

Form ADV Part 2A: Firm Brochure

Baymount Management LP

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This brochure provides information about the qualifications and business practices of Baymount Management LP (“Baymount”). If you have any questions about the contents of this brochure, please contact Evans Apeadu, Chief Compliance Officer, at 305-847-6725. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Baymount is also available on the SEC’s website at: www.adviserinfo.sec.gov.

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

THIS BROCHURE DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITY.

Item 2: Material Changes

This brochure contains information about Baymount upon its initial application to register as an investment adviser with the SEC. In the future, this Item will summarize the material changes, if any, made to this brochure as part of our annual update.

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Item 4: Advisory Business

Baymount Management LP (“Baymount”), a Delaware limited partnership, intends to provide discretionary investment management services to several pooled investment vehicles (“private fund clients” or “Clients”). Formed in January 2019, Baymount is primarily owned and controlled by Andrew Casino. Mr. Casino is the founder and Chief Investment Officer of Baymount (“Founder” or “CIO”). We aim to generate through-cycle, uncorrelated, absolute returns in global markets through the implementation of our discretionary global macro strategy which focuses on G7 and the liquid emerging markets.

In carrying out our investment strategy, we will take long and short positions in, among other things, listed equities, ADRs and GDRs, contracts for differences, futures, exchange traded funds, swaps (e.g., total return swaps, credit default swaps, rate swaps, volatility swaps), currencies and FX forwards, fixed income instruments (e.g., cash bonds, mortgage backed securities, commercial mortgage backed securities), structured credit (e.g., collateralized loan obligations), commodities, and options on the foregoing asset classes. We will also trade instruments listed on both U.S. and non-U.S. exchanges and employ various strategies for hedging purposes as well as other securities for cash management purposes. Additional information about Baymount investment strategies and

associated risks can be found in greater detail below in **Item 8, Methods of Analysis, Investment Strategies and Risk of Loss.**

The investment activities of Baymount will be led by Mr. Casino, who will also oversee the implementation of the investment strategy and various portfolio and risk management matters. In providing services to the private fund clients, among other things, Baymount manages assets in accordance with the terms of the applicable governing documents. Baymount provides investment advice directly to the private fund clients and not individually to a Client's limited partners, shareholders, or Fund Investors (collectively "Fund Investors"). Investment restrictions for the private fund clients are generally established in the applicable governing document such as a limited partnership agreement or private placement memorandum (collectively "Fund Governing Documents"). An affiliate of our firm controlled by Mr. Casino, Baymount Funds GP, LLC (the "General Partner"), a Delaware limited liability company, serves as the general partner to the private fund clients. Baymount may advise other private fund clients or Clients in the future.

Baymount and the private fund clients have entered into an arrangement with one or more strategic investors (the "Strategic Investor"), whereby the Strategic Investor will provide a significant capital contribution to the private fund clients. In consideration for such capital contribution, the Strategic Investor will receive certain rights that are in addition to, and more favorable than, the rights of other Fund Investors. Additional information about Baymount investment strategies and associated risks can be found in greater detail throughout the brochure including in **Item 5, Fees and Compensation, Item 10, Other Financial Industry Activities and Affiliations, and Item 14, Client Referrals and Other Compensation.**

At the time of our initial ADV filing, we did not have any assets under management. We have filed for registration with the SEC in reliance on Rule 203A-2(c) because we have a reasonable expectation to be eligible for SEC registration within 120 days from the date registration becomes effective.

Item 5: Fees and Compensation

Baymount's compensation for the investment advisory services it provides to Clients is comprised of an asset-based management fee and an incentive allocation that is based on the performance achieved subject to a high water mark. The fees, expenses, and withdrawal terms applicable to each private fund client are set forth in detail in each of the applicable Fund's Governing Document. A brief summary of fees and expenses is provided below.

Asset Based Charge

Fund Investors will typically pay Baymount or an affiliate in advance a quarterly fee equal to .375% (1.50% on an annualized basis) of the net asset value of each Fund Investor's capital account. A portion of such charge will be paid to Baymount as a fee for its services (the "Asset Based Charge"), and a portion of such amounts will be paid to the Strategic Investor.

Baymount or the General Partner may elect, in its sole discretion, to reduce, waive or calculate differently the Asset Based Charge in respect of any Fund Investor, including Fund Investors that have strategic relationships with Baymount, without offering the same opportunity to other Fund Investors and will waive the Asset Based Charge for the General Partner and its affiliates and any of their respective owners, directors, officers or employees.

Incentive Allocation

Baymount or affiliates will be entitled to share in the appreciation in value of each Fund Investor's capital account balance, including profits subject to loss carry forward provisions. Baymount expects that for most periods and as to most sources of profit, this will be effected through incentive allocations ("Incentive Allocation") private fund clients make to the General Partner.

As of each fiscal year end Fund Investors will reallocate from each Fund Investors' capital account to the General Partner and the Strategic Investor an amount equal to 17.5% of the Adjusted Net Capital Appreciation, as defined in the applicable Fund Governing Documents, for the relevant performance period (also defined in the Fund Governing Documents). The Incentive Allocation will be determined separately with respect to each Fund Investors' capital account corresponding to each sub-series of fund interests. Notwithstanding the foregoing, the Adjusted Net Capital Appreciation upon which the calculation of the Incentive Allocation is based will be reduced to the extent of any unrecovered balance remaining in the Loss Recovery Account (as defined in the Fund Governing Documents). The sum of the General Partner's portion of the Incentive Allocation and the Strategic Investor's portion of the Incentive Allocation will constitute the Incentive Allocation.

A Loss Recovery Account, as defined in the applicable Fund Governing Documents, will also be established for each capital account in order to track any losses allocable to such capital account. Any balance that remains in a Loss Recovery Account as of the end of a fiscal period will be carried forward to the next fiscal period. Any profits allocable in respect of such capital account will be applied first to reduce the balance (but not below zero) of any such Loss Recovery Account before any Incentive Allocation may be made. This mechanism for the recovery of prior losses before an Incentive Allocation may be made is commonly referred to as a "high water mark." Upon any withdrawal from a Fund Investor's capital account, the corresponding Loss Recovery Account for its remaining capital account will be reduced pro rata based on the amount of the withdrawal relative to the balance of such capital account immediately prior to such withdrawal.

The General Partner's capital account will not be subject to any Incentive Allocation. The General Partner may elect, in its sole discretion, to reduce, waive, rebate or calculate differently the Incentive Allocation with respect to any Fund Investor, including Fund Investors that have strategic relationships with Baymount, without offering the same opportunity to other Fund Investors and may waive such Incentive Allocation for any employee or affiliate of Baymount. In consideration of certain Fund Investors' initial participation and certain strategic benefits we believe certain Fund Investors may bring to the private fund clients and Baymount, certain Fund Investors will be entitled to a reduced Incentive Allocation and/or Asset Based Charge at our sole discretion.

