

Part 2A of Form ADV - FIRM BROCHURE

Item 1 – Cover Page

Lioness Capital Management LP

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This brochure (the “**Brochure**”) provides information about the qualifications and business practices of Lioness Capital Management LP (the “**Adviser**” or “**Lioness**”). If you have any questions about the contents of this Brochure, please contact us at (917) 831-5940. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“**SEC**”) or by any state securities authority.

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

Lioness is a registered investment adviser. Registration with the SEC under the Investment Advisers Act of 1940, as amended, (the “**Advisers Act**”) as an investment adviser does not imply that Lioness or any of its employees possess a particular level of skill or training. The information set forth herein is qualified in its entirety by reference to applicable offering and governing documents. In the event of a conflict between the information set forth in this Brochure and the information in the applicable governing and/or offering documents, the governing and/or offering documents shall control.

Item 2 – Material Changes

Lioness is providing this Brochure as part of its initial registration as an investment adviser. In the future, this section will discuss any material changes made to the document since the last annual update of this Brochure.

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Item 4 - Advisory Business

- A. Lioness was formed in June 2018 as a Delaware limited partnership and has its principal place of business in New York, New York. Asli Ay is the principal of Lioness (the “**Principal**”) and has the overall responsibility for the day-to-day supervision and management of Lioness’s business. Lioness will initially act as investment adviser to a private fund managed by Prelude Capital Management, LLC and may provide sub-advisory services to other separately managed private funds in the future (each, a “**Sub-Advised Fund**” and collectively, the “**Sub-Advised Funds**”). Additionally, Lioness expects to act as investment adviser to other private funds for sophisticated, qualified investors (“**Limited Partners**”), which include Lioness Partners LP (the “**Onshore Fund**”), Lioness Offshore Ltd. (the “**Offshore Fund**”) and Lioness Master Fund LP (the “**Master Fund**”). Each of the Onshore Fund, the Offshore Fund and the Master Fund, along with private funds to which Lioness may directly provide investment advisory services, are referred to herein as (a “**Fund**”) and are collectively referred to herein as (the “**Funds**”). Each of the Sub-Advised Fund and the Funds are referred to herein as (a “**Client**”) and are collectively referred to herein as (the “**Clients**”).¹

The general partner or equivalent of each Fund is, or will be, an affiliate of the Adviser (each a “**General Partner**”). This Brochure also describes the business practices of the General Partners, which operate as a single advisory business together with the Adviser.

- B. Lioness will pursue its investment strategy through managing its Clients. Lioness will have discretion with respect to investment decisions made for the Clients. The Adviser provides its services to the Clients in accordance with the respective governing documents. The Clients’ investment objective is to maximize risk-adjusted returns by developing a thematic portfolio of securities and other financial instruments consisting primarily of liquid, publicly-traded stocks, bonds, commodities, futures, foreign exchange contracts and related instruments in developed and large emerging markets through applying rigorous analysis to political and policy events.
- C. While each of its Clients will follow the general strategy mentioned above, the Adviser may tailor the specific advisory services with respect to the individual needs of such Clients pursuant to the agreed upon terms described in the applicable governing documents, including but not limited to an investment management agreement (referred to collectively as “**Governing Documents**”). Each advisory agreement was separately negotiated and designed to suit the needs of the respective Client and its respective investment guidelines. Such advisory agreements may impose restrictions on Lioness’s ability to invest in certain securities or types of securities. Additional portfolio restrictions may also include exposure limits, concentration limits, industry and sector limits, geographical limits and liquidity limits.

¹ As a registered investment adviser, the Adviser owes a fiduciary duty to all of its clients. In 2006, the decision by the Court of Appeals for the D.C. Circuit in *Goldstein v. SEC*, 451 F.3d 873 (D.C. Cir. June 23, 2006), with respect to private funds, clarified that the “client” of an investment adviser to a private fund is the fund itself and not an investor in the fund.

- D. The Adviser will not participate in wrap fee programs.
- E. As of July 1, 2019, the Adviser managed \$0 in regulatory assets under management on a discretionary basis. Lioness does not manage any advisory client assets on a non-discretionary basis.

Item 5 - Fees and Compensation

In general, the Adviser receives a management fee from each of the Clients that it manages as compensation for the investment advisory services rendered to the applicable Client. The Adviser also typically receives performance-based compensation pursuant to the applicable governing documents for such Client.

- A. Set forth below is a description of the fees and expenses to be paid by the Funds and Sub-Advised Fund, respectively:

The Funds

A Fund generally will pay to Lioness a management fee (the “**Management Fee**”), calculated at an annual rate of (i) 1.5% of each Limited Partner’s Series F Capital Account, (ii) 1.6% of each Limited Partner’s Series L Capital Account and (iii) 1.75% of each Limited Partner’s Series R Capital Account (each, a “**Capital Account**”).

The Management Fee will be paid quarterly in advance, based on the value of each Limited Partner’s Capital Account as of the first day of each calendar quarter or on the date of a contribution if other than the beginning of a quarter. The Management Fee will be deducted in calculating net profit or net loss of the Fund for purposes of computing the Incentive Fee. The Adviser, in its sole discretion, may change the level at which it receives the Management Fee. The Management Fee will be adjusted for contributions and withdrawals made during the quarter.

The Adviser, in its sole discretion, may waive or modify the Management Fee for Limited Partners that are members, principals, employees or affiliates of the Adviser or the General Partner, relatives of such persons, and for certain large or strategic investors.

Generally and as of the end of each fiscal year of a Fund, the Adviser will be paid at the Master Fund level an amount equal to (i) 20% of each Limited Partner’s share of net profits (including net unrealized gains on investments) as of that fiscal year (such payments, the “**Incentive Fee**”). The Incentive Fee will be subject to a loss carryforward provision.

When calculating the Incentive Fee, the Management Fee and all items of income, loss and expense incurred by a Fund will be taken into account. To the extent the Incentive Fee is paid at the Master Fund level, no Incentive Fee will be paid at the Onshore Fund or Offshore Fund level. The Adviser, in its sole discretion, may change the level at which it is paid the Incentive Fee. In the event that a partner withdraws capital (in whole or in part) or retires at

any time other than at the end of a fiscal year, the Incentive Fee will be paid with respect to such withdrawn capital as though it were being made at the end of a fiscal year.

