may consider, among other things, capital

introduction and marketing assistance with respect to Investors in the Funds in selecting or recommending broker-dealers for the Funds.

The provision by a broker of research and other services and property to us creates an incentive for us to select such broker since we would not have to pay for such research and other services and property as opposed to solely seeking the most favorable execution for a Client. Any research, services or property provided by a broker may benefit any Client and such benefits may not be proportionate to commission dollars related to the provision of such research, services or property.

Item 13: Review of Accounts

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

Account Reporting

We perform various periodic reviews of each Client's portfolio. Such reviews are conducted by our officers.

We will distribute an audited financial report with respect to the previous fiscal year to all Investors within 120 days of fiscal year end. We may also distribute unaudited net asset value statements on at least a quarterly basis, quarter-end performance reports, and a quarterly investor letter to all Investors.

We will provide performance updates and total assets under management for the Sub-Advised Funds at intervals as prescribed in the Agreement.

Item 14: Client Referrals and Other Compensation

We do not receive economic benefits from non-clients for providing investment advice and other advisory services. Neither we nor any of our related persons, directly or indirectly, compensate any person who is not a supervised person for client referrals.

Item 15: Custody

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

We do not exercise custody (and are prohibited under the Agreement from exercising custody) over the Sub-Advised Fund's assets.

We comply with Rule 206(4)-2 of the Investment Advisers Act of 1940, as amended (the "**Advisers Act**") (i.e., the "custody rule") by meeting the conditions of the pooled vehicle annual audit approach. Upon completion of the relevant Fund's annual audit by an

independent auditor that is registered with, and subject to inspection by, the Public Company Accounting Oversight Board (PCAOB), we will distribute the Fund's audited financials to Investors within 120 days of such Fund's fiscal year end.

Item 16: Investment Discretion

The Agreement sets forth certain guidelines or restrictions related to our investment activities in the Sub-Advised Funds, which may be modified only in writing by an authorized officer of the Other Investment Adviser.

We have full discretionary investment authority with respect to the Funds, including the authority to make decisions with respect to which securities to be bought and sold, as well as the amount and price of those securities. Our investment discretion and authority is subject to the limitations set forth in the Client's investment management agreement or the particular Fund's Offering Documents, as applicable.

Item 17: Voting Client Securities

In compliance with Rule 206(4)-6 of the Advisers Act (i.e., the "proxy voting rule"), we have adopted proxy voting policies and procedures. The general policy is to vote all proxy proposals, amendments, consents or resolutions (collectively, "**Proxies**") in a prudent and diligent manner that will serve the applicable Client's best interests and is in line with the Client's investment objectives.

We may take into account all relevant factors, as determined by us in our discretion, including, without limitation:

- the impact on the value of the securities or instruments owned by the relevant Client and the returns on those securities;
- the anticipated associated costs and benefits;
- the continued or increased availability of portfolio information; and
- industry and business practices.

Generally, Clients may not direct our vote in a particular solicitation.

Dark Forest has sole authority to vote proxies with respect to all positions in the Sub-Advised Funds.

Clients may obtain a copy of our Proxy voting policies and our Proxy voting record upon request.

Form N-PX

The SEC requires "institutional investment managers" to report "say-on-pay" votes on amended Form N-PX when voting on the approval of executive compensation, the frequency of such executive compensation, and "golden parachute" compensation in connection with a merger or acquisition. If Dark Forest files Form 13F during the course of a calendar year, it will have an obligation to annually report say-on-pay voting decisions through amended SEC Form N-PX.

Item 18: Financial Information

We are not required to include a balance sheet for our most recent fiscal year, are not aware of any financial condition reasonably likely to impair our ability to meet contractual commitments to Clients, and have not been the subject of a bankruptcy petition at any time during the past ten years.