

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

**Item 1 - Cover Page**

**Name:** Trexquant Investment LP

**Address:** 300 First Stamford Place  
Fourth Floor East  
Stamford, CT 06902

**Phone Number:** (203) 680 - 3113

**Website:** <http://www.trexquant.com>

The date of this brochure is December 10, 2019

This brochure provides information about the qualifications and business practices of Trexquant Investment LP (“Trexquant”). If you have any questions about the contents of this brochure, please contact Tyger Park, Trexquant’s Chief Compliance Officer (“CCO”), at 203-680-3113. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

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

Any reference to Trexquant as a “registered investment adviser” or as being “registered,” does not imply a certain level of skill or training.

**Item 2 - Material Changes**

This brochure, dated December 10, 2019, amends the brochure dated July 22, 2019.

Benjamin Morof was appointed to the role of Chief Compliance Officer in November 2019.

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**Item 4 - Advisory Business**

Trexquant (“Adviser,” “we” or “us”) is a Delaware limited partnership that was formed in January 2014. We are controlled and principally owned by Taesoon (Tyger) Park.

We provide discretionary investment advice to the following private investment funds: (a) Trexquant Onshore Fund LP (the “Onshore Fund”); (b) Trexquant Offshore Fund Ltd. (the “Offshore Fund” and, together with the Onshore Fund, the “Feeder Funds”); and (c) Trexquant Master Fund LP (the “Master Fund”) and, together with the Feeder Funds, the “Funds”. Notwithstanding the foregoing, we are required to invest all of the capital of the Feeder Funds in limited partnership interests of the Master Fund, other than cash and cash equivalents held for investment into the Master Fund, distributions to investors and/or payment of operating expenses.

Trexquant Management LLC (the “General Partner”), our affiliate, serves as our general partner and the general partner of the Onshore Fund and the Master Fund. The General Partner is a “relying adviser” as that term is described in the SEC Staff No-Action Letter, dated January 18, 2012, to the American Bar Association, Business Law Section. The General Partner is also controlled and principally owned by Taesoon (Tyger) Park.

Trexquant also provides discretionary investment advice to a separately managed account (“SMA”) which is generally managed similarly to the Funds.

We generally employ a quantitatively-driven statistical arbitrage strategy across U.S. and non-U.S. equities. This statistical arbitrage program relies upon a series of models that use market data to anticipate short term price movements in securities. The universe of securities for the Master Fund’s portfolio primarily consists of, but is not limited to, U.S. stocks, non-U.S. stocks, and derivatives that capture the returns of a portfolio of stocks. Generally, trades are made in liquid, exchange-traded securities. However, our trading mandate is broad and encompasses virtually every type of asset, investment interest, security or property (real or personal) which can be traded or purchased.

We generally do not permit investors in the Feeder Funds to impose limitations on the trading activities described in the offering documents for the Feeder Funds. (See *Item 16 “Investment Discretion”* below.)

As of December 31, 2018, we had managed approximately US\$2,355,426,566 of regulatory assets under management, including capital commitments from third parties which we began to manage subsequent to such date. We only manage capital on a discretionary basis.

**Item 5 - Fees and Compensation**

Our fees and compensation are described in each Feeder Fund’s confidential private placement memorandum (each, an “Offering Memorandum”), the advisory contract with the Funds, and the limited partnership agreement of the Master Fund. Investors in the Feeder Funds generally must be “qualified purchasers” as defined in Section 2(a)(51) of the U.S. Investment Company Act of 1940, as amended (the “1940 Act”).

Trexquant’s fees and compensation for the SMA are detailed in the investment management agreement between the adviser and the client.

We deduct our management fees from the Master Fund monthly in advance. Once paid,

management fees are not refundable.

We receive performance-based fees from the Master Fund on an annual basis in arrears and upon redemptions by investors in the Feeder Funds. In our discretion, our management and/or performance-based fees may be paid by the Feeder Funds instead of by the Master Fund for any period of time.

Each Feeder Fund will pay, or reimburse us and/or the General Partner for advancing, such Feeder Fund's own expenses and its pro rata share of the Master Fund's expenses, including, without limitation, the following: (i) trading related commissions and expenses such as brokerage commissions, bank service fees, interest on loans and debit balances, borrowing charges on securities sold short, clearing and settlement charges and custodial fees, fees and expenses; (ii) data expenses such as fees and expenses for research, analytics and market data (including on-line news and quotation services, Bloomberg service, etc. and including without limitation, any information technology hardware, software or other technology incorporated into the cost of obtaining such research, analytics and market data); (iii) expenses related to the offering and sale of such Feeder Fund's interests (including our fees and expenses incurred in connection with the European Alternative Investment Fund Managers Directive, fees and expenses (including third-party fees) incurred in connection with complying with the offering and distribution laws and regulations of jurisdictions in which the shares or interests may be offered or sold from time to time, Form D and blue sky filing and similar fees and expenses, and costs incurred related to the negotiation and compliance with the provisions of any side letter agreement with investors); (iv) professional fees (including, without limitation, legal, compliance, consulting, accounting and administration fees and expenses (including, without limitation, related to the Funds compliance with the Foreign Account Tax Compliance Act and the Automatic Exchange of Information); (v) our fees and expenses incurred in connection with preparing and filing reports related to such Feeder Fund's trading activities (including under investment advisory or commodity pool operator laws, such as Form PF); (vi) audit and tax preparation expenses; (vii) any taxes applicable to such Feeder Fund on account of its operations and/or trades; (ix) director expenses such as fees of the Offshore Fund's independent directors and trustees, and fees of the governance committee members of the Master Fund; (x) insurance expenses, including, without limitation, premiums for directors and officers, errors and omissions, and cybersecurity and liability insurance policies; (xi) organizational (including any reorganizational) fees and expenses; (xii) the costs of any litigation or investigation involving activities of the Feeder Funds and the Master Fund, including amounts paid in settlements thereof and attorneys' fees; and (xiii) any and all expenses related to the management and operation of such Feeder Fund, as well as the purchase, sale or transmittal of assets, as we will determine in our discretion, including costs and expenses incurred in creating and maintaining the technology and data infrastructure needed in order to assimilate, research and back-test large numbers of data sets and execute trades efficiently (including, without limitation, hardware related expenses such as the costs of purchasing or leasing co-located servers, software expenses or other technology such as costs of software licensing, implementation, data management and recovery services and custom development). We and/or the General Partner may, in our or its discretion (as applicable), waive the right to be reimbursed for any of the foregoing expenses for any period of time. (See Item 12 "Brokerage Practices" below.)

We may also allocate a portion of the Master Fund's capital to products (e.g., money market funds or exchange-traded funds) that bear fees and expenses, including expenses payable to their service providers. To the extent that we allocate capital to these products, investors in the Feeder Funds will indirectly bear these fees and expenses, in addition to the fees and expenses described above.

Investors in the Feeder Funds are subject to a redemption charge for the benefit of the Master Fund for redemptions made prior to the one-year anniversary of such investment.