The Adviser, in its sole discretion, may waive or modify the Incentive Fee for Limited Partners that are members, principals, employees or affiliates of the General Partner or the Adviser, relatives of such persons, and for certain large or strategic investors.

Sub-Advised Funds

The Adviser will generally be compensated by a Sub-Advised Fund through a pre-negotiated monthly compensation. Additionally, a Sub Advised Fund will generally pay to Lioness an annual performance fee, equal to a set percentage of net appreciation of the assets held by such account. Such fees are generally paid by the owners of the account and not deducted from the assets of the Sub-Advised Fund.

- B. Fees, including the Management Fee and the Incentive Fee, are deducted directly from the Funds, as applicable. Such fees are not automatically deducted from the Sub-Advised Funds. Lioness bills each Sub-Advised Fund for fees incurred on a monthly basis.
- C. The Clients may incur brokerage and other transaction costs. Additionally, the Clients may incur expenses relating to the organization, maintenance and operation of the Client accounts including, but not limited to, registered agent fees, costs related to compliance, regulatory and AML matters, costs associated with gaining access to non-U.S. markets, all direct trading expenses, including but not limited to, execution and clearing commissions, transaction charges, ticket charges, fees and expenses incurred in the borrowing and lending of securities, custodian and trustee fees, bank service fees, transfer taxes, withholding taxes, administrative fees (including fees paid the Client's administrator) accounting, tax preparation and audit fees, fees paid to third-parties retained by the Clients related to the delivery of the trade file, and other fees and expenses related to the purchase, sale or other disposition of assets. Please see the disclosures in *Item 12* as it relates to Lioness's brokerage activities.

A Fund may incur normal and customary expenses relating to its operations, and such expenses are allocated among the Limited Partners in the Fund pursuant to the terms of its Governing Documents.

A Fund generally will bear all expenses relating to its ongoing structure and operation, including: (i) the Management Fee; (ii) all investment-related costs and expenses (i.e., expenses that, in the Adviser's sole discretion, are related to the investment of the Fund's assets, whether or not such investments are consummated), including commissions and charges, interest on margin accounts and other indebtedness, expenses relating to short sales, clearing and settlement charges, option premiums and custodial and service fees, research-related expenses (including research-related travel expenses), expenses relating to consultants, attorneys, brokers or other professionals or advisors who provide research, advice or due diligence services with regard to investments; (iii) fees and

expenses related to portfolio exposure and performance management systems, risk management services and software related to trade reconciliation, treasury, margin, financial and counterparty management, risk monitoring, performance reporting, valuation quotation services (e.g., Bloomberg terminals, historical and live financial data and other similar services and data feeds) and trade order management systems (including systems that facilitate trade compliance, commission management, stock locates and transaction cost analysis, and third party service providers used for implementation, custom reporting, updates, consultations, support, maintenance, monitoring and data extracts); (iv) the Fund's legal, accounting (including outsourced CFO), tax preparation and other tax-related expenses (including preparation and mailing costs of financial statements, tax returns and other reports to Limited Partners), auditing, consulting and other professional expenses; (v) third-party administration costs, fees and expenses (including any costs, fees and expenses related to investor communications, relations, reporting or other investor materials, tax preparation and related reporting, performance information, data extraction and other types of reporting and any audit or accounting services provided by a third-party administrator); (vi) all fees and charges of custodians, clearing agencies and banks; (vii) compliance and reporting expenses and expenses attributable to regulatory filings that are made with respect to the Fund or assets of the Fund (including Section 13, Section 16, Form D, Form PF, FATCA, anti-money laundering compliance, state security filings, general regulatory compliance and non-U.S. position reporting filings, if applicable, and non-U.S. filings, if any); (viii) the Fund's pro rata share of Fund-related insurance costs (including the Fund's pro rata portion of director's and officer's insurance, errors and omissions insurance, fidelity insurance and other similar policies covering the General Partner, Adviser and/or members of the Governance Committee); (ix) independent Fund Governance Committee members' fees and expenses; (x) any taxes (including but not limited to any withholding taxes, transfer taxes, stamp duties and other governmental or self-regulatory agency-related charges or duties); (xi) all costs and expenses incurred in attempting to protect and enhance the value of a Fund investment (including any fees and expenses associated with any pending or threatened litigation, audit, investigation, administrative or other proceeding, as well as any settlement costs); (xii) the Fund's pro rata portion of the Master Fund's expenses; (xiii) any fees and expenses related to the Fund's liquidation, if applicable; (xiv) fees paid to proxy and securities class action advisory firms; (xv) expenses relating to the offer and sale of Fund interests and withdrawals and transfers thereof; (xvi) other reasonable expenses related to the purchase, sale, preservation or transmittal of the Fund's assets; and (xvii) any extraordinary expenses (e.g., indemnification expenses). The Fund does not have its own separate employees or offices, and it does not reimburse the Adviser for salaries or office rent.

The Fund will bear all costs and expenses relating to the organization of the Fund and to the offering of Fund interests (including government filing fees, stamp duties or other taxes, legal and accounting fees, printing and mailing expenses, and any other organizational costs, if any). To the extent that the General Partner or the Adviser advances organizational expenses that should be borne by the Fund and does not waive reimbursement of such expenses, the

General Partner or the Adviser will be reimbursed by the Fund.

The Adviser is responsible for its overhead expenses of an ordinary and recurring nature, such as rent, supplies, secretarial expenses, its direct compliance expenses, stationery, charges for furniture and fixtures, salaries and bonuses of its employees, employee insurance, employee benefits and payroll taxes.

- D. With respect to the Funds and as stated above, the Management Fee is generally deducted directly from the Fund's capital and paid quarterly in advance. The Management Fee is prorated for any period that is less than full quarter for capital contributions made by new or existing investors and refunded on a prorated basis upon withdrawal or redemption from the Fund prior to quarter-end.
- E. Other than as described above, neither Lioness nor any of its supervised persons will receive any additional compensation from the sale of securities or other investment products.