Withdrawals of capital by a Fund Investor from a private fund client are subject to a redemption fee, payable to the affected private fund, for redemptions made in less than the term the investor

agreed to, as described in the relevant Fund Governing Documents. The redemption fee will be retained by the private fund client although the General Partner may waive the redemption fee in what we believe to be appropriate circumstances.

Please see **Item 6 Performance Based Fees and Side-by-Side Management** below regarding additional information associated with the Incentive Allocation that Baymount or an affiliate may receive. The precise amount of, and the manner and calculation of, the Incentive Allocation is set forth in the applicable Fund Governing Documents.

Private fund client expenses

Private fund clients will bear their own expenses, including, but not limited to, a pro rata share of the master fund's expenses, including, without limitation, the Asset Based Charge; transaction-related expenses (which include all transaction-based expenses incurred in executing investments including brokerage commissions, dealer spreads, dividends payable with respect to and other expenses relating to short sales, clearing and settlement charges, exchange fees, National Futures Association fees, interest expenses and other related transaction fees and expenses, custodial fees, bank service fees, interest expenses and legal expenses associated with any potential transaction); professional fees (including, without limitation, expenses of consultants, investment bankers, attorneys, accountants and other experts) relating to investments; fees and expenses of the Board of Directors; fees and expenses relating to software tools, programs or other technology utilized in managing the Client assets (including, without limitation, third-party software licensing, implementation, data management and recovery services, custom development costs and all costs and expenses of any order management systems utilized by Baymount to manage the Clients); market data (excluding any computer hardware and connectivity hardware (e.g., telephone and fiber optic lines) incorporated into the cost of obtaining such market data); administrative expenses (including fees and expenses of the third party administrator); private fund client regulatory and compliance costs, including, without limitation, third party fees related to examinations, regulatory inquiries and regulatory filings including but not limited to Form PF, Form CPO PQR, Annex 4 filings, fees and expenses incurred in connection with Section 13 filings, Section 16 filings and other similar regulatory filings; legal expenses; external accounting and valuation expenses (including pricing services, but excluding the cost of accounting software packages); audit and tax preparation expenses; a portion of costs related to errors and omissions insurance for the General Partner, Baymount and the Board of Directors; costs of printing and mailing reports and notices; entity-level taxes; corporate licensing; regulatory expenses of the private fund clients and Baymount (including, without limitation, legal fees, filing fees and costs associated with FATCA compliance); ongoing expenses incurred in connection with the offering and sale of the private fund interests (including, without limitation, legal fees, registration and other filing fees, but excluding travel expenses) and other similar expenses related to private funds (other than any fees payable to any placement agent, which will be paid by Baymount either directly or indirectly by reducing the Asset Based Charge); indemnification expenses; and extraordinary expenses. Generally, private fund expenses, other than the Asset Based Charge and any expenses which the Board of Directors determines in its sole discretion should be allocated to a particular Fund Investor or Fund Investors, will be charged to the Fund Investors on a pro rata basis. To the extent that expenses to be borne by private fund clients are paid by the General Partner or Baymount, the private fund clients will reimburse such party for such expenses.

Baymount may pay or advance to the private fund client to pay for the private fund's organizational expenses and expenses incurred in connection with the initial offering and sale of the private fund interests and other similar expenses related to the private fund. Baymount is entitled to reimbursement from the private funds of all such funds. Certain of the private fund clients' organizational and initial offering expenses may, for accounting purposes, be amortized for up to a 60-month period. Amortization of such expenses over a period that is up to 60 months may be a divergence from the U.S. generally accepted accounting principles ("GAAP"), which can, in certain circumstances, result in a qualification of the private fund's annual audited financial statements, which are performed in accordance with GAAP. If a private fund client amortizes its expenses but terminates before such expenses are fully amortized, the unamortized portion of the organizational expenses will be debited against the private fund's assets at that time.

The organizational expenses and the operating expenses of each private fund client will be aggregated at the level of the master fund and borne by each of the feeder funds pro rata based on their respective net asset values for the relevant time period. To the extent that a Client is invested in an exchange-traded fund or mutual fund, the Client will bear, along with other shareholders, its pro rata portion of the exchange-traded fund's or mutual fund's management, trading, and administrative fees and expenses. We describe trading costs in greater detail in the subsequent **Item 12, Brokerage Practices** section of this brochure.

If any of the expenses listed above are incurred for the account of the private fund clients as well as for any Clients, such expenses will be allocated among the private fund clients and other Clients in proportion to the size of the investment made by each to which such expense relates, or in such other manner as the fund directors or Baymount considers fair and equitable.

The General Partner, Baymount and their delegates each bear the costs of providing their respective services to the private fund clients, as applicable, including their general overhead (including office space and utilities; administrative services; and secretarial, clerical and other personnel) and salaries of employees. Although Fund Investors in our private fund clients who are affiliated with Baymount do not pay Asset Based Charges or performance-based compensation, they do pay their *pro rata* share of our private fund clients' operating costs.

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

As previously described, Baymount or its affiliates receive annual performance-based allocations from private funds, which are based on a percentage of the net capital appreciation of their assets. These allocations may create an incentive for Baymount to make more speculative investments than would otherwise be made, or make decisions regarding the timing and manner of realization of investments differently than if such allocations were not received. To the extent that any Clients did not pay performance-based fees, we could have an incentive to favor our performance-based compensation clients when allocating investment opportunities. Similarly, if different clients have Fund Investors with different high water marks for purposes of calculating incentive allocations, we could have an interest in favoring a private fund client that is most likely to pay performance-based compensation. The payment by clients of performance-based compensation may also create an incentive for Baymount to disproportionately allocate time, services or functions to these clients,

or allocate investment opportunities to such Fund Investors. The potential to earn performance-based compensation could also give us an incentive to invest client assets in an aggressive or speculative manner. Finally, performance-based compensation at times is based in part on unrealized gains and losses, so we may have an incentive to inflate the value of client assets through fair valuation determinations. Despite the presence of these conflicts of interest, we seek to act fairly when we allocate investment opportunities and value client assets. We have also adopted written policies and procedures that are designed to ensure fair allocations and valuations over time. Current and prospective clients and Fund Investors are invited to discuss our allocation and valuation policies and procedures with us.