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

We receive annual performance-based fees from the Master Fund, which are based on a percentage of the capital appreciation of the Master Fund's assets. Performance-based fees may create an incentive for us to cause the Master Fund to make trades that are riskier or more speculative than would be case if performance-based fees were not paid to us. Additionally, as the management fees and performance-based fees are based directly on the net asset value of the Master Fund, we have a conflict of interest in valuing the assets held in the Master Fund. We will follow our documented valuation policies and consult with the third-party administrator to the Master Fund in order to mitigate this risk.

#### **Item 7 - Types of Clients**

We provide investment advice to the Funds. Investors in the Feeder Funds are generally high net worth individuals and institutional investors that qualify as "accredited investors" (as defined in Rule 501 under the Securities Act of 1933, as amended) and "qualified purchasers" (as defined under the 1940 Act). The minimum investment in each Feeder Fund is generally US\$5,000,000 although these requirements may be waived or modified by Trexquant.

Trexquant also provides discretionary investment advice to a separately managed account ("SMA") which is generally managed similarly to the Funds.

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

##### Objective

Each Feeder Fund's objective (through its investment in the Master Fund) is to generate an attractive risk-adjusted return on behalf of its investors.

##### Trading Program

In seeking to achieve the above objective, we will generally employ a quantitatively-driven statistical arbitrage strategy across U.S. and non-U.S. equities. This statistical arbitrage program will rely upon a series of models that use market data to anticipate short term price movements in securities. The number of models employed is expected to change over time with the assimilation of new ideas, opportunities, research staff, and data. Models may take advantage of any observable market phenomenon and may generate forecasts over various timeframes.

The program is typically market neutral by dollar and beta, as well as by industry. While the program does not expressly target non-correlation to equity markets, traditional investments, or other hedge fund strategies, non-correlation to these return series tends to be a common result. The universe of securities for the Master Fund's portfolio primarily consists of, but is not limited to, U.S. stocks, non-U.S. stocks, and derivatives that capture the returns of a portfolio of stocks. Generally, trades are made in liquid, exchange-traded securities. The average period for which the Master Fund is expected to hold a security before selling it is approximately five days, meaning that the Master Fund's portfolio will be turned over with a high rate of frequency during a given year. However, such average and such turn-over rate may change over time and, particularly with the addition of new technology and research in the future, such changes may be material.

Further quantitative methods are used to vary the allocation to models in an effort to maximize the efficacy of the library of models. Allocation weights to models are expected to change as the market environment evolves and with the addition or deletion of allocation methods.

These quantitative methods are combined with the intention of producing a resilient and dynamic strategy that has the potential to produce an attractive risk-adjusted return regardless of the overall market environment.

While our initial focus was medium-frequency, high-turnover statistical arbitrage, our core competency is in the assessment of trading strategies and the efficient execution of these strategies. We intend to apply our rigorous methods of testing and analysis of trading strategies over shorter and longer time frames, different geographic regions, market venues, and asset classes in order to expand the opportunity set for the Fund.

The Master Fund may invest its excess funds in securities issued or guaranteed by the U.S. government, money market instruments, commercial papers, certificates of deposit and/or bankers' acceptances, as well as other interest-bearing or discount obligations.

We may, from time to time, liquidate positions without regard to the time they have been held by the Master Fund in order to take advantage of short-term fluctuations in market values, in order to take advantage of new trading opportunities, or in an attempt to preserve gains or limit losses. We may also opportunistically increase the Master Fund's gross market exposure, which may result in even higher portfolio turnover.

We will use leverage as part of the Master Fund's trading program and the amount of leverage which the Master Fund may have outstanding at any time may be substantial in relation to its capital.

We have broad authority to conduct the trading activities of the Master Fund. While the trading activities of Tyger Park, our principal, have generally consisted in the past principally of "quantitative" trading, trading for the Master Fund may be expanded in the future to include other investment and trading strategies which we determine to be appropriate and in accordance with the overall objective of the Feeder Funds.

**Investing in securities involves risk of loss that clients and investors should be prepared to bear.**

### **Risk Factors**

An investment in the Funds involves substantial risks, and prospective investors should carefully consider, among other factors, the risks described below. These risk factors are not intended to be an exhaustive listing of all potential risks associated with an investment in the Funds.

*Investment and Trading Risks.* All securities investments risk the loss of capital. The Trexquant believes that the Master Fund's trading program and the Trexquant's quantitative analysis will moderate this risk through a careful selection of securities and other financial instruments. However, no guarantee or representation is made that the Master Fund's trading program will be successful or that the Master Fund will not incur losses. The Master Fund's trading program may utilize trading techniques including, but not limited to, trading in put and call options and other derivatives, the use of leverage, and short sales, which in practice can, in certain circumstances, increase the adverse impact to which the Master Fund may be subject.

In certain transactions, the Master Fund may not be “hedged” against market fluctuations or, in reorganization or liquidation situations, may not accurately value the assets of the subject company or the degree of legal and regulatory risk associated with investments in the securities of companies in such situations. This can result in losses, even if the proposed transaction is consummated.

The Trexquant will attempt to assess the foregoing risk factors, and others, in determining the extent of the position it will take in the relevant securities and the price it is willing to pay for such securities. However, such risks cannot be eliminated.

Trading Decisions Based on Quantitative Analysis. Trading decisions made by the Trexquant on behalf of the Funds will be generated systematically based primarily on quantitative, as distinguished from fundamental, analysis. Any factor that would lessen the prospect of major trends occurring in the future may reduce the prospect that a particular trading method or strategy will be profitable in the future. In the past, there have been periods without discernible trends and, presumably, such periods will continue to occur in the future. Moreover, any factor that would make it more difficult to execute trades at desired prices in accordance with the signals of the trading method or strategy (such as a significant lessening of liquidity in a particular market) would also be detrimental to profitability.

Reliance on Technical Trading Systems. The trading systems used by Trexquant take into account certain “technical” factors in identifying price trends and price movements. The buy and sell signals generated by a technical trading system are not based on analysis of fundamental supply and demand factors, general economic factors, or anticipated world events but are derived from a study of actual daily, weekly, and monthly price fluctuations. The profitability of any technical trading strategy depends upon the occurrence in the future of major sustained price moves or trends in investments traded. A danger for trend-following traders is whip-saw markets, that is, markets in which a potential price trend may start to develop but reverses before an actual trend is realized. A pattern of false starts may generate repeated entry and exit signals in technical systems, resulting in unprofitable transactions for the Funds.

Model and Data Risk. Given the complexity of the investments and strategies of the Master Fund Trexquant relies heavily on quantitative models and information and data supplied by third parties (“Models and Data”). When Models and Data prove to be incorrect, misleading or incomplete, any decisions made by the Trexquant in reliance thereon expose the Master Fund to potential risks. For example, by relying on Models and Data, the Trexquant may be induced to buy certain securities at prices that are too high, to sell certain other securities at prices that are too low, or to miss favorable opportunities altogether. Similarly, any hedging based on faulty Models and Data may prove to be unsuccessful.

Some of the models used by the Trexquant are predictive in nature. The use of predictive models has inherent risks. For example, such models may incorrectly forecast future behavior, leading to potential losses on a cash flow and/or a mark-to-market basis. In addition, in unforeseen or certain low-probability scenarios (often involving a market disruption of some kind), such models may produce unexpected results, which can result in losses for the Fund. Furthermore, because predictive models are usually constructed based on historical data supplied by third parties, the success of relying on such models may depend heavily on the accuracy and reliability of the supplied historical data.



*Obsolescence Risk.* The Master Fund is unlikely to be successful unless the assumptions underlying its quantitative models are realistic and either remain realistic and relevant in the future or are adjusted to account for changes in the overall market environment. If such assumptions are inaccurate or become inaccurate and are not promptly adjusted, it is likely that profitable trading signals will not be generated. If and to the extent that the models do not reflect certain factors, and the Trexquant does not successfully address such omission through its testing and evaluation and modify the models accordingly, major losses may result. The Trexquant will continue to test, evaluate and add new models, as a result of which the existing models may be modified from time to time. Any modification of the models or strategies will not be subject to any requirement that Limited Partners receive notice of the change or that they consent to it. There can be no assurance as to the effects (positive or negative) of any modification on the Master Funds' performance.

*Crowding/Convergence.* There is significant competition among quantitatively-focused managers, and the ability of the Trexquant to deliver returns that have a low correlation with global aggregate equity markets and other hedge funds is dependent on its ability to employ models that are simultaneously profitable and differentiated from those employed by other managers. To the extent that the Trexquant is not able to develop sufficiently differentiated models, the Master Fund's objectives may not be met, irrespective of whether the models are profitable in an absolute sense. In addition, to the extent that the Trexquant's models come to resemble those employed by other managers, the risk that a market disruption that negatively affects predictive models will adversely affect the Master Fund is increased, as such a disruption could accelerate reductions in liquidity or rapid re-pricing due to simultaneous trading across a number of funds in the marketplace.

*Higher Expenses.* The Master Fund's trading program may involve more frequent trading and a greater reliance on technology and data than other investment vehicles pursuing a more traditional trading program. As a result, the trading, technology and data costs and expenses that are borne by the Master Fund may be higher than such costs and expenses are for such other investment vehicles.

*Risk of Programming and Modeling Errors.* The research and modeling process engaged in by the Trexquant is extremely complex and involves financial, economic, econometric and statistical theories, research and modeling; the results of that process must then be translated into computer code. Although the Trexquant seeks to hire individuals skilled in each of these functions and to provide appropriate levels of oversight, the complexity of the individual tasks, the difficulty of integrating such tasks, and the limited ability to perform "real world" testing of the end product raises the chances that the finished models may contain an error; one or more of such errors could adversely affect the Master Fund's performance and likely would not constitute a trade error under the Trexquant's policies.

*Discretion to Employ Techniques.* Trexquant has considerable discretion in the types of securities which the Master Fund may trade and has the right to modify the trading or hedging techniques of the Master Fund. Any of these new trading techniques may not be thoroughly tested in the market before being employed and may have operational or theoretical shortcomings which could result in unsuccessful trades and, ultimately, losses to the Master Fund. In addition, any new investment or hedging technique developed by the Master Fund may be more speculative than earlier techniques and may increase the risk of an investment in a Feeder Fund.

*Systems Risk.* Trexquant relies heavily on on computer programs, equipment and systems, including data feeds (and may rely on new systems and technology in the future) to

facilitate the Master Fund's trading program. Certain of Trexquant's and the Funds' activities will be dependent upon systems operated by third party service providers, and Trexquant may not be in a position to verify the risks or reliability of such third-party systems. The failure, corruption or breach of one or more of any of these systems (including as a result of the occurrence of a disaster such as a cyberattack, a natural catastrophe, an industrial accident, a terrorist attack or war, events unanticipated in Trexquant's disaster recovery systems, or a support failure from external providers) or the inability of such systems to satisfy Trexquant's needs may have a material adverse effect on Trexquant's ability to conduct its business and thus, on the Feeder Funds and the Master Fund.

*Equity Securities.* The Master Fund will invest in equity and equity-related securities. Equity securities fluctuate in value in response to many factors, including the activities, results of operations 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, events such as political instability, terrorism and natural disasters may be unforeseeable and contribute to market volatility in ways that may adversely affect trades made by the Fund.

*Short Sales.* A short sale involves the sale of a security that the Master Fund does not own in the expectation of purchasing the same security (or a security exchangeable therefor) at a later date at a lower price. To make delivery to the buyer, the Master Fund must borrow the security and the Master Fund is obligated to return the security to the lender, which is accomplished by a later purchase of the security by the Master Fund. When the Master Fund makes a short sale in the United States, it must leave the proceeds thereof with the broker and it must also deposit with the broker an amount of cash or U.S. government or other securities sufficient under current margin regulations to collateralize its obligation to replace the borrowed securities that have been sold. If short sales are effected on a foreign exchange, such transactions will be governed by local law. A short sale involves the risk of a theoretically unlimited increase in the market price of the security that would result in a theoretically unlimited loss to the Fund. The extent to which the Master Fund will engage in short sales will depend upon the Trexquant's trading strategy and perception of market direction and the value of individual securities. The Trexquant may engage in short sales on behalf of the Master Fund as a hedge against potential market declines and/or based on its analysis of the subject issuers.

*Non-U.S. Investments.* The Master Fund may trade non-U.S. securities and other instruments denominated in non-U.S. currencies and/or traded outside of the U.S. Such transactions require consideration of certain risks not typically associated with trading in U.S. securities or other instruments. Such risks include unfavorable currency exchange rate developments, restrictions on repatriation of investment income and capital, imposition of exchange control regulation by the U.S. or foreign governments, confiscatory taxation and economic or political instability in foreign nations. In addition, there may be less publicly available information about certain non-U.S. companies than would be the case for comparable companies in the U.S., and certain non-U.S. companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to or as uniform as those of U.S. companies.

*Leverage.* The Trexquant will use leverage as part of the Master Fund's trading program and the amount of leverage which the Master Fund may have outstanding at any time may be substantial in relation to its capital. Leverage may be obtained by borrowing funds to make trades or by purchasing or entering into derivative instruments that are inherently leveraged, such as swaps, options, futures and forward contracts.

If the interest expense on borrowings were to exceed the net return on the positions acquired with borrowed funds, the Master Fund's use of leverage would result in a lower rate of return than if the Master Fund were not leveraged. If the amount of borrowings which the Master Fund may have outstanding at any one time is large in relation to its capital, fluctuations in the market value of the Master Fund's portfolio will have a disproportionately large effect in relation to its capital and the possibilities for profit and the risk of loss will therefore be increased. Any gains made with the additional monies borrowed will generally cause the value of the Master Fund's assets to rise more rapidly than would otherwise be the case. Conversely, if the investment performance of the additional monies fails to cover their cost to the Fund, the value of the Master Fund's assets will generally decline faster than would otherwise be the case. The amount of any borrowing may also be limited by regulations imposed by the Federal Reserve Board or by the availability and cost of credit, as well as due to overall market conditions. If, due to market fluctuations or other reasons, the value of the Master Fund's assets should fall below required regulatory or counterparty imposed levels, the Master Fund will be required to reduce its debt by selling securities in its long portfolio. The Master Fund may also be unable to carry-out its trading program if it is not able to obtain leverage on reasonable terms.

In the case of derivative instruments, because many derivatives are "leveraged," such instruments provide significantly more market exposure than the money paid or deposited when the transaction is entered into and, thus, a relatively small adverse market movement can not only result in the loss of the entire investment, but may also expose the Master Fund to the possibility of a loss exceeding the original amount invested.

In addition, in transactions involving derivative instruments, counterparties and lenders will likely require the Master Fund to post collateral to support its obligations. Should the securities and other assets pledged as collateral decline in value, or should brokers increase their maintenance margin requirements (i.e., reduce the percentage of a position that can be financed), the Master Fund could be subject to a "margin call" pursuant to which it must either deposit additional funds with the broker or suffer mandatory liquidation of the pledged assets to compensate for the decline in value. In the event of a precipitous drop in the value of pledged securities, the Master Fund might not be able to liquidate assets quickly enough to pay off the margin debt or provide additional collateral and may suffer mandatory liquidation of positions in a declining market at relatively low prices, thereby incurring substantial losses. Furthermore, secured counterparties and lenders will generally have the right to sell, pledge, rehypothecate, assign, use or otherwise dispose of collateral posted by the Master Fund. This could increase exposure to the risk of a counterparty default since, under such circumstances, the Master Fund may be unable to recover the posted collateral promptly or may be unable to recover all of the posted collateral.

Currency Risks. To the extent the Master Fund invests in securities and other instruments denominated or quoted in currencies other than the U.S. Dollar, changes in currency exchange rates will affect the value of the Master Fund's portfolio and the unrealized appreciation or depreciation of investments. Further, the Master Fund may incur costs in connection with conversions between various currencies. Foreign currency exchange dealers realize a profit based on the difference between the prices at which they are buying and selling various currencies. Thus, a dealer normally will offer to sell currency to the Master Fund at one rate, while offering a lesser rate of exchange should the Master Fund desire immediately to resell that currency to the dealer. The Master Fund will conduct its currency exchange transactions either on a spot (i.e., cash) basis at the spot rate prevailing in the currency exchange market, or through entering into forward contracts to purchase or sell non-U.S. currencies.

Derivatives Generally. Derivative instruments, or “derivatives,” include options, futures, swaps, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, financial assets, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark, financial asset, currency or index at a fraction of the cost of investing in the underlying asset. The Master Fund may seek to acquire derivatives for these or other reasons, however, there is no assurance that derivatives that the Master Fund wishes to acquire will be available at any particular times upon satisfactory terms or at all.

The value of a derivative is frequently difficult to determine and depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are “leveraged,” and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement in the underlying asset can not only result in the loss of the entire investment, but may also expose the Master Fund to the possibility of a loss exceeding the original amount invested. Over-the-counter (“OTC”) derivatives generally are not assignable except by agreement between the parties concerned, and no party or purchaser has any obligation to permit such assignments. The OTC market for derivatives is relatively illiquid. In the case of OTC derivatives contracts, the Master Fund is subject to the credit risk of the counterparty.

The Master Fund may take advantage of opportunities with respect to certain other derivative instruments that are not presently contemplated for use or that are currently not available, but that may be developed, to the extent such opportunities are both consistent with the objective of the Master Fund and legally permissible. Special risks may apply to instruments that are invested in by the Master Fund in the future that cannot be determined at this time or until such instruments are developed or invested in by the Fund.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) enables the Commodity Futures Trading Commission (“CFTC”) and the SEC to enact new regulations on certain OTC derivatives. Under the Dodd-Frank Act and rules promulgated thereunder, certain OTC derivatives contracts are required to be traded on regulated trading platforms and cleared through registered clearing organizations subject to regulation by the SEC and the CFTC. Such contracts are traded more like futures and options contracts and parties to such transactions trade standardized contracts and face clearing organizations as contractual counterparties, rather than facing the credit risk of counterparties under individually negotiated bilateral OTC agreements.

In addition, swap dealers and major swap participants (entities that are not swap dealers, but are subject to rules governing dealers due to their levels of activity and exposure) are subject to regulatory oversight and requirements with respect to OTC derivatives, which will include business conduct requirements, such as know-your-customer rules, increased risk disclosure and rules requiring trades to be documented and confirmed within certain timeframes. Derivative contracts, whether cleared or uncleared, will have to be reported to trade data repositories registered with the CFTC and/or the SEC.

While the CFTC has finalized the majority of its required rulemakings under the Dodd-Frank Act, there are still a number of rules that have not been finalized by the SEC.

As a result, the effect that the foregoing regulatory changes will have on the price of derivative contracts, liquidity and administrative costs, among other things, remains unclear. In addition, an executive order has been issued requiring certain federal agencies to review existing financial laws and regulations to identify any laws or regulations that inhibit federal regulation of the United States financial system in a manner consistent with certain core principles of financial regulation as espoused by such order. This executive order is widely viewed as encompassing a review of the Dodd-Frank Act and the rules and regulations promulgated thereunder, which may lead to repeal and/or revision, in whole or in part, of such laws and regulations. Depending upon such changes, there may be significant differences in the future with respect to the risks associated with derivatives trading. The impact of any such changes is currently unknown, and none of Trexquant, the General Partner, the Funds undertakes to update investors upon such changes or upon finalization of any CFTC or SEC regulations promulgated under the Dodd-Frank Act.

*Call Options.* There are risks associated with the sale and purchase of call options. The seller (writer) of a call option which is covered (e.g., the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. If the seller of the call option owns a call option covering an equivalent number of shares with an exercise price equal to or less than the exercise price of the call written, the position is “fully hedged” if the option owned expires at the same time or later than the option written. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The buyer of a call option assumes the risk of losing its entire investment in the call option.

*Put Options.* There are risks associated with the sale and purchase of put options. The seller (writer) of a put option which is covered (e.g., the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying security below the exercise price of the option. If the seller of the put option owns a put option covering an equivalent number of shares with an exercise price equal to or greater than the exercise price of the put written, the position is “fully hedged” if the option owned expires at the same time or later than the option written. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option.

*Futures Trading.* The Trexquant may trade futures on behalf of the Fund. Futures trading is very speculative, largely due to the traditional volatility of futures prices. Futures prices are affected by and may respond rapidly to a variety of factors, including (but not limited to) market and news reports, interest rates, national and international political or economic events, and domestic or foreign trade, monetary or fiscal policies or programs. Such rapid response might include an opening price on an affected futures contract sharply higher or lower than the previous day's close. In such an instance, the Master Fund might be unable to adjust its positions in time to avoid a loss.

Moreover, commodity exchanges limit fluctuations in commodity futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits.” During a single trading day, no trades may be executed at prices beyond the daily limit. Once the price of a futures contract for a particular commodity has increased or decreased by an amount

equal to the daily limit, positions in the commodity can be neither taken nor liquidated unless traders are willing to effect trades at or within the limit. Commodity futures prices have occasionally moved the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent the Master Fund from promptly liquidating unfavorable positions and subject the Partnership to substantial losses. In addition, the Dodd-Frank Act significantly expands the CFTC's authority to impose broader aggregate position limits.

*Forward Trading.* The Trexquant may engage in forward trading on behalf of the Fund. Deliverable forward contracts (including certain foreign exchange 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. Such forward trading is largely unregulated and currently daily price movements are not limited and speculative position limits are not applicable. The principals who deal in such forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration, which could result in substantial losses to the Partnership.

*Foreign Currency Counterparty Risk.* As of October 2012, many foreign exchange contracts were deemed to be "swaps" under the U.S. Commodity Exchange Act, as amended (the "CEA"), including foreign currency options (unless traded on a securities exchange), non-deliverable foreign exchange forwards, currency swaps and cross-currency swaps ("CFTC Swaps"). CFTC Swaps are subject to comprehensive regulation by the CFTC. CFTC rules will govern certain terms of such contracts such as minimum margin requirements, among others, and dealers of such products will be subject to business conduct and reporting obligations. Furthermore, the CFTC has adopted a phased approach that will ultimately require the vast majority of swaps to be exchange-traded and cleared through a regulated clearing house. Foreign exchange forwards and foreign exchange swaps ("FX Forwards and Swaps") are also considered "swaps" that are subject to CFTC regulation, however, the U.S. Treasury Department (the "Treasury") has exercised its authority under the Dodd-Frank Act to exempt FX Forwards and Swaps from most CFTC regulation, although such transactions remain subject to certain CFTC reporting and business conduct requirements. FX Forwards and Swaps are not traded on a regulated exchange or guaranteed by a regulated clearing house and consequently, there are not any requirements with respect to financial responsibility or segregation of customer funds or positions. As a result, FX Futures and Swaps may be subject to more risks than CFTC regulated swaps, futures and/or options that are traded on regulated exchanges and cleared through regulated clearing houses, including, but not limited to, the risk of default due to the failure of a counterparty with which the Master Fund has traded such contracts. Similarly, since the CFTC has taken a phased approach to its requirement that swaps must be mandatorily exchange-traded and cleared, any CFTC Swaps that are not yet exchange-traded and cleared would have the same risks as FX Forwards and Swaps. Although the Trexquant intends to trade with responsible counterparties on behalf of the Fund, failure by a counterparty to fulfill its contractual obligations could expose the Master Fund to unanticipated losses.

*Counterparty Risk.* Some of the markets in which the Master Fund may effect transactions are "over-the-counter" or "interdealer" markets. The participants in such markets typically are not subject to the same credit evaluation and regulatory oversight as are members of "exchange-based" markets. In addition, many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearinghouse, might not be available in connection with such "over-the-counter" transactions. This exposes the Master 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 Master Fund to suffer a loss. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Master Fund has concentrated its transactions with a single or small group of counterparties. The Trexquant is not restricted from dealing with any particular counterparty or from concentrating any or all of the Master Fund’s transactions with one counterparty. The ability of the Master Fund to transact business with any one or number of counterparties, the lack of any meaningful and independent evaluation of such counterparties’ financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Fund.

In addition, the Master Fund could suffer losses if there were a default or bankruptcy by certain third parties, including brokerage firms and banks with which the Master Fund does business, or to which securities have been entrusted for custodial purposes. For example, if one of the Master Fund’s prime brokers or custodians were to become insolvent or file for bankruptcy, the Master Fund could suffer significant losses with respect to any securities held by such firm and/or experience significant delays in being able to transact in the securities that are custodied with such prime brokers or custodians.

*Hedging Transactions.* The Master Fund may utilize financial instruments, both for trading purposes and for risk management purposes in order (i) to protect against possible changes in the market value of the Master Fund’s portfolio resulting from fluctuations in the securities markets and changes in interest rates; (ii) to protect the Master Fund’s unrealized gains in the value of the Master Fund’s portfolio; (iii) to facilitate the sale of any such investments; (iv) to enhance or preserve returns, spreads or gains on any investment in the Master Fund’s portfolio; (v) to hedge the interest rate or currency exchange rate on any of the Master Fund’s liabilities or assets; (vi) to protect against any increase in the price of any securities the Master Fund anticipates purchasing at a later date; or (vii) for any other reason that the Trexquant deems appropriate.

The success of the Master Fund’s hedging strategy will depend, in part, upon the Trexquant’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 portfolio investments being hedged. Since the characteristics of many securities change as markets change or time passes, the success of the Master Fund’s hedging strategy will also be subject to the Trexquant’s ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. While the Master Fund may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Master Fund than if it had not engaged in such hedging transactions. For a variety of reasons, the Trexquant may not seek to establish a perfect correlation between the hedging instruments utilized and the portfolio holdings being hedged. Such an imperfect correlation may prevent the Master Fund from achieving the intended hedge or expose the Master Fund to risk of loss. The Trexquant may not hedge against a particular risk because it does not regard the probability of the risk occurring to be sufficiently high as to justify the cost of the hedge, or because it does not foresee the occurrence of the risk. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of the Master Fund’s portfolio holdings.

*Changes and Uncertainty in U.S. and International Regulation.* The Partnership and/or the Master Fund may be adversely affected by uncertainties such as international and domestic political developments, changes in government policies, taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of the countries to which the Feeder Fund’s and/or the Master Fund’s assets are

exposed through their portfolio or investor base. The tax and regulatory environment for hedge funds is evolving, and changes in the regulation or tax treatment of hedge funds and their investments may adversely affect the value of investments held by the Master Fund or the Master Fund's ability to pursue its trading strategy. During this period of uncertainty, market participants may react quickly to unconfirmed reports or information and as a result there may be increased market volatility. This unpredictability could cause the Trexquant to alter trading plans, including the holding period of positions and the nature of instruments used to achieve the Master Fund's objective.

In the United States, the Partnership, the Fund, the Trexquant and the General Partner may be adversely affected as a result of new or revised legislation or regulations imposed by the SEC, the Financial Stability Oversight Council, and other U.S. governmental regulatory authorities or self-regulatory organizations that supervise the financial markets. In addition, the securities and futures markets are subject to comprehensive statutes and regulations, including margin requirements. Regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The Dodd-Frank Act and the rules promulgated thereunder could result in the Partnership, the Fund, the Trexquant and the General Partner becoming subject to additional regulatory compliance burdens and trade reporting, which may add significant costs to the Partnership. The Dodd-Frank Act endows the SEC, the CFTC, and other regulators with discretionary authority to write and interpret new rules. The ultimate impact of the Dodd-Frank Act on the Partnership, the Fund, the Trexquant and the General Partner is unclear and will depend in large part on the regulations that the CFTC and SEC promulgate, as well as any legislative changes that may be made. There is speculation that some of the provisions of the Dodd-Frank Act and rules and regulations promulgated thereunder may be revised, repealed or amended. The impact of any such changes is unknown. None of the Trexquant, the General Partner, the Feeder Funds undertakes to update limited partners or shareholders upon such changes or finalization of any such regulations.

*Limited Operating History.* The Funds have only limited operating histories upon which investors can evaluate their likely performance. The past investment performance of the Funds or entities or accounts with which Tyger Park has been associated should not be construed as an indication of future results of an investment in a Feeder Fund.

*Business Dependent Upon Key Individual.* The shareholders and limited partners will not have authority to make decisions or to exercise business discretion on behalf of the Feeder Funds. The authority for all such decisions is delegated to the directors, the General Partner, the governance committee and/or Trexquant. The success of the Feeder Funds, therefore, is expected to be significantly dependent upon the expertise and efforts of Trexquant and, more particularly, of Tyger Park.

*Absence of Regulatory Oversight.* While the Feeder Funds may be considered similar to an investment company, the Feeder Funds are not registered as such under the 1940 Act, in reliance upon an exemption available to privately offered investment companies under Section 3(c)(7) of the 1940 Act, and, accordingly, the provisions of the 1940 Act (which, among other things, require investment companies to have a majority of disinterested directors, require securities held in custody to be individually segregated at all times from the securities of any other person and to be marked to clearly identify such securities as the property of such investment company, and regulate the relationship between the advisor and the management company) are not applicable. Because securities of the Funds held by brokers are generally not held in the Funds' name, a failure of any such broker is likely to have a greater adverse impact on the Funds than if such securities were registered in the Funds' name.



Although Trexquant is registered as an investment adviser with the SEC under the Advisers Act, such registration does not mean that the SEC or any other regulatory authority has reviewed or endorsed this offering or will actively supervise the actions of Trexquant or the Funds.

Trexquant is not registered with the CFTC as a commodity pool operator or commodity trading advisor. However, Trexquant may trade a limited amount of commodities interests for the Master Fund without so registering in reliance on an exemption from registration under CFTC Rule 4.13(a)(3). As a result, Trexquant, unlike a registered commodity pool operator or commodity trading advisor, will not be required to deliver a disclosure document and certified annual report to investors, and will not be subject to certain other disclosure and recordkeeping rules applicable to registered entities. Notwithstanding the foregoing, Trexquant may elect to register with CFTC at any time in the future in its discretion, in which case it would no longer be limited in the amount of commodities interests in can trade for the Master Fund.

*Limited Liquidity; No Secondary Market.* An investment in a Feeder Fund is suitable only for sophisticated investors who have no need for current liquidity. An investment in a Feeder Fund provides limited liquidity since shares/interests are not freely transferable. Shareholders and limited partners may also redeem/withdraw shares/interests from the respective Feeder Fund only on a monthly basis upon providing sixty (60) days' notice, subject to the limitations described in the Offering Memorandum, and shareholders/limited partners making redemptions/withdrawals may be subject to an early redemption/withdrawal charge. There is no secondary market for shares/interests and none is likely to develop in the future. In addition, depending on the then current status of the financial markets, the liquidity profile of the Funds' portfolio may not correspond with redemption/withdrawal requests the Feeder Funds receives from shareholders/limited partners, and the Feeder Funds may suspend redemptions/withdrawals and redemption/withdrawal payments, make payments in-kind (including via subsidiary entities, special purpose vehicles and/or participation interests) or take such other appropriate measures as Trexquant, the General Partner (if applicable, with the approval of the governance committee) and the directors deems necessary.

*In-Kind Distributions.* Although Trexquant expects to realize all of the Master Fund's assets prior to the winding-up of the Funds and the directors expect to distribute only cash to the shareholders/limited partners, there can be no assurance that Trexquant and the directors will meet these objectives. In addition, if significant redemptions are requested, Trexquant may be unable to realize the Master Fund's assets at the time such redemptions are requested or may be able to do so only at prices which Trexquant believes do not reflect the true value of such assets and which would adversely affect the shareholders/limited partners. Under the foregoing circumstances, shareholders/limited partners may receive in-kind distributions, if permitted by law or by contract, which in-kind distributions may include financial instruments, equity securities and other assets or instruments held by the Master Fund as well as equity interests in subsidiaries of the Feeder Funds or the Master Fund, interests in special purpose vehicles holding assets owned by the Feeder Funds or the Master Fund or participation interests in assets owned by the Feeder Funds or the Master Fund. Such securities and instruments, which will be selected by Trexquant in its discretion, need not represent a pro rata portion of each position held by the Feeder Funds, may not be readily marketable or saleable and may need to be held by shareholders/limited partners, or by the Master Fund or the Feeder Funds in trust for shareholders/limited partners, for an indefinite period of time.

For the purpose of determining the value to be ascribed to any assets used for an in-kind distribution, the value ascribed to such assets will be the value of such assets on the relevant

Redemption Date (as defined below). The risk of a decline in the value of such assets in the period from the relevant Redemption Date to the date upon which such assets are distributed to the redeeming Shareholder, and the risk of any loss or delay in liquidating such assets, will be borne by the redeeming Shareholder.

*Incentive Fee.* The incentive fee payment to Trexquant, which is equal to a percentage of the net capital appreciation attributable to such shares/capital accounts for a particular calendar year, may create an incentive for Trexquant to cause the Master Fund to make trades that are riskier or more speculative than would be the case if the incentive fee were not paid. Since the incentive fee is paid separately with respect to each series of shares and each capital account, it is possible that Trexquant may be paid an incentive fee with respect to one or more series of shares and capital accounts held by a shareholder/limited partner for a period of time during which such shareholder/limited partner experienced an aggregate loss with respect to its overall investment in a Feeder Fund. In addition, since the incentive fee is calculated on a basis which includes unrealized appreciation of the Master Fund's assets, it may be greater than if such calculation were based solely on realized gains. The incentive fee was set by Trexquant without negotiations with any third party.

*Side Letter Agreements.* The Feeder Funds may provide shareholders/limited partners with quarterly, or even monthly, unaudited information regarding the Funds' performance. Subject to applicable law, the Feeder Funds or Trexquant, however, may provide shareholders/limited partners who so request with access to more frequent and/or more detailed information regarding the Funds' securities positions, performance, finances, and management and/or other information about the Funds or Trexquant (including, notification of the commencement of certain disciplinary actions, legal proceedings, investigations or similar matters against the Funds, Trexquant, the General Partner, their affiliates and/or their respective personnel, or of redemptions/withdrawals from the Feeder Funds by Trexquant, the General Partner, their affiliates and/or their respective personnel), possibly enabling such shareholders/limited partners to better assess the prospects and performance of the Funds. In addition, subject to applicable law, pursuant to side letter agreements or other arrangements, the Funds may give certain shareholders/limited partners preferential terms with respect to their investment in a Feeder Fund, including, without limitation, reductions or rebates in fees (including management fees and incentive fee) and/or the right to redeem all or a portion of their Shares on shorter notice and/or with more frequency than the terms described in the Offering Memorandum. As a result, subject to applicable law, certain shareholders/limited partners may be able to redeem/withdraw their shares/interests at times when other shareholders/limited partners may not. Subject to the applicable law and contractual arrangements, the Funds do not intend to disclose the terms of side letter agreements or other arrangements and does not intend to disclose the identities of the shareholders/limited partners that have entered into such agreements with the Funds or Trexquant.

*Access to Information.* Trexquant may provide certain additional information to any investor in the Feeder Funds, or prospective investor, who requests such information. This information may be provided in response to questions and requests and in connection with due diligence meetings and other communications, but will not be distributed to other investors and prospective investors who do not request such information. Such information may affect a prospective investor's decision to invest in a Feeder Fund, and investors (which may include personnel and affiliates of Trexquant) may be able to act on such additional information and redeem their investments potentially at higher values than other investors. Any such redemptions may result in reduced liquidity for other investors and, in order to meet larger or more frequent redemptions, the Master Fund may need to maintain a greater amount of cash and cash-equivalent

investments than it would otherwise maintain, which may reduce the overall performance of the Funds. Each investor is responsible for asking such questions that it believes are necessary in order to make its own investment decisions, must decide for itself whether the limited information provided by Trexquant is sufficient for its needs, and must accept the foregoing risks.

*Effect of Substantial Redemptions and Withdrawals.* A number of events, including, without limitation, unsatisfactory performance of the Funds, a significant change in personnel or management of Trexquant, redemptions or withdrawals by investors in the Feeder Funds that hold a significant percentage of the Master Fund's net asset value, investor reaction to redemptions or withdrawals by other investors in the Feeder Funds, or legal or regulatory issues that investors perceive to have a bearing on the Feeder Funds or Trexquant, could trigger substantial redemptions/withdrawals from the Feeder Funds. Substantial redemptions or withdrawals by investors in the Feeder Funds within a short period of time could require the Master Fund to liquidate securities and other positions more rapidly than would otherwise be desirable, possibly reducing the value of its assets and/or disrupting its trading strategy. The Master Fund may be forced to sell its more liquid positions, which may cause an imbalance in the portfolio that could have a material adverse effect on the remaining investors. Further, it may be impossible or impracticable to liquidate a sufficient amount of securities to meet redemptions and withdrawals because a significant part of the portfolio at any given time may be invested in securities for which the market is or becomes illiquid. Substantial redemptions and withdrawals could also significantly restrict the Master Fund's ability to obtain financing or transact with derivatives counterparties needed for its trading strategies, which would have a further material adverse effect on the Feeder Funds' performance. Furthermore, a reduction in the size of the Master Fund will likely result in expenses of the Master Fund being proportionately higher for remaining investors. Investors generally will not be notified of a redemption or withdrawal by other investors, and, therefore, may not be able to make redemptions in advance of, or contemporaneously with, redemptions or withdrawals by such investors.

Furthermore, the number of investors in the Feeder Funds may, at times, be smaller than the number of investors in investment vehicles with lengthier operating histories, and the investment of certain of such investors may constitute a significant portion of the Master Fund's net asset value. As a result, redemptions or withdrawals by any such investors in the Feeder Funds may have a more significant impact on the Master Fund than may be the case in investment vehicles with larger investor bases.

*Valuation.* To the extent that the Master Fund invests in securities or instruments for which market quotations are not readily available, the valuation of such securities and instruments will be determined by Trexquant, in accordance with its valuation policies and procedures. As the incentive fee payable to Trexquant is based on the Master Fund's net asset value, Trexquant will have a conflict of interest in valuing the assets of the Master Fund.

*Indemnification; Trade Errors.* Subject to applicable law and, if applicable, the approval of the governance committee, the investment management agreement, the exempted limited partnership agreement of the Master Fund, the articles of association and the administration agreement contain broad indemnification provisions that require the Feeder Funds and the Master Fund (if applicable, with approval of the governance committee) to indemnify and hold Trexquant, the General Partner, the directors, the governance committee, the administrator and their respective principals, officers, employees, partners, members, affiliates and agents, as applicable, harmless from any losses or costs incurred by them except in certain limited circumstances

In addition, the Feeder Funds and the Master Fund (and not Trexquant, the General Partner, the directors or their affiliates or personnel) will (i) be responsible for any losses resulting from trading errors and similar human errors, absent willful misconduct or gross negligence, which, for the avoidance of doubt, will not include errors in judgment or mistakes made in good faith, in the performance of the obligations and duties of Trexquant, the General Partner, the directors or their respective affiliates or personnel in respect of the Feeder Funds or the Master Fund, as the case may be, and (ii) receive the gain from such trading errors. Trading errors might 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 large volume of transactions executed by Trexquant or its affiliates on behalf of the Master Fund, investors should assume that trading errors (and similar errors) may occur and that the Master Fund (and not Trexquant, the General Partner or their affiliates or personnel) will receive the gain from any such errors, or be responsible for any resulting losses, even if such losses result from the negligence (but not gross negligence) of Trexquant, the General Partner or their affiliates or personnel.

*Operational and Information Security Risk from Cyberattacks; Disaster Recovery.* The Feeder Funds, the Master Fund and their service providers may be subject to operational and information security risks resulting from cyberattacks. Cyberattacks include, among other behaviors, stealing or corrupting data maintained online or digitally, denial of service attacks on websites, the unauthorized release of confidential information or various other forms of cybersecurity breaches. Cybersecurity attacks affecting the Feeder Funds, the Master Fund, the General Partner, Trexquant the Administrator, the Master Fund's prime brokers, custodians and other third-party service providers may adversely impact the Feeder Funds. For instance, cyberattacks may interfere with the processing of investor transactions, impact the ability to calculate a Feeder Fund's net asset value, cause the release of private investor information or other confidential information, impede trading, subject the Feeder Funds and their service providers to regulatory fines or financial losses and cause reputational damage. Similar types of cybersecurity risks are also present for other market participants, which may have material adverse consequences for the Feeder Funds, and may cause the Feeder Funds' investments to lose value. The Feeder Funds and their service providers may incur additional costs relating to cybersecurity preparations, and such preparations, though taken in good faith, may be inadequate. Cyberattacks are viewed as an emerging risk and the scope of the risk and related mitigation techniques are not yet fully understood and are subject to continuing change.

While Trexquant has put in place certain safeguards in case of disruption of information technology, including transmission failures, there can be no guarantee that such measures will be effective against all situations or will be implemented in time and each of the Feeder Funds and the Master Fund may be adversely affected thereby.

#### **Item 9 - Disciplinary Information**

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

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

Trexquant is registered with the SEC as an investment adviser under the Advisers Act. As noted above in Item 4, the General Partner is an affiliate of Trexquant by common ownership and control. It is deemed to be a "relying adviser" and is filing Form ADV alongside Trexquant based on the position expressed in the American Bar Association, Business Law Section No Action

Letter, dated January 18, 2012. All investment advisory activities of the relying advisers are subject to the supervision and control of Trexquant.

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

We have adopted a Code of Ethics (the “Code of Ethics”) which provides that we are committed to conducting our business in accordance with all applicable laws and regulations and in an ethical and professional manner. In addition, we recognize that we have a fiduciary duty to our clients, and that all of our employees must conduct their business on our behalf in a manner that enables us to fulfill this fiduciary duty. In this regard, we have developed policies and procedures in our Code of Ethics that are premised on fundamental principles of openness, integrity, honesty and trust. In addition, among other things, our Code of Ethics governs all personal investment transactions by our employees, our policies with respect to gifts and entertainment, compliance with applicable federal securities laws, the manner in which violations of our Code of Ethics are to be reported, and certain other outside activities of our employees. We will provide a copy of our Code of Ethics to any client or prospective client upon request.

We make available to qualified prospective investors the opportunity to invest in the Feeder Funds. Our principal has significant personal investments in one or both of the Feeder Funds. In addition, we receive performance-based fees from the Funds.

#### Personal Trading Policy

Our employees may buy and sell securities for their own accounts and the accounts of others with the prior approval of our Chief Compliance Officer. However, investments in the following securities will not require the prior approval of our Chief Compliance Officer: (i) direct obligations of the government of the United States; (ii) bankers acceptances, bank certificates of deposit, commercial paper and high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by money market funds; (iv) shares issued by open-end mutual funds; and (v) shares issued by unit investment trusts that are exclusively invested in one or more open-end mutual funds.

Thus, it is possible that our employees may be trading securities for their own accounts or the accounts of others that we are trading on behalf of the Master Fund. The pre-clearance requirement described above is intended to mitigate the conflicts that may arise from such personal trading.

### **Item 12 – Brokerage Practices**

#### Selection of Brokers

In selecting brokers to effect portfolio transactions for the Master Fund, we consider factors such as price, the ability of the brokers to effect the transactions, the brokers’ facilities, reliability and financial responsibility and the provision or payment (or the rebate to the Master Fund for payment) of the costs of property or services (e.g., short-term custodial services, research services, news and quotation services, publications, and other services). Accordingly, if we determine in good faith that the amount of commissions charged by a broker is reasonable in relation to the value of the brokerage and products or services provided by such broker, the Master Fund may pay commissions to such broker in an amount greater than the amount another broker might charge. Trexquant need not solicit competitive bids and does not have an obligation

to seek the lowest available commission cost or spread.

Brokers sometimes suggest a level of business they would like to receive in return for the various services they provide. We will not commit to provide any level of brokerage business to any broker, and actual brokerage business received by any broker may be less than the suggested allocations, but can (and often does) exceed the suggestions, because total brokerage is allocated on the basis of all the considerations described above.

Our trading review committee (which includes Tyger Park, our principal, and other senior personnel) periodically evaluates the execution performance of the broker-dealers we use to execute client transactions. Our trading review committee also evaluates, and seeks to resolve, any conflicts of interest that we may have in selecting brokers to execute client transactions.

#### Research and Other Soft Dollar Benefits

It is currently our policy not to engage in any formal soft dollar arrangements with respect to securities transactions for the Master Fund, although we may choose to do so at any time in the future. If we choose to engage in such arrangements, we will do so in accordance with the safe harbor for soft dollars created by Section 28(e) of the U.S. Securities Exchange Act of 1934, as amended.

The prime brokers for the Master Fund provide us with front and back office services, including trading, securities lending, clearing, reporting, and settlement for swaps, foreign currency and options, among others. Such prime brokers may also provide us with capital introduction and talent recruitment services.

We execute securities transactions on behalf of the Master Fund with broker-dealers that provide us with access to proprietary research reports (such as standard investment research). To the best of our knowledge, these services are generally made available to all institutional investors doing business with such broker-dealers. These bundled services are made available to us on an unsolicited basis and without regard to the rates of commissions charged or paid by client accounts or the volume of business that we direct to such broker-dealers.

#### Brokerage for Client Referrals

We may also direct brokerage commissions on purchases or sales of securities to broker-dealers who advance the sale of Feeder Fund interests, consistent with best execution.

#### Trade Error Policy

Subject to applicable law, we will reimburse the Funds for net losses that occur as a result of trade errors resulting from our willful misconduct or gross negligence.

### **Item 13 – Review of Accounts**

The Master Fund's portfolio and the SMA is reviewed regularly, and its performance analyzed, by Tyger Park, our principal, and other senior personnel. The Master Fund's positions are evaluated using quantitative analysis, as well as based on such other considerations as we deem appropriate.

The Feeder Funds currently provide their investors with the following types of written

communications: (i) monthly performance estimates; (ii) monthly capital account statements; (iii) monthly risk reports; (iv) annual audited financial statements; and (v) in the case of the Onshore Fund, annual statements of taxable income (i.e., Form K-1s).

We may provide certain investors access to more frequent and/or more detailed information regarding the Master Fund's portfolio positions, performance, finances, and management and/or other information about the Funds or us (including, notification of the commencement of certain disciplinary actions, legal proceedings, investigations or similar matters against a Fund, us and/or our personnel, or of redemptions from a Fund by us and/or our personnel), possibly enabling such investors to better assess the prospects and performance of the Funds.

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

Other than the circumstances described in Item 12 above, we do not receive any economic benefit from any person that is not a client in exchange for providing investment advice or other advisory services to our clients. Neither we nor any of our related persons directly or indirectly compensates any person who is not a supervised person of ours for client referrals.

#### **Item 15 - Custody**

Trexquant is deemed to have custody of the Funds' assets because it has the authority to obtain client funds or securities, for example, by deducting advisory fees or otherwise withdrawing funds from a Fund account. Trexquant is also deemed to have custody of the Funds' assets because the General Partner (a related person of Trexquant) serves as general partner of certain of the Funds.

Each Fund is subject to an annual financial statement audit by an independent public accountant registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. The audited financial statements will be prepared in accordance with generally accepted accounting principles in the U.S., and will be distributed to each Fund Investor within 120 days of the applicable Fund's fiscal year end.

Trexquant does not have custody over the SMA account.

#### **Item 16 – Investment Discretion**

Trexquant has discretionary authority to determine which securities and the amounts of securities that are bought or sold for the Master Fund and the SMA, as well as the broker-dealer to be used and the commission rates to be paid. Fund Investors generally do not have the ability to place any limits on Trexquant's authority beyond the limitations set forth in the applicable Fund's offering and governing documents. Each Fund has entered into an investment management agreement granting to Trexquant discretionary trading authority.

#### **Item 17 – Voting Client Securities**

We generally have voting discretion over securities held in clients' accounts. Clients are generally not able to direct their votes in a particular situation. We will exercise our discretion in the best interests of our clients. In fulfilling our obligations to our clients, we will act in a prudent and diligent manner intended to enhance the economic value of the securities. Since we are generally trading on a short-term basis based on statistical models, so many matters covered by proxy solicitations will not be material to the Funds. Accordingly, we reserve the right to not vote

proxies in such cases.

A client may obtain information about if and how we voted securities for the Master Fund by contacting us at the address set forth on the cover page of this brochure.

Trexquant will evaluate the necessity to participate in shareholder class action litigation and similar matters as they arise but will not participate in class action litigation unless it is determined it would be in the best interest of the Master Fund. We also engage a third party to assist in identifying and processing class action litigation. These third parties are compensated on a contingency basis whereby they will receive a percent of any recovery obtained. The Master Fund will bear the cost, (i.e., receive a reduced amount of any class action proceeds), for any such third party that is used for class action recovery services. Trexquant will credit any class action settlements received for the Master Fund to the Master Fund at time of receipt.

#### **Item 18 - Financial Information**

We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore we are not required to include a balance sheet for our most recent fiscal year.

#### **Item 19 - Requirements for State-Registered Advisers**

We are not a State-Registered Adviser.