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

As stated in *Item 5* above, Lioness and its affiliates may receive performance-based fees from its Clients. The specific structure and calculation of the performance-based fee are described in detail in the respective Governing Documents. These payments are subject to Section 205(a)(1) of the Advisers Act, in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3, which requires that performance-based fees only be charged to “qualified clients” (as such term is defined in Rule 205-3).

Performance-based fees, in general, may create an incentive for an adviser or its supervised persons to make investments that are riskier and more speculative than would be the case in the absence of a performance-based fee. Such fee arrangements may also create an incentive to favor higher fee-paying clients over other clients in the allocation of investment opportunities. To address these conflicts of interest, the Adviser will implement policies and procedures to ensure that all client accounts receive equitable and fair treatment over time with respect to the allocation of investment opportunities.

Item 7 - Types of Clients

As mentioned in *Item 4*, Lioness provides investment advisory services to its Clients based on the investment objectives and strategies described in the Governing Documents.

Admission as a Limited Partner in a Fund is not open to the general public. The Funds are not intended as a complete investment program and is designed only for persons who are able to bear the economic risk of the loss of their entire investment in the Fund and who have a limited need for liquidity in their investments. Limited Client interests will generally be sold only to qualified investors who are “accredited investors” under Regulation D of the Securities Act of 1933, as amended, and “qualified purchasers” as such term is defined in Section 2(a)(51) of the Investment Company Act.

The minimum initial investment in the Fund is \$1,000,000, subject to reduction in the sole discretion of the General Partner. In general, Fund will accept capital contributions monthly. Capital contributions by Limited Partners will be made in cash or, in the General Partner’s sole discretion, in securities or partly in cash and partly in securities.

The General Partner may admit additional or substitute general partners (i) as of the beginning of any calendar quarter upon 75 calendar days’ prior written notice to all Limited Partners, (ii) at any time with the consent of the majority in interest of the Limited Partners; or (iii) at any time if such additional or substitute general partners are affiliates of the General Partner or its principals.

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

- A. The Adviser's principal investment strategy is based on distilling information to understand the essential information so that it can predict the sequence, timing, and outcome of political events. The Adviser's research staff continuously monitors thought leaders, policy makers and key influencers as well as any changes in policy making processes. All publicly available flow of information is compared, contrasted and analyzed versus historical events and filtered through the unique lenses of the Adviser. A key focus will be on determining what information is truly relevant to the market and not just "noise" while also focusing on psychological factors that might impact the outcome. The Adviser believes that this strategy of proprietary analysis will prove valuable as attractive opportunities are often overlooked or misunderstood by traditional investment advisers with no experience or knowledge of policy mechanisms in key countries.

Investing in securities and other instruments involves risk of loss that clients and investors should be prepared to bear, including but not limited to, those described below. The management style offered by Lioness is not intended as a complete investment program and may not be suitable for all investors. It is designed for sophisticated investors who fully understand and are capable of bearing the risk of such an investment. No guarantee or representation is made that the Adviser will achieve its investment objectives or that there will be any return of capital, and investment results may vary substantially on monthly, quarterly or annual basis.

Although the Adviser seeks to reduce the risks associated with the Clients' investments, prospective investors should consider carefully, among other factors, the risks described below. Such risk factors are not meant to be an exhaustive listing of all potential risks associated with investments in the Clients.

- B. The following is a brief summary of certain significant risks associated with the Adviser's investment strategies:

Nature of Investments. The Adviser has broad discretion in making investments for the Clients. Investments will generally consist of equities (single stocks and ETFs), fixed income, commodities, futures, currencies and other assets that may be affected by business, financial market or legal uncertainties. There can be no assurance that the Adviser will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on investments. Prices of investments may be volatile and a variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of a Client's activities and the value of its investments. In addition, the value of a Client's portfolio may fluctuate as the general level of interest rates fluctuates. No guarantee or representation is made that a Clients' investment objective will be achieved.

Use of Leverage. The Clients may utilize leverage. This results in a Client controlling substantially more assets than the Client has equity. Leverage increases a

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss (Continued)

Client's returns if the Client earns a greater return on investments purchased with borrowed funds than the Client's cost of borrowing such funds. However, the use of leverage exposes the Clients to additional levels of risk, including (i) greater losses from investments than would otherwise have been the case had the Clients not borrowed to make the investments, (ii) margin calls or interim margin requirements which may force premature liquidations of investment positions and (iii) losses on investments where the investment fails to earn a return that equals or exceeds the Clients' cost of borrowing such funds. In the event of a sudden, precipitous drop in value of a Client's assets, the Client might not be able to liquidate assets quickly enough to repay its borrowings, further magnifying its losses.

In an unsettled credit environment, the Adviser may find it difficult or impossible to obtain leverage for a Client. In such event, the Client could find it difficult to implement its strategy. In addition, any leverage obtained, if terminated on short notice by the lender, could result in the Adviser being forced to unwind the Client's positions quickly and at prices below what the Adviser deems to be fair value for such positions.

Hedging Transactions. The Clients may utilize a variety of financial instruments such as derivatives, options, swaps, caps and floors, forward contracts for both risk management and general investment and speculation purposes. With respect to a Client's risk management and hedging transactions, there can be no assurances that a particular hedge is appropriate, or that a certain risk is measured properly. Further, while a Client may enter into hedging transactions to seek to reduce risk, such transactions may result in poorer overall performance and increased (rather than reduced) risk for the Client than if it did not engage in any such hedging transactions. In addition, a Client may choose not to enter into hedging transactions with respect to some or all of its positions.

Portfolio Turnover. The investment strategy of a Client may require the Adviser to actively trade the Client's portfolio, and as a result, turnover and brokerage commission expenses of the Client may significantly exceed those of other investment entities of comparable size.

Non-Diversification. While the Clients' portfolio generally will contain a number of both long and short positions, the Clients will be invested primarily in a relatively concentrated portfolio of equity securities. The Adviser anticipates that the Client will primarily invest in the equity securities of issuers located in the United States and other fully-developed economies (as judged by the Adviser). While the Adviser intends to avoid excessive concentration of net exposure in individual industries or geographies on behalf of the Clients, a Client's portfolio could become relatively concentrated in any one issuer, market capitalization, industry, type of security and geographic area, and such concentration may increase the losses suffered by the Client as the investment portfolio of the Client may be subject to more rapid change in value than would be the case if the Client were required to maintain a wider diversification among issuers, market

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss (Continued)

capitalizations, industries, types of securities and geographic areas.

Counterparty Risk. To the extent that a Client invests in swaps, "synthetic" or derivative instruments, repurchase agreements, forward contracts, certain types of options or other customized financial instruments, or, in certain circumstances, non-U.S. securities, the Client takes the risk of non-performance by the other party to the contract. This risk may include credit risk of the counterparty and the risk of settlement default. This risk may differ materially from those entailed in exchange-traded transactions that generally are supported by guarantees of clearing organizations, daily mark-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default.

Master-Feeder Fund Structure. The Onshore Fund and the Offshore Fund invest through a "master-feeder" structure and contribute substantially all of their assets to the Master Fund. The master-feeder fund structure, in particular the existence of multiple investment vehicles investing in the same portfolio, presents certain unique risks to investors. Smaller investment vehicles investing in a master fund may be materially affected by the actions of larger investment vehicles investing in the master fund. For example, if a larger investment vehicle withdraws from a master fund, the remaining funds may experience higher pro rata operating expenses, thereby producing lower returns. Similarly, a master fund may become less diverse due to a redemption by a larger investment vehicle, resulting in increased portfolio risk.

Incentive Allocation. The allocation of a percentage of a Client's net profits to the General Partner may create an incentive for the Adviser, an affiliate of the General Partner, to cause the Client to make investments that are riskier or more speculative than would be the case if this allocation were not made. Since the allocation is calculated on a basis that includes unrealized appreciation of assets, such allocation may be greater than if it were based solely on realized gains.

In addition, in the event that a Limited Partner makes a complete or partial withdrawal from its Capital Account, or is required to retire at any time other than at the end of a fiscal year, the Incentive Allocation may be computed and charged to such partner as though the date of such Limited Partner's withdrawal of capital or retirement was the last day of a fiscal year. This may result in the Limited Partner being charged an Incentive Allocation during the year even though the Limited Partner does not have net profits based on the entire year's performance (i.e., due to losses that occur after the withdrawal).

No Operating History. Each of the General Partner, the Adviser, the Master Fund and the Onshore Fund and the Offshore Fund is a newly formed entity and has no operating history upon which investors can evaluate its likely performance. Accordingly, an investment in the Funds entails a significant degree of risk.

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss (Continued)

Absence of Regulatory Oversight. While the Clients may be considered similar to an investment company, it does not intend to register as such under the Investment Company Act in reliance upon an exemption available to privately offered investment companies, and, accordingly, the provisions of the Investment Company Act (which, among other matters, require investment companies to have disinterested directors, require securities held in custody to at all times be individually segregated from the securities of any other person and marked to clearly identify such securities as the property of such investment company and regulate the relationship between the adviser and the investment company) will not be afforded to the Clients or the Limited Partners.

Accounts for Uncertainty in Income Taxes. The Financial Accounting Standards Board has released Accounting Standards Codification Topic 740 (“**ASC 740**”) (formerly known as “**FIN 48**”), to provide consistent guidance on the recognition of uncertain tax positions. ASC 740 prescribes, among other things, the minimum recognition threshold that a tax position is required to meet before being recognized in an entity’s financial statements. A prospective Limited Partner should be aware that, among other things, ASC 740 could have a material adverse effect on the periodic calculations of the value of the net assets of a Fund, including reducing the value of the net assets of the Fund to reflect reserves for income taxes that may be payable in respect of prior periods by the Fund. This could adversely affect certain Limited Partners, depending upon the timing of their purchase and withdrawal of their Interests.

Brokerage and Custodial Risk. There are risks involved in dealing with the custodians or prime brokers who settle Client trades. The Clients maintain custody accounts with each’s prime broker (the “**Prime Brokers**”). Although the General Partner monitors the Prime Brokers and believes that each is an appropriate custodian, there is no guarantee that the Prime Brokers, or any other custodian that the Clients may use from time to time, will not become bankrupt or insolvent. While both the U.S. Bankruptcy Code and the Securities Investor Protection Act of 1970 seek to protect customer property in the event of a bankruptcy, insolvency, failure, or liquidation of a broker-dealer, there is no certainty that, in the event of a failure of a broker-dealer that has custody of Client assets, the Clients would not incur losses due to its assets being unavailable for a period of time, the ultimate receipt of less than full recovery of its assets, or both.

The Clients and/or the Prime Brokers may appoint sub-custodians in certain non-U.S. jurisdictions to hold the assets of the Clients. The Prime Brokers may not be responsible for cash or assets which are held by sub-custodians in certain non-U.S. jurisdictions, nor for any losses suffered by the Clients as a result of the bankruptcy or insolvency of any such sub-custodian. The Clients may therefore have a potential exposure on the default of any sub-custodian and, as a result, many of the protections that would normally be provided to a fund by a custodian may not be available to the Clients. Under certain circumstances, including certain transactions where the Clients’ assets are pledged as collateral for leverage from a non-broker-dealer custodian or a non-broker-dealer affiliate of the Prime Brokers, or where a Client’s assets are held at a non-

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss (Continued)

U.S. custodian, the securities and other assets deposited with the custodian or broker may not be clearly identified as being assets of the Client and the Client could be exposed to a credit risk with regard to such parties. Custody services in certain non-U.S. jurisdictions remain undeveloped and, accordingly, there is a transaction and custody risk of dealing in certain non-U.S. jurisdictions. Given the undeveloped state of regulations on custodial activities and bankruptcy, insolvency, or mismanagement in certain non-U.S. jurisdictions, the ability of the Clients to recover assets held by a sub-custodian in the event of the sub-custodian's bankruptcy or insolvency could be in doubt, as the Clients may be subject to significantly less favorable laws than many of the protections that would be available under U.S. laws. In addition, there may be practical or timing problems associated with enforcing a Client's rights to its assets in the case of a bankruptcy or insolvency of any such party.

Business and Regulatory Risks of Hedge Funds. The regulatory environment for hedge funds is evolving, and changes in the regulation of hedge funds may adversely affect the value of investments held by the Clients and the ability of the Clients to obtain the leverage it might otherwise obtain or to pursue its trading strategies. In addition, securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. Regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The regulation of derivative transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial actions. The effect of any future regulatory change on the Clients could be substantial and adverse.

Cybersecurity Risk. The Clients, the Adviser and their service providers, including banks, broker-dealers, custodians and their affiliates, may be subject to operational and information security risks resulting from cyber-attacks. Cyber-attacks include, among other behaviors, stealing or corrupting data maintained online or digitally, denial of service attacks on websites, the unauthorized release of confidential information, unauthorized asset transfers, and various other forms of cybersecurity breaches. Cyber-attacks affecting the Clients, the Adviser, or their service providers may adversely impact the Clients. For instance, cyber-attacks may interfere with the processing or execution of Client transactions, cause the release of confidential information, including private information about Limited Partners, subject the Clients, the Adviser or their affiliates to regulatory fines or financial losses, or cause reputational damage. Additionally, cyber-attacks or security breaches (e.g., hacking or the unlawful withdrawal or transfer of funds), affecting any of the Clients' key service providers, such as the Adviser, banks, broker-dealers, custodians, or other counterparties holding assets of the Clients, may cause significant harm to the Clients, including the loss of capital. Similar types of cybersecurity risks are also present for issuers of securities in which the Clients may invest. These risks could result in material adverse consequences for such issuers and may cause the Clients' investments in such issuers to lose value. While the Adviser has instituted specific policies and has engaged specialized vendors to

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss (Continued)

manage cybersecurity risk and disaster recovery, there are no assurances that these policies and vendors will mitigate risks associated with cybersecurity.

Lack of Liquidity of Client Investments. Client assets may include securities and other financial instruments or obligations that are thinly-traded or for which no market exists and/or which are restricted as to their transferability under applicable securities laws. The sale of any such investments may be possible only at substantial discounts, and it may be extremely difficult to accurately value any such investments.

Limited Withdrawal and Transfer Right. A Limited Partner generally will be permitted to withdraw all or any part of its capital account only in accordance with the terms described herein. Transfers of the Interests will be permitted only with the written consent of the General Partner. Accordingly, the Interests should only be acquired by investors willing and able to commit their funds for an appreciable period of time.

Non-Disclosure of Positions. In an effort to protect the confidentiality of its positions, the Funds generally will not disclose its positions to Limited Partners on an ongoing basis except as detailed in the monthly risk reports, although the General Partner, in its sole discretion, may permit such disclosure on a select basis to certain Limited Partners.

Regulatory Risk. It is possible that changes in applicable laws and regulations may affect the Client's operations. In addition, a number of substantial regulatory changes are pending or in the process of changing in certain markets. However, the consequences of additional regulation on the liquidity and the functioning of the markets in which the Client trades cannot be predicted and may materially diminish the profitability of investment opportunities for the Client.

Reliance on the Managing Member. The Clients rely heavily on the expertise and efforts of Ms. Ay, the Managing Member of the General Partner and the general partner of the Adviser. Ms. Ay is responsible for all of the major decisions affecting each Client. Should Ms. Ay determine to discontinue managing the affairs of, or withdraw from, the Adviser or should Ms. Ay die, be incapacitated or, for some other reason, be unable to effectively manage the affairs of the Adviser, the business and results of the operations of each Client may be adversely affected.

Unrelated Business Taxable Income for Certain Tax-Exempt Investors. Pension and profit-sharing plans, Keogh plans, individual retirement accounts and other tax-exempt investors may realize "unrelated business taxable income" as a result of an investment in the Funds since the Funds may employ leverage. Any tax-exempt investor should consult its own tax adviser with respect to the effect of an investment in the Funds on its own tax situation.

C. The following is a brief summary of the risks involved with particular securities

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss (Continued)

recommendations:

Equity-Related Instruments in General. The Adviser may use equity-related instruments in its investment program. Certain options and other equity-related instruments may be subject to various types of risks, including market risk, liquidity risk, counterparty credit risk, legal risk and operations risk. In addition, equity-related instruments can involve significant economic leverage and may, in some cases, involve significant risks of loss.

Short Sales. Short sales can, in certain circumstances, substantially increase the impact of adverse price movements on a Client's portfolio. A short sale involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short, which could result in an inability to cover the short position and a theoretically unlimited loss. There can be no assurance that securities necessary to cover a short position will be available for purchase.

Options. The purchase or sale of an option involves the payment or receipt of a premium by the investor and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying security, commodity or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so that the investor loses its premium. Additionally, the premium paid for an option is based, in part, on the time to expiration, and with the passage of time, the premium associated with an option declines, assuming all other factors being equal. Selling options involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security rather than only the premium payment received (which could result in a potentially unlimited loss). Over-the-counter options also involve counterparty solvency risk.

Non-U.S. Securities. The Clients may invest outside of the United States. Investing in securities of non-U.S. governments and companies which are generally denominated in non-U.S. currencies and utilization of options and swaps on non-U.S. securities involves certain considerations comprising both risks and opportunities not typically associated with investing in securities of the United States government or United States companies. These considerations include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, less government supervision of exchanges, brokers and issuers, greater risks associated with counterparties and settlement, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

Emerging Markets. Investing in emerging market debt or equity involves certain risks and special considerations not typically associated with investing in other more established

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss (Continued)

economies or securities markets. Such risks may include (a) the risk of nationalization or expropriation of assets or confiscatory taxation; (b) social, economic and political uncertainty including war; (c) dependence on exports and the corresponding importance of international trade; (d) price fluctuations, less liquidity and smaller capitalization of securities markets; (e) currency exchange rate fluctuations; (f) rates of inflation; (g) controls on foreign investment and limitations on repatriation of invested capital and on a Client's ability to exchange local currencies for U.S. dollars; (h) governmental involvement in and control over the economies; (i) that governments may decide not to continue to support economic reform programs generally and could impose centrally planned economies; (j) differences in auditing and financial reporting standards which may result in the unavailability of material information about issuers; (k) less extensive regulation of the securities markets; (l) longer settlement period for securities transactions; (m) less developed corporate laws regarding fiduciary duties of officers and directors and the protection of investors; and (n) certain considerations regarding the maintenance of Client portfolio securities and cash with non-U.S. sub-custodians and securities depositories.

Commodity and Futures Contracts. The Clients may also invest in commodity or futures contracts. Trading in commodity and futures contracts and options thereon are highly specialized activities which while they may increase the total return in a Client's investments, may entail greater than ordinary investment risks.

Commodity futures markets are highly volatile and are influenced by factors such as changing supply and demand relationships, governmental programs and policies, national and international political and economic events and changes in interest rates. In addition, because of the low margin deposits normally required in commodity futures trading, a high degree of leverage may be typical of a commodity futures trading account. As a result, a relatively small price movement in a commodity futures contract may result in substantial losses to the trader. Commodity futures trading may also be illiquid. Certain commodity exchanges do not permit trading in particular futures contracts at prices that represent a fluctuation in price during a single day's trading beyond certain set limits. If prices fluctuate during a single day's trading beyond those limits, the Adviser could be prevented from promptly liquidating unfavorable positions and thus be subject to substantial losses.

Commodity options, like commodity futures contracts, are speculative, and their use involves risk. Specific market movements of the cash commodity or futures contract underlying an option cannot be predicted, and no assurance can be given that a liquid offset market will exist for any particular futures option at any particular time.

Derivatives. To the extent that a Client invests in swaps, derivative or synthetic instruments, or enters into repurchase agreements or other over-the-counter transactions, the Client may take a credit risk with regard to parties with whom it trades and may also bear the risk of settlement default. These risks may differ materially from those entailed

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss (Continued)

in exchange-traded transactions that generally are backed by clearing organization guarantees, more frequent mark-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default. It is expected that all securities and other assets deposited with custodians or brokers will be clearly identified as being assets (directly or indirectly) of a Client, and hence the Client should not be exposed to a credit risk with regard to such parties. However, it may not always be possible to achieve this segregation, and there may be practical or time problems associated with enforcing rights to its assets in the case of an insolvency of any such party.

Currency Risks. A Client may have exposure to fluctuations in currency exchange rates. It may, in part, seek to offset the risks associated with this exposure or enter into foreign exchange transactions to increase its returns. These transactions involve a significant degree of risk and foreign exchange markets are volatile, specialized and technical. Significant changes, including changes in liquidity and prices, can occur in these markets within very short periods of time. Changes in exchange rates over time are the result of many factors directly or indirectly affecting the economic and political conditions in the country or economic region associated with a specific currency. Exchange rates fluctuate for a number of reasons, including:

- existing and expected rates of inflation,
- existing and expected interest rate levels,
- the balance of payments between the relevant country and its major trading partners,
- political, civil or military unrest in the relevant country or economic region; and
- monetary, fiscal and trade policies of the relevant country or economic region (including pegging, de-pegging, flooring or capping an exchange rate relative to another currency).

Governments use a variety of techniques, such as intervention by their central banks or imposition of regulatory controls or taxes, to affect the exchange rate of their currencies. Foreign exchange rates can either be fixed by sovereign governments or floating. Exchange rates of most economically developed nations are permitted to fluctuate in value relative to the value of other currencies. However, governments do not always allow their currencies to float freely in response to economic forces. Governments use a variety of techniques, such as intervention by their central bank or imposition of regulatory controls or taxes, to affect the trading value of their respective currencies. They may also issue a new currency to replace an existing currency or alter the exchange rate or relative exchange characteristics by devaluation or revaluation of a currency. The value of a Client could be affected by the actions of sovereign governments, which could change or interfere with theretofore freely determined currency valuation, fluctuations in response to other market forces and the movement of currencies across borders. Additionally, market perceptions of the relative strength or

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss (Continued)

cohesion of a specific political state or monetary union can dramatically affect the value of a currency. Fluctuations in exchange rates may negative impact the value of an investment in a Client to the extent the Client has currency exposure in the form of a hedge, a non-U.S. dollar denominated instrument or as a standalone position.

Total Return Swaps. Under a total rate of return swap, a Client may be obligated to make certain periodic payments in exchange for the total rate of return on a referenced asset, such as an eligible loan or bond, and such return will include interest and the gain or loss on such asset over the term of the swap. Swap facilities often require covenants or qualifications related to referenced assets, including, but not limited to, covenants or qualifications regarding ratings and liquidity of a referenced asset or the diversification of a portfolio as a whole. A Client may be required to maintain collateral with the total rate of return swap counterparty. If a Client fails to fulfill its payment obligations or fails to post any required collateral under a total rate of return swap or if the Client has a substantial decline in net asset value, the counterparty may declare an event of default and, as a result, the Client may be required to pay swap breakage fees, suffer the loss of the amounts paid to the counterparty and forego the receipt from the counterparty of further total return swap payments.

THE FOREGOING LIST OF RISK FACTORS DOES NOT PURPORT TO BE A COMPLETE ENUMERATION OR EXPLANATION OF THE RISKS INVOLVED ASSOCIATED WITH LIONESS'S INVESTMENT ANALYSIS AND INVESTMENT STRATEGIES. SUBSTANTIAL ADDITIONAL RISKS MAY BE PRESENT. PROSPECTIVE INVESTORS SHOULD READ THE GOVERNING DOCUMENTS AND CONSULT WITH THEIR OWN ADVISORS BEFORE DECIDING TO MAKE AN INVESTMENT.

Item 9 - Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to the evaluation of the Adviser or the integrity of Adviser's management.

There are no legal or disciplinary events that are material to a Client's or prospective Client's evaluation of Lioness's advisory business or the integrity of its management.

Item 10 - Other Financial Industry Activities and Affiliations

- A. The Adviser is not registered, and does not have an application pending to register, as a broker-dealer or registered representative of a broker-dealer. Currently, no employees of the Adviser are registered representatives of a broker-dealer.
- B. Neither the Adviser nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.
- C. The Adviser has no relationships or arrangements with any related person listed in the instructions to *Item 10.C.* that are material to its advisory business or to its Clients.
- D. The Adviser does not recommend or select other investment advisers for its Clients nor does it have any business relationship with other advisers that might create a material conflict of interest.

Item 11 - Code of Ethics, Participation in Client Transactions and Personal Trading

- A. The Adviser has adopted a written Code of Ethics (the “**Code**”) designed to address and avoid potential conflicts of interest as required under Rule 204A-1 under the Advisers Act. The Code sets forth a standard of business conduct and compliance with federal securities laws by all of the Adviser's employees. The Code contains policies and procedures that Adviser employees execute personal securities trading in a manner that mitigates actual or potential conflicts of interest or any abuse of an individual's position of trust and responsibility. The Adviser requires pre-clearance of purchases of an IPO or a new private placement; pre-clearance of certain personal securities transactions; periodic reporting of employees' personal securities transactions and holdings; and prompt internal reporting of Code violations.

As part of its Code, the Adviser has established procedures to reduce the abuse of material, non-public information, which includes procedures for, among other things, the use and maintenance of restricted trading lists. Because the structure of the Adviser would make information barriers impractical, the firm has not imposed information barriers to restrict the internal flow of possible material, non-public information. Thus, all professionals are deemed to be in receipt of material, non-public information, in all instances where any professional of the Adviser has received material, non-public information, and, therefore, may not trade on the basis of that information.

The Adviser will provide a copy of the Code to any investor or prospective investor upon request.

- B. Neither the Adviser nor any of its related persons recommend to its Clients securities in which the Adviser or any related persons have a material financial interest.
- C. The Adviser or related persons may invest in securities that it recommends to Clients. This may create an incentive for the Adviser to allocate securities in favor of the Adviser's proprietary accounts over the Client accounts. To address these conflicts of interest, the Adviser has implemented personal trading policies within the Code that requires pre-clearance of personal trades in certain circumstances; requires periodic reporting of employees' personal securities transactions and holdings; and requires prompt internal reporting of Code violations.
- D. Subject to the requirements of the Code, the Adviser or related persons may recommend investments to Clients, or make investments for Clients, at or about the same time that the Adviser or its related persons buys or sells the same investments for their own personal account. See *Item 11.C.* above for a discussion on how these conflicts of interest are addressed.

Item 12 - Brokerage Practices

- A. The Adviser will have complete discretion to determine, subject to each Client's disclosed investment objectives, policies and strategies, the securities to be purchased or sold and in what amounts, the broker-dealers and other financial intermediaries will use in effecting the transactions for Clients, and the commission rates to be paid for such transactions.

Brokerage

The Adviser will select the broker-dealers and other financial intermediaries used to effect transactions on behalf of its Clients. The Adviser seeks to obtain "best execution" from these broker-dealers based on a variety of factors. In selecting broker-dealers to effect portfolio transactions, the Adviser may cause the Clients to enter into arrangements pursuant to which the Clients pay transaction costs in an amount greater than would be incurred if another broker-dealer were used. The Adviser is not required to solicit competitive bids or seek the lowest available commission or transaction costs. The transactions executed by the Clients may be cleared through, and the Clients' investment instruments may be held by, a number of financial institutions the Adviser will select on terms negotiated with each such financial institution individually. Subject to the Governing Documents, the Adviser may use a variety of financial institutions both to take advantage of differing expertise and capabilities and to avoid, due to credit concerns, having all investment instruments concentrated at one firm.

Brokerage for Client Referrals

In selecting or recommending broker-dealer for client accounts, the Adviser nor its related person will consider the receipt of client referrals when selecting broker-dealers to execute transactions.

Directed Brokerage

Sub-Advised Funds may have designated firms to serve as both the custodian and prime broker for its assets. A Sub-Advised Fund, however, will not routinely recommend, request or require the Adviser to execute transactions through a specified broker-dealer. The executing brokers retained by Lioness will be selected by the Adviser at its sole discretion.

Soft Dollars

The Adviser does not intend to, but may receive from the Clients' broker-dealers, products and services in addition to brokerage services.

A portion of the commissions generated on the Clients' brokerage transactions may generate "soft dollar" credits that the Adviser is authorized to use to pay for research and other non-research related services and products used by the Adviser or its affiliates. The Adviser may enter into "soft dollar" arrangements with one or more broker-dealers whereby the Adviser will direct securities transactions to the broker-dealer in return for research products and services from the broker-dealer. The Adviser will use the research and services in making

Item 12 - Brokerage Practices (continued)

investment decisions for the applicable Client. The Adviser may also enter into “soft dollar” arrangements to cover Client expenses or costs and expenses of the Adviser to the extent such arrangements are permitted by law.

The Adviser has authority to use “soft dollar” credits generated by the Clients’ securities transactions to pay for expenses that might otherwise have been borne by the Adviser. This may give the Adviser an incentive to select brokers or dealers for Client transactions, or to negotiate commission rates or other execution terms, in a manner that takes into account the soft dollar benefits received by the Adviser rather than giving exclusive consideration to the interests of the Client. In the event that the Adviser elects to use soft dollars, it intends to limit such use to services that fall within the safe harbor afforded by Section 28(e) of the Securities Exchange Act of 1934, as amended, or such services that are otherwise reasonably related to the investment decision-making process.

The term “soft dollars” refers to the receipt by an investment adviser of products and services provided by brokers, without any cash payment by the investment adviser, based on the volume of revenues generated from brokerage commissions for transactions executed for clients of the investment adviser. The products and services available from brokers include both internally generated items (such as research reports prepared by employees of the broker) as well as items acquired by the broker from third parties (such as quotation equipment).

The use of brokerage commissions to obtain investment research services and to pay for the administrative costs and expenses of the Adviser may create a conflict of interest between the Adviser and its Clients, because a Client will pay for such products and services that may not be exclusively for the benefit of the Client and that may be primarily or exclusively for the benefit of the Adviser. To the extent that the Adviser is able to acquire these products and services without expending its own resources, the Adviser’s use of “soft-dollars” would tend to increase the Adviser’s profitability. In addition, the availability of these non-monetary benefits may influence the Adviser to select one broker rather than another to perform services for its Clients. The Governing Documents of a Sub-Advised Fund may specifically authorize these practices to the fullest extent permitted by law.

- B. In managing Clients’ portfolios, the Adviser generally will aggregate trades, because it believes that doing so is consistent with its duty to seek best execution and to negotiate more favorable commission rates or other transaction costs than might be paid if orders are placed independently. When Client trades in the same security or other instrument cannot be aggregated into a single order, the Adviser’s Principal or traders will direct the trades to the market in a way that seeks to best achieve equivalent treatment.

Trade Allocations

Trade allocation decisions are made in a manner that is both fair and equitable to all of its

Item 12 - Brokerage Practices (continued)

Clients in accordance with the investment objectives of the Clients. The Adviser will take steps to ensure that no Client will be systematically disadvantaged by the aggregation, placement or allocation of trades. The Adviser will allocate investments among the accounts of its Clients in a manner which it believes to be fair and equitable. The Adviser will not allocate investment opportunities based on anticipated compensation or profits to the Adviser, any affiliates or its professionals. In addition, no allocations will be made to a personal account of any employee of the Adviser. To ensure fairness in the allocation of investment opportunities amongst Clients, the Adviser will allocate investment opportunities with regard to the suitability of such investments to each Client. In determining the suitability of each investment opportunity for a Client, consideration will be given to a number of factors, the most important being the Advisory Client's investment objectives, strategies, guidelines, existing portfolio composition and cash levels, as well as legal, tax and regulatory suitability. For investments that are suitable for more than one of the Adviser's Clients, the Adviser will allocate trades pursuant to a standard allocation methodology set forth in the Adviser's trade allocation policy. The Adviser may, however, determine not to allocate investments that may be suitable for multiple Clients in accordance with a standard allocation method for a variety of reasons that are set forth in the trade allocation policy adopted by the Adviser.

Trade Error Policy

The Adviser may from time to time make trade errors. Trade errors are not errors in judgment, strategy, market analysis, economic outlook, etc., but rather errors in implementing specific trades which the Adviser had determined (rightly or wrongly) to make. 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 of transactions executed by the Adviser on behalf Clients, Clients should assume that trading errors will occur.

Clients (and not the Adviser or any of its affiliates or personnel) will retain all gains resulting from trade errors. In accordance with the exculpation and indemnification provisions contained in the agreements between the Adviser and its Clients (and the investors therein), as a general matter, all losses resulting from trade errors (that are not reimbursed by third parties, such as executing brokers) shall be borne by the affected Client, and not the Adviser, unless (i) such trade error was caused by the Adviser or its personnel acting with willful misconduct, recklessness or gross negligence or (ii) reimbursement by the Adviser to the affected Client is otherwise required by applicable law. In order to address the risk presented by trade errors, the Adviser has adopted written policies and procedures to ensure the internal reporting and correction of trade errors.

Item 13 - Review of Accounts

- A. The Adviser will be responsible for reviewing Client investment portfolios. The Principal of the Adviser is responsible for reviewing Client investment portfolios on a continuous basis relating to, among other factors, position sizes; security positions; exposure levels; margin requirements and investment opportunities.
- B. See *Item 13.A.* above.
- C. The Adviser will provide written periodic financial reports, such as audited annual financial statements to the Limited Partners in the Fund. Lioness or a Sub-Advised Fund's custodian or broker will provide various reports, ranging from daily reporting of certain transactions to monthly reports of net asset value, to a Sub-Advised Fund.

Item 14 - Client Referrals and Other Compensation

- A. The Adviser does not receive any economic benefit, including sales awards or prizes, from any third party for providing advisory services to its Clients.
- B. The Adviser currently does not use a placement agent. In the event the Adviser chooses to engage a placement agent in the future, all such solicitation arrangements will be in compliance with Rule 206(4)-3 under the Advisers Act.

Item 15 - Custody

The Adviser will be deemed, under Rule 206(4)-2 of the Advisers Act, to have custody of the assets of the Funds by virtue of the common control of the Adviser and the General Partner of each Fund. All assets and securities of the Funds will be held by qualified custodians. As noted in *Item 13* above, Fund Investors will receive annual financial statements audited by an independent public accounting firm. Fund investors are urged to carefully review these statements.

Lioness is not deemed to have custody of the assets held by a Sub-Advised Fund. A Sub-Advised Fund does not surrender ownership of any cash or securities comprising the assets in its accounts. Lioness may not remove any cash or securities from the Sub-Advised Fund and the assets subject to supervision will be maintained in street name in the Sub-Advised Fund's custody with the custodian and/or broker-dealer selected by the Adviser of the Sub-Advised Fund and set forth in Governing Documents. Lioness can only debit advisory fees directly from the Sub-Advised Fund with the consent of the Sub-Advised Fund. A Sub-Advised Fund should carefully review account statements received from the broker-dealer, bank or other qualified custodian. Lioness will periodically evaluate its status under the custody rule to determine any change.

Item 16 - Investment Discretion

Lioness will exercise full discretionary authority in managing the investments made by the Fund, based on the Fund's investment objectives, policies and strategies disclosed in its Governing Documents. Lioness contractually assumes discretionary authority over the assets of the Fund under an investment management agreement entered among Lioness, the Fund and its general partner.

A Sub-Advised Fund will appoint the Adviser as agent and attorney-in-fact, with full power and authority in the Adviser's sole and absolute discretion to purchase, sell (including short sale), tender, exchange, convert or exercise and otherwise acquire or dispose of and trade and deal in or with the investments for the Sub-Advised Fund in such manner as the Adviser considers appropriate, consistent with its strategies and the limits fully described in its investment management agreement.

Item 17 - Voting Client Securities

As a general matter, Lioness will not vote securities on behalf of its Clients. In consideration of the Adviser's investment strategy, which is centered on applying rigorous analysis of political and policy events, the cost and/or difficulty of exercising a proxy vote outweighs the beneficial consequence of the resolutions being voted. Accordingly, as voting proxies would be of little practical benefit to the Adviser's clients, Lioness has determined not to vote proxies. All inquiries regarding the Adviser's proxy voting policy should be directed to the Chief Compliance Officer.

Item 18 - Financial Information

- A. Lioness will not require or solicit prepayment of more than \$1,200, six months or more in advance.
- B. Lioness does not believe it has any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to its Clients.
- C. Lioness has not been the subject of a bankruptcy petition at any time during the past ten years.