Item 7: Types of Clients

Baymount provides investment advisory services to our private fund clients. Details concerning applicable investor suitability criteria are set forth in the respective Fund Governing Documents and subscription materials. The minimum commitment for a Fund Investor is generally \$5,000,000. However, Baymount and/or its affiliates maintain discretion to accept less than the minimum investment threshold. Each Fund Investor is required to meet certain suitability qualifications, such as being an “accredited investor” within the meaning set forth in Regulation D under the Securities Act, as amended, and/or a “qualified purchaser” or “knowledgeable employee” as defined in the Investment Company Act, as amended. This brochure is not an offer to invest in our private funds. Any offer to invest in our private funds will only be made through the provision of their confidential offering documents. Our private funds are not registered under the Securities Act of 1933 or the Investment Company Act of 1940.

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

Baymount’s investment objective is to generate through-cycle, uncorrelated, absolute returns in global markets through the use of the Investment Manager’s discretionary global macro strategy which focuses on G7 and the liquid emerging markets. There can be no assurance that Baymount or our Clients will achieve its investment objective or avoid significant losses.

Baymount, through our Clients, pursues a global macro strategy, utilizing a discretionary, top-down approach. Baymount makes predominantly directional investments in short, medium and long term opportunities, through a strategy of both active trading and investment in equities, currencies, commodities, credit and fixed income instruments, and other instruments related to any such asset classes, whether listed or "over the counter." Baymount, on behalf of Clients, may invest in and utilize currency spot and forward contracts, currency and interest rate futures contracts, swaps, "over the counter" and exchange-listed options and options on futures contracts. Baymount may also take positions in commodity and equity and fixed income indices, as well as related futures, swaps and options on these indices, as well as investment opportunities in markets that may arise from time to time. Baymount is not limited in the types of securities, loans, commodities, derivatives financial instruments, real or personal property or any other types of assets it can own and our private fund clients are typically are not limited in the types of financing arrangements, contracts, other liabilities, transactions or businesses under which it can be obligated or into which it can enter, whether directly or indirectly.

For private fund clients, Baymount has the authority to borrow, trade on margin, utilize derivatives and otherwise obtain leverage from brokers, banks and others on a secured or unsecured basis. Baymount will utilize leverage in the implementation of our investment strategy to the extent deemed appropriate by the Investment Manager, and the amount of leverage utilized by Clients may be significant. Baymount also has the authority to borrow for cash management purposes on behalf of our private fund clients. Our private fund clients are not limited in the trading strategies it may pursue, and Baymount may, in the future, broaden the investment process to implement other strategies and styles of investing. The investment program of Baymount is speculative and may entail substantial risks. Since market risks are inherent in all securities investments to varying degrees, there can be no assurance that the investment objective of Clients will be achieved. In fact, certain investment practices described above can, in some circumstances, potentially increase the adverse impact on a Client's investment portfolio.

The descriptions of specific investment strategies and methods that may be engaged in by us should not be understood as in any way to limit our investment activities. We may engage in investment strategies and methods not described that we consider appropriate; provided, however, we will keep Fund Investors informed of any material change in our overall strategy or approach. There can be no assurance that the investment objective of the Client will be achieved. Fund Investors must be prepared to lose their entire investment. There are no material restrictions on the strategies, leverage, themes, markets or instruments that may be incorporated into our portfolio or the percentage of assets that may be committed to any particular issuer, theme, strategy type, market or instrument. By investing with Baymount, subscribers are relying on the discretionary market judgment of Mr. Casino, without any meaningful diversification, leverage, trading or strategy concentration limitations. An investment in a private fund client is speculative and involves substantial risks, including, without limitation, general market and investment risks, risks associated with certain instruments, trading techniques and strategies, risks associated with derivatives, structural risks and tax risks. Prospective Clients or Fund Investors are encouraged to consult their own financial, legal, and tax advisers regarding their individual circumstances and the suitability of an investment.

Investing in securities including, listed equities, derivatives, fixed income securities, and commodity interests involves risk of loss that Clients and Fund Investors should be prepared to bear. An investment with Baymount is not a complete investment program and should represent no more than a portion of a Fund Investor's portfolio management strategy.

The following risk factors do not purport to be a complete enumeration or explanation of the risks involved in an investment with Baymount.

Regulatory Changes for Hedge Funds. The legal, tax and regulatory environment worldwide for private investment funds (such as the private fund clients) and their managers is evolving, and changes in the regulation of private investment funds, their managers and their trading and investing activities may have a material adverse effect on the ability of private fund clients to pursue its investment program and the value of investments held by Clients. There has been an increase in scrutiny of the alternative investment industry by governmental agencies and self-regulatory organizations. New laws and regulations or actions taken by regulators that restrict the ability of private fund clients to pursue its investment program or conduct business with brokers and other

counterparties could have a material adverse effect on the Clients and therefore Client investments therein. Such laws and regulations may also materially increase the costs of operating private funds and the costs of executing and financing certain strategies utilized by Clients, which costs are borne by private fund clients. In addition, Baymount may, in its sole discretion, cause private fund clients or the Clients to be subject to certain laws and regulations if it believes that an investment or business activity is in the Clients' interest, even if such laws and regulations may have a detrimental effect on one or more Fund Investors.

Dodd-Frank Act. The U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") was enacted in July 2010. The Dodd-Frank Act has resulted in extensive rulemaking and regulatory changes that affect private fund managers, the funds that they manage and the financial industry as a whole. Additionally, under the Dodd-Frank Act, the SEC and the CFTC have mandated new recordkeeping, reporting, central clearing and mandatory trading on electronic facilities requirements for investment advisers, which add costs to the legal, operational and compliance obligations of Baymount, private fund clients and the Clients and increase the amount of time that Baymount spends on non-investment-related activities. The Dodd-Frank Act affects a broad range of market participants with whom private fund clients and the Clients may interact, including banks, non-bank financial institutions and broker-dealers and may change the way in which Baymount conducts business with its brokers and other counterparties.

Brexit. Changes to the European Union and the Functioning and Applicability of the Treaty on the European Union. On June 23, 2016, the United Kingdom held a referendum and voted to withdraw as a member of the EU and a party to the Treaty on European Union and its successor treaties. Formally to initiate the withdrawal process, the United Kingdom notified the European Council of its intention to withdraw from the European Union on 29 March 2017, triggering a two-year "divorce" period under Article 50 of the Treaty on European Union ("Article 50") during which the United Kingdom and the EU have attempted to negotiate a withdrawal agreement governing the United Kingdom's withdrawal from and its future relationship with the EU. The "divorce" period has now been extended and the United Kingdom is scheduled to leave the EU on October 31, 2019, unless before that date either (i) a further extension of the "divorce" period is agreed upon by the United Kingdom and all of the member states of the EU, (ii) the United Kingdom ratifies a withdrawal agreement with the EU, (iii) the United Kingdom revokes its decision to withdraw as a member of the EU, or (iv) the United Kingdom determines to leave the EU without a withdrawal agreement before that date. It is also unclear whether a withdrawal agreement will be finalized during the remaining "divorce" period and, if not, whether all members of the EU will agree to further extend the "divorce" period further. Additionally, political parties in several other member states of the EU have proposed that a similar referendum be held on their country's membership in the EU. It is unclear whether any other member states of the EU will hold such referendums. Areas where the uncertainty created by the United Kingdom's vote to withdraw from the EU is relevant includes, but are not limited to, trade within Europe, foreign direct investment in Europe, the scope and functioning of European regulatory frameworks (including with respect to the regulation of alternative investment fund managers and the distribution and marketing of alternative investment funds), industrial policy pursued within European countries, immigration policy pursued within European countries, the regulation of the provision of financial services within and to persons in Europe and trade policy within European countries and internationally. The volatility and

uncertainty caused by the referendum may adversely affect the value of private fund clients' investments and the ability of Baymount to achieve the investment objective of Clients.

Impact of the AIFM Directive. The EU Directive 2011/61/EU on Alternative Investment Fund Managers (the "AIFM Directive") has been implemented into the national law of the majority of member states of the EEA and is likely to be implemented in remaining EEA member states in the near term. The AIFM Directive sets out minimum conditions related to the marketing of interests in alternative investment funds (such as private fund interests) in member states of the EEA. These conditions include requirements to register private fund clients as being marketed in the relevant EEA member state, requirements to file periodic reports with the competent authority in the relevant EEA member state and requirements to comply with disclosure and reporting requirements in respect of investors in the relevant EEA member state. The AIFM Directive does not, however, prohibit an investor in a relevant EEA member state subscribing for fund interests at their own initiative in circumstances where such fund interests have not been marketed in such member state and private fund clients may issue fund interests to such investors. Investors should note that private fund clients have not been registered as being marketed in any EEA member state and that the sale of fund interests of private fund clients will only be made to an investor based on such investor's own initiative. Accordingly, no reports will be filed with the competent authority in any EEA member state by, or in respect of, private fund clients and no investor shall be entitled to receive any disclosure or report that is mandated in respect of an alternative investment fund being marketed in any EEA member state.

Regulation in the Derivatives Industry. The Dodd-Frank Act has had a significant impact on the derivatives industry. The Dodd-Frank Act divides the regulatory responsibility for derivatives in the United States between the SEC and the CFTC, a distinction that does not exist in any other jurisdiction. The CFTC has regulatory authority over "swaps" and the SEC has regulatory authority over "security-based swaps". As a result of this bifurcation and the different pace at which the agencies have promulgated necessary regulations, different transactions are subject to different levels of regulation in the U.S. In addition, there has been and will be extensive rulemaking related to derivative products by non-U.S. regulatory authorities. Differences between regulatory regimes may make it more difficult or costly for dealers, prime brokers, futures commission merchants ("FCMs"), custodians, exchanges, clearinghouses and other entities, such as the Clients and private fund clients, to comply with and follow various regulatory regimes. There are significant legal, operational, technological and trading implications that result from the Dodd-Frank Act and related rules and regulations that may make it difficult or impossible for Clients to enter into otherwise beneficial transactions.

Systemic Risk. Credit risk may arise through a default by or because of one of several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by or because of one institution may cause a series of defaults by the other institutions. This is sometimes referred to as a "systemic risk" and may adversely affect financial intermediaries, such as clearing houses, banks, securities firms and exchanges with which the Clients interact. A systemic failure could have material adverse consequences on the Clients and on the markets for the securities in which Clients seek to invest.

Assumption of Business, Terrorism and Catastrophe Risks. The Clients may be subject to the risk of loss arising from exposure that it may incur, indirectly, due to the occurrence of various events, including, without limitation, hurricanes, earthquakes and other natural disasters, terrorism and other catastrophic events. These risks of loss can be substantial and could have a material adverse effect on the Clients and Fund Investors' investment in private fund clients.

Cyber Security Breaches and Identity Theft. With the increased use of technologies such as the Internet and the dependence on computer systems to perform business and operational functions, portfolios (such as private fund clients and the Clients) and their service providers may be prone to operational and information security risks resulting from cyber-attacks and/or technological malfunctions. In general, cyber-attacks are deliberate, but unintentional events may have similar effects. Cyber-attacks include, among others, stealing or corrupting data maintained online or digitally, preventing legitimate users from accessing information or services on a website, releasing confidential information without authorization and causing operational disruption. Successful cyber-attacks against, or security breakdowns of, private fund clients, the Clients, Baymount, the General Partner or a custodian, or other affiliated or third-party service provider may adversely affect private fund clients, the Clients or Fund Investors. For instance, cyber-attacks may interfere with the processing of transactions, affect Clients' ability to calculate net asset value, cause the release of Fund Investor information or confidential private fund (and Clients) information, impede trading, cause reputational damage, and subject private fund clients (and/or the Clients) to regulatory fines, penalties or financial losses, reimbursement or other compensation costs and additional compliance costs. Cyber-attacks may render records of Clients assets and transactions, ownership of the fund interests and other data integral to the functioning of private fund clients and the Clients inaccessible or inaccurate or incomplete. Each of the Clients may also incur substantial costs for cyber security risk management in order to prevent cyber incidents in the future. The Clients and the Fund Investors could be negatively impacted as a result. While Baymount has established business continuity plans and systems designed to minimize the risk of cyber-attacks through the use of technology, processes and controls, there are inherent limitations in such plans and systems, including the possibility that certain risks have not been identified given the evolving nature of this threat. Each of the Clients relies on third-party service providers for many of its day-to-day operations and will be subject to the risk that the protections and protocols implemented by those service providers will be ineffective to protect private fund clients and the Clients from cyber-attack.

Systems Failure. Baymount's strategies are highly dependent on the proper functioning of its internal computer systems. Accordingly, systems failure, whether due to third party failures upon which such systems are dependent or the failure of Baymount's hardware or software, could disrupt trading or make trading impossible until such failure is remedied. Any such failure, and consequential inability to trade (even for a short period of time), could, in certain market conditions, cause the Clients to experience significant trading losses or to miss opportunities for profitable trading.

Disruptions or Inability to Trade Due to a Failure to Receive Timely and Accurate Market Data from Third Party Vendors. The strategies used by Baymount depend to a significant degree on the receipt of timely and accurate market data from third party vendors. Any failure to receive such

data in a timely manner or the receipt of inaccurate data for any reason could disrupt and adversely affect trading until such failure or inaccuracy is corrected.

Central Clearing. In order to mitigate counterparty risk and systemic risk in general, various U.S. and international regulatory initiatives are underway to require certain derivatives to be cleared through a clearinghouse. In the United States, clearing requirements were part of the Dodd-Frank Act. The CFTC imposed its first clearing mandate on December 13, 2012, affecting certain interest rate and credit default swaps. It is expected that the CFTC and the SEC will introduce clearing requirements for other derivatives in the future. Trades submitted for clearing will be subject to minimum initial and variation margin requirements set by the relevant clearinghouse, the FCM, as well as possible SEC or CFTC mandated margin requirements. Clearing through FCMs has in certain cases led to losses caused by operational failure or fraud. As products become more standardized in order to be cleared, standardized derivatives may mean that the Clients may not be able to hedge its risks or express an investment view as well as it would using customizable derivatives available in the OTC markets. Compared to the OTC derivatives market, the Clients may be subject to more onerous and more frequent (daily or even intraday) margin calls from both the clearinghouse and the FCM. In addition, clearinghouse margin is dynamic and may be increased in times of market stress. Although standardized clearing for derivatives is intended to reduce risk (for instance, it may reduce the counterparty risk to the dealers to which the Clients would be exposed under OTC derivatives), it does not eliminate risk. Rather, standardized clearing transfers risk of default from the OTC derivatives dealer to the central clearinghouse, which may increase systemic risk, potentially more so than a failure by an OTC derivatives counterparty. The failure of a clearinghouse, although less likely than the failure of a counterparty, could have a much more significant impact on the financial system. Because these clearinghouses are still developing and the related bankruptcy process is untested, it is difficult to speculate what the actual risks would be to Clients related to the default of a clearinghouse. Also, a clearinghouse will likely require that Clients relinquish control of its transactions if the clearinghouse were to become insolvent, and, therefore, the Clients would not be able to terminate and close out of a defaulting clearinghouse's positions, but would become subject to regulators' control over those positions. In such a circumstance, Clients may not be able to take actions that it deems appropriate to lessen the impact of such clearinghouse's default. Applicable regulations may also require Clients to make public information regarding its swaps volume, position size and/or trades, which could detrimentally impact Clients' ability to achieve its investment objectives.

Markets in Financial Instruments Directive. The package of European Union market infrastructure reforms known as "MiFID II" had significant impact on the European capital markets. MiFID II brings an increase in the scope of commodities and commodity derivatives regulation, including position limits and position management powers, which may lead to a reduction in liquidity in certain financial instruments, as some of the sources of liquidity exit European markets, and an increase in costs and spreads in the commodities markets, and, as a consequence, may have an adverse impact on the investment program of Clients.

Speculative Position Limits May Restrict Futures Trading. The CFTC and certain U.S. futures exchanges have established speculative position limits on the maximum net long or short futures and options positions which any person or group of persons acting in concert may hold or control in particular futures contracts. The CFTC has adopted a rule requiring each U.S. domestic exchange

to set speculative position limits, subject to CFTC approval, for all futures contracts and options traded on such exchange which are not already subject to speculative position limits established by the CFTC or such exchange. The CFTC has jurisdiction to establish speculative position limits with respect to all futures contracts and options traded on exchanges located in the United States, and any exchange may impose additional limits on positions on that exchange. Some non-U.S. exchanges also have position limits in effect and with respect to forward or swap contracts, OTC counterparties may limit the size or duration of positions available to clients as a consequence of credit considerations. In Europe, pursuant to MIFID II, commodity derivative position limits became effective on January 3, 2018. In addition, pursuant to the Dodd-Frank Act, the CFTC has sought to implement regulations for federal speculative position limits in 25 core physical commodity contracts and their economically equivalent futures, options and swaps as well as aggregation rules and exemptions therefrom. In December 2016, the aggregation rules and exemptions were adopted by the CFTC. The aggregation rules and the proposed speculative position limit rules, if adopted, could adversely affect Baymount's and/or Clients' ability to maintain positions in certain financial instruments. In addition, the CFTC has adopted regulations regarding position visibility reporting and US exchanges also have adopted position accountability levels. All trading accounts owned or managed by Baymount and its trading principals will be combined for speculative position limit purposes. With respect to trading in futures subject to such limits, Baymount may reduce the size of the positions, which would otherwise be taken in such futures and not trade certain futures in order to avoid exceeding such limits. Such modification, if required, could adversely affect the operations and profitability of Clients. There can be no guarantee that additional position-related limits will not be established by the CFTC, and other regulators or exchanges for the markets where Clients trade.

Risks Relating to Management

Limited Operating History. The private fund clients, the General Partner and Baymount are newly formed entities and have no operating history upon which prospective Fund Investors can evaluate their anticipated performance. The investment professionals of Baymount have been using strategies similar to the strategies described herein for several years. However, there can be no assurance that private fund clients or Clients will achieve results comparable to those that the investment professionals have achieved in the past.

Dependence on Baymount, the General Partner and Certain Personnel. The success of private fund clients is dependent upon the ability of Baymount to manage private fund clients and effectively implement private fund clients' investment program. The Fund Governing Documents do not permit the Fund Investors to participate in the management and affairs of private fund clients. If private fund clients were to incur substantial losses or were subject to an unusually high level of redemptions, the revenues of Baymount may decline substantially. Such losses and/or redemptions may impair Baymount's ability to retain employees, provide the same level of service to private fund clients and continue operations. The loss of the services of Baymount or the General Partner or their key personnel could have a material adverse effect on private fund clients and the Fund Investors' investments therein.

Dependence on Service Providers. Clients are also dependent upon its counterparties and businesses that are not controlled by Baymount that provide services to private fund clients (the "Services Providers"). Examples of Service Providers include the administrator, the prime brokers,

legal counsel, the auditors and pricing and information technology vendors. Errors are inherent in the business and operations of any business, and although Baymount will adopt measures to prevent and detect errors by, and misconduct of, counterparties and third-party service providers, and transact with counterparties and third-party service providers it believes to be reliable, such measures may not be effective in all cases. Errors or misconduct could have a material adverse effect on private fund clients and the Fund Investors' investments therein. As private fund clients have no employees and Baymount's staff is limited, private fund clients are reliant on the performance of the Service Providers, and accordingly, any business interruptions or errors caused by such Service Providers could have an adverse effect on private fund clients. Each Fund Investor's relationship in respect of its fund interests is with private fund clients only. Accordingly, absent a direct contractual relationship between the Fund Investor and the relevant Service Provider, no Fund Investor will have any contractual claim against any Service Provider for any reason related to its services to private fund clients. Instead, the proper plaintiff in an action in respect of which a wrongdoing is alleged to have been committed against private fund clients by the relevant Service Provider is, prima facie, private fund clients.

Retention and Motivation of Key Employees. The success of private fund clients is dependent upon the talents and efforts of highly skilled individuals employed by Baymount and Baymount's ability to identify and willingness to provide acceptable compensation to attract, retain and motivate talented investment professionals and other employees. There can be no assurance that Baymount's investment professionals will continue to be associated with Baymount throughout the life of Client relationships, and the failure to attract or retain such investment professionals could have a material adverse effect on Clients and the private fund clients Fund Investors' investments therein. Competition in the financial services industry for qualified employees is intense and there is no guarantee that, if lost, the talents of Baymount's investment professionals could be replaced.

Investment and Due Diligence Process. Before making investments, Baymount will conduct due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence, Baymount may be required to evaluate important and complex business, financial, tax, accounting and legal issues. When conducting due diligence and making an assessment regarding an investment, Baymount will rely on the resources reasonably available to it, which in some circumstances whether or not known to Baymount at the time, may not be sufficient, accurate, complete or reliable. Due diligence may not reveal or highlight matters that could have a material adverse effect on the value of an investment.

Increased Regulatory Oversight. Increased regulation and regulatory oversight of private investment funds and their managers may impose administrative burdens on Baymount, including, without limitation, responding to examinations and other regulatory inquiries and implementing policies and procedures. Such administrative burdens may divert Baymount's time, attention and resources from portfolio management activities. Such regulatory inquiries are generally confidential in nature, may involve a review of an individual's or a firm's activities or may involve studies of the industry or industry practices, as well as the practices of a particular institution.

Risks Relating to the Structure of private fund clients

Fees and Expenses. The fees and expenses of Clients may be significant. Clients must generate sufficient income to offset such fees and expenses to avoid a decrease in the net asset value.

Absence of Regulatory Oversight. Generally, private fund clients and the fund interests are not expected to be registered under the securities laws of the United States. In particular, private fund clients will not be registered as an investment company under the Company Act, and, therefore, will not be required to adhere to the restrictions and requirements under the Company Act. Accordingly, the provisions of the Company Act (which, among other things, require investment companies to have a majority of disinterested directors, require securities to be held in custody by a bank or broker in accordance with rules requiring the segregation of securities, prohibit the investment companies from engaging in certain transactions with its affiliates and regulate the relationship between advisers and investment companies) are not applicable. Registration under the Mutual Funds Law (as defined below) does not involve a detailed examination of the merits of private fund clients or supervision of the investment activities or constitution of the investment portfolio of private fund clients by the Cayman Islands government or the Cayman Islands Monetary Authority (the “Monetary Authority”). There is no financial obligation or compensation scheme imposed on or by the government of the Cayman Islands in favor of or available to the Fund Investors in private fund clients.

Subscription Monies. Where a subscription for fund interests is accepted, the fund interests will be treated as having been issued with effect from the relevant subscription date notwithstanding that the subscriber for those fund interests may not be entered in the private fund clients’ register of investors until after the relevant subscription date. The subscription monies paid by a subscriber for fund interests will accordingly be subject to investment risk in private fund clients from the relevant subscription date.

Payment of Redemption Proceeds to Fund Investors Based on Unaudited Data. The calculation and payment of a Fund Investor’s redemption proceeds may be based on estimated and unaudited data. Accordingly, adjustments and revisions may be made to private fund clients’ net asset value following the year-end audit of private fund clients. Once paid, no revision to a Fund Investor’s redemption proceeds will be made based upon audit adjustments. Thus, private fund clients will not seek reimbursement in the event of any overpayment and will not pay additional amounts in the event of an underpayment. As a result, a redeeming Fund Investor may be positively or negatively affected by a revision to a private fund clients’ net asset value. To the extent that such revisions to net asset value decrease the net asset value of a private fund client, the outstanding fund interests will be adversely affected by redemptions. Conversely, any increases in the net asset value of private fund clients resulting from such adjustments will be entirely for the benefit of the outstanding fund interests.

Effect of Substantial Redemptions. Substantial redemptions could be triggered by a number of events, including, without limitation, unsatisfactory performance, events in the markets, a significant change in personnel or management of Baymount, legal or regulatory issues that investors perceive to have a bearing on private fund clients or Baymount, or other events. Actions taken to meet substantial redemption requests from private fund clients could result in prices of securities held by private fund clients decreasing and in expenses increasing (e.g., transaction costs and the costs of terminating agreements). The overall value of private fund clients also may decrease because the liquidation value of certain assets may be materially less than their cost or mark-to-market value. Clients 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 Fund Investors. Substantial redemptions could also significantly restrict private fund clients' ability to obtain financing or transact with derivatives counterparties needed for its investment strategies, which would have a further material adverse effect on private fund clients' performance. Baymount generally will not disclose to Fund Investors the amount of pending redemptions or redemption requests and are under no obligation to make any such disclosure. Where a redemption request is accepted, the fund interests will be treated as having been redeemed with effect from the relevant redemption date irrespective of whether or not such redeeming Fund Investor has been removed from private fund clients' register of members or the redemption proceeds have been determined or remitted. Accordingly, on and from the relevant redemption date, Fund Investors in their capacity as such will not be entitled to or be capable of exercising any rights arising under the articles of association with respect to fund interests being redeemed save the right to receive the redemption proceeds and any dividend which has been declared prior to the relevant redemption date but not yet paid (in each case with respect to the fund interests being redeemed). Such redeemed Fund Investors will be creditors of private fund clients with respect to the redemption price. In an insolvent liquidation, redeemed Fund Investors will rank behind ordinary creditors but ahead of Fund Investors.

Limited Liquidity. An investment in a private fund client has limited liquidity because Fund Investors will generally have only limited rights to redeem capital from private fund clients or transfer their fund interests, and Baymount or the General Partner has the right to suspend redemptions, as described herein. Fund Investors must be prepared to bear the financial risks of an investment in private fund clients for an indefinite period of time.

Strategic Investor Contribution. Baymount and the private fund clients have entered into an arrangement with the Strategic Investor, whereby the Strategic Investor will contribute significant capital to private fund clients as of the launch date. If the Strategic Investor fails to make such contribution, or fails to maintain such contribution, particularly during the early stages of the private fund client's operations, private fund clients may be adversely affected.

Access to Information and Effect on Redemptions. In response to questions and requests and in connection with due diligence meetings and other communications, Baymount may provide additional information to certain Fund Investors and prospective Fund Investors (including the Strategic Investor) that is not distributed to other Fund Investors and prospective fund investors. Such information may affect a prospective Fund Investor's decision to invest in private fund clients, and certain Fund Investors (which will generally include the Strategic Investor as well as personnel and affiliates of Baymount) may be able to act on such additional information and redeem their fund interests 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, private fund clients may need to maintain a greater amount of cash and cash-equivalent investments than it would otherwise maintain, which may reduce the overall performance. Each Fund Investor is responsible for asking such questions as it believes are necessary in order to make its own investment decisions, must decide for itself whether the limited information provided by Baymount is sufficient for its needs and must accept the foregoing risks.

Governmental Entity Investors. Governmental entities, including, but not limited to, pension plans maintained by governmental agencies and instrumentalities, may invest in private fund clients. Investment in private fund clients by certain governmental entities may subject private fund clients and/or Baymount to increased regulatory burdens and public disclosures about private fund clients, its investors and its activities.

In-Kind Distributions. Under certain circumstances, a redeeming Fund Investor may receive securities in lieu of, or in combination with, cash. Such distributions, if any, may include interests in one or more special purpose vehicles holding securities owned by private fund clients, or participations therein. To the extent a redeeming Fund Investor is distributed interests in special purpose vehicles, such redeeming Fund Investor will continue to be at risk with respect to their special purpose vehicles interest. The value of securities distributed in kind may increase or decrease before they are sold either by the redeeming Fund Investor, if received directly, or by Baymount or its affiliates, if held through a special purpose vehicle. In either case, the redeeming Fund Investor will incur transaction costs in connection with the sale of any such securities and, in the case of interests in special purpose vehicles, will bear a proportionate share of the operating and other expenses borne by such vehicle. Securities distributed in kind may not be readily marketable. The risk of loss and delay in liquidating these securities will be borne by the Fund Investor, with the result that such Fund Investor may ultimately receive less cash than it would have received on the date of redemption if it had been paid in cash. Furthermore, to the extent that a redeeming Fund Investor receives interests in special purpose vehicles, such redeeming Fund Investor will generally have no voting rights or any control over when and at what price the securities in which such vehicles have an interest are sold.

Cross-Class Liability. The private fund clients will issue fund interests in Series and/or sub-series. Fund Governing Documents provide for the manner in which the liabilities are to be attributed across the various Series or sub-series (liabilities are to be attributed to the specific Series or sub-series in respect of which the liability was incurred). However, a private fund client is organized as a single legal entity and there is no limited recourse protection for any Series or sub-series. Accordingly, all of the assets of a private fund client will be available to meet all of its liabilities regardless of the Series or sub-series to which such assets or liabilities are attributable. In practice, cross-series liability is only expected to arise where liabilities referable to one Series or sub-series are in excess of the assets referable to such Series or sub-series and it is unable to meet all liabilities attributed to it. In such a case, the assets of a private fund client attributable to other Series or sub-series may be applied to cover such liability excess and the value of the contributing Series or sub-series will be reduced as a result.

Risks Related to the Operations and Investment Activities of Clients

Systems and Operational Risks. Clients depends on Baymount to develop and implement appropriate systems for Clients' activities. The Fund relies heavily and on a daily basis on financial, accounting and other data processing systems to execute, clear and settle transactions across numerous and diverse markets and to evaluate certain securities, to monitor its portfolio and capital, and to generate risk management and other reports that are critical to oversight of Clients' activities. Certain of Clients' and Baymount's activities will be dependent upon systems operated by third parties, including prime brokers, the fund administrator, market counterparties and other service providers, and Baymount may not be in a position to verify the risks or reliability of such third-

party systems. Failures in the systems employed by Baymount, prime brokers, the fund administrator, counterparties, exchanges and similar clearance and settlement facilities and other parties could result in mistakes made in the confirmation or settlement of transactions, or in transactions not being properly booked, evaluated or accounted for. Disruptions in Client's operations may cause private fund clients to suffer, among other things, financial loss, the disruption of its business, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing failures or disruptions could have a material adverse effect on private fund clients and the Fund Investors' investments therein.

ASC 740—Accounting Changes; Effect on Net Asset Value. Pursuant to FASB ASC 740 ("ASC 740"), which provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in financial statements, private fund clients is required to determine whether a tax position, based on its technical merits, meets a more-likely-than-not recognition threshold that the position will be sustained upon examination. As a result of such a determination, private fund clients may be required to recognize a contingent tax liability in its net asset value calculation if the related tax position meets the recognition criterion in ASC 740 and, conversely, may be required to unrecognize a contingent tax liability in its net asset value calculation if the related tax position does not meet the recognition criterion in ASC 740. In addition, the net asset value of private fund clients may be adjusted if an uncertain tax position is settled. Since ASC 740 has only recently been adopted, private fund clients may be required to recognize in its financial statements contingent liabilities that under prior custom and practice in the industry would not have been recognized. Such contingent liabilities may also relate to time periods that predate a Fund Investor's investment in private fund clients. Recognition and measurement of each tax position, including any tax position for which there is a lack of authority and audit experience, is determined by the board of directors, in its sole discretion, based on discussions with Baymount, tax advisers and the auditor and based on the facts and circumstances known at the time. There can be no assurance that any such determination will not change over time. Adjustments made to the net asset value of private fund clients in connection with the recognition or unrecognition of contingent tax liabilities may have a material positive or negative effect on certain Fund Investors and prospective investors, depending on the circumstances.

Bankruptcy Rules. All cash and securities maintained in Clients' accounts at U.S. broker-dealers registered with the SEC and the FINRA are protected by the U.S. Securities Investor Protection Corporation (the "SIPC"). In the event of the bankruptcy of a broker-dealer, if sufficient funds are not available in the broker-dealer's customer accounts to satisfy claims, the reserve funds of the SIPC will be used to supplement the distribution, up to a ceiling of \$500,000 per customer, including a maximum of \$100,000 for cash claims, with the Clients being considered the customer for such purposes. Therefore, the Clients could be at risk of loss for any amounts in excess of the SIPC limit. Bankruptcy law applicable to all U.S. FCMs requires that, in the event of the bankruptcy of such a FCM, all property held by the FCM, including certain property specifically traceable to a customer, will be returned, transferred or distributed to the FCM's customers only to the extent of each customer's pro rata share of all property available for distribution to customers. If any FCM holding assets of the Clients were to become bankrupt, it is possible that the Clients would be able to recover none or only a portion of its assets held by such FCM. Furthermore, in the event of an insolvency of a FCM or other counterparty which is not regulated by the CFTC, the CFTC's segregation protections would not be available to the Clients. The Clients intends to utilize FCMs that are

regulated by the CFTC. Other custodians and counterparties may have similar types of risks. Assets held outside the U.S. may be subject to different and/or diminished protection in the event of a counterparty failure located in such jurisdiction.

Counterparty Risk. The Clients expects to establish relationships to obtain prime brokerage, derivative intermediation and financing services that permit the Clients to trade in any variety of markets or asset classes over time as well as custody its cash and investments. However, there can be no assurance that the Clients will be able to establish or maintain such relationships. An inability to establish or maintain such relationships could limit the Clients' trading activities, create losses, preclude Clients from engaging in certain transactions or prevent Clients from trading at optimal rates and terms. Moreover, a disruption in the prime brokerage, derivative intermediation and financing services provided by any such relationships could have a significant impact on Clients' business and operations due to the Clients' reliance on such counterparties. The assets of the Clients will generally be held in accounts maintained for it by its prime brokers or in accounts with other market participants, including non-U.S. sub-custodians selected by the prime brokers. The accounts generally will not be segregated, bankruptcy-remote accounts titled in the owner's name and, therefore, a failure of any broker or market participant is likely to have a greater adverse impact than if the assets, or the accounts in which they are held, were registered in the name of the Client. In addition, because the Clients' securities generally will not be held in margin accounts, and the prime brokers will have the ability to loan those securities to other persons, the Clients' ability to recover all of its assets in the context of a bankruptcy or other failure of a prime broker may be further limited. Certain of the markets in which Clients will effect transactions are not "exchange-based," such as "over-the-counter" or "interdealer" markets. The stability and liquidity of over-the-counter transactions depends in large part on the creditworthiness of the parties to the transactions. The participants in such markets are typically not subject to the credit evaluation and regulatory oversight to which members of "exchange-based" markets are subject. The lack of evaluation and oversight of over-the-counter markets exposes Clients 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 Clients to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where Clients have concentrated its transactions with a single or small group of counterparties. Generally, Clients will not be restricted from dealing with any particular counterparties. Baymount's evaluation of the creditworthiness of counterparties may not prove sufficient. The lack of a complete and "foolproof" evaluation of the financial capabilities of the Clients' counterparties and the absence of a regulated market to facilitate settlement may increase the potential for losses by Clients. If there is a default by a counterparty, the Clients under most normal circumstances will have contractual remedies pursuant to the agreements related to the transaction. However, exercising such contractual rights may involve delays or costs which could result in the net asset value of the Clients being less than if the Clients had not entered into the transaction. Furthermore, there is a risk that any of such counterparties could become insolvent and/or the subject of insolvency proceedings. In such case, the recovery of the Clients' securities from such counterparty or the payment of claims therefor may be significantly delayed and the Clients may recover substantially less than the full value of the securities entrusted to such counterparty. In addition, the Clients may use counterparties located in jurisdictions outside the United States. Such local counterparties usually are subject to laws and regulations in foreign jurisdictions that are designed to protect customers in the event of their insolvency. However, the

practical effect of these laws and their application to the Clients' assets are subject to substantial limitations and uncertainties. Because of the range of possible factual scenarios involving the insolvency of a counterparty and the potentially large number of entities and jurisdictions that may be involved, it is impossible to generalize about the effect of such an insolvency on the Clients and its assets. Investors should assume that the insolvency of any such counterparty would result in significant delays in recovering the Clients' securities from or the payment of claims therefor by such counterparty and a loss to the Clients, which could be material.

Volatility Risk. The Clients' investment program may involve the purchase and sale of relatively volatile securities and/or investments in volatile markets. Fluctuations or prolonged changes in the volatility of such securities and/or markets can adversely affect the value of investments held by Clients.

Currency Exchange Exposure. The Clients expects to invest in financial instruments denominated in currencies other than the U.S. Dollar. Clients, however, will value its assets and liabilities in U.S. Dollars. The Clients generally seeks to hedge its non-U.S. currency exposure by entering into currency hedging transactions. There can be no guarantee that securities suitable for hedging currency or market shifts will be available at the time when Clients wishes to use them, or that hedging techniques employed by Baymount on behalf of Clients will be effective. Furthermore, certain currency market risks may not be fully hedged or hedged at all. To the extent unhedged, the value of the Clients' positions denominated in currencies other than U.S. Dollars will fluctuate with U.S. Dollar exchange rates as well as with the price changes of the investments in the various local markets and currencies.

Risks Related to Investment Strategy

Risk of Loss. No guarantee or representation is made that the Clients' investment program, including, without limitation, the Clients' investment objective, diversification strategies or risk monitoring goals, will be successful. Investment results may vary substantially over time. No assurance can be made that profits will be achieved or that substantial or complete losses will not be incurred. Past investment results of the investments otherwise made by the investment professionals of Baymount are not necessarily indicative of Clients or Baymount's future performance.

General Economic and Market Conditions. The success of Baymount's and Client's activities will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the trading strategies which are based on the predicated outcomes of macroeconomic themes.

Concentrated Investment Strategy. Clients will not be broadly diversified, but rather will concentrate on two to four themes capitalizing on opportunities in developed and liquid emerging markets. The undiversified nature of Clients' trading can be expected to result in increased performance volatility and risk.

Financing Arrangements; Availability of Credit. Clients will use leverage as part of the investment strategies, and, as a result, Clients may depend on the availability of credit in order to finance its portfolio. There can be no assurance that Clients will be able to maintain adequate financing arrangements under all market circumstances. As a general matter, the banks and dealers that provide financing to Clients can apply essentially discretionary margin, haircut, financing, security and collateral valuation policies. Changes by banks and dealers in such policies, or the imposition of other credit limitations or restrictions, whether due to market circumstances or governmental, regulatory or judicial action, may result in margin calls, loss of financing, forced liquidation of positions at disadvantageous prices, termination of swap and repurchase agreements and cross-defaults to agreements with other dealers. Any such adverse effects may be exacerbated in the event that such limitations or restrictions are imposed suddenly and/or by multiple market participants at or about the same time. The imposition of such limitations or restrictions could compel Clients to liquidate all or a portion of its portfolio at disadvantageous prices. During the 2008 financial crisis the availability of financing for speculative strategies was materially restricted. In addition, many dealers materially increased the cost and margin requirements applicable to outstanding financing, which materially adversely affected certain funds.

Interest Rate Risk. The Clients are subject to interest rate risk. Generally, the value of fixed income securities will change inversely with changes in interest rates. As interest rates rise, the market value of fixed income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed income securities tends to increase. The risk will be greater for long-term securities than for short term securities. Baymount typically seeks to minimize the exposure of its portfolio to interest rate changes through the use of interest rate swaps, interest rate futures, interest rate options and/or other financial instruments. However, there can be no guarantee that Baymount will be successful in fully mitigating the impact of interest rate changes on Clients' portfolios. To the extent that interest rate assumptions underlie the thesis of a particular position, fluctuations in interest rates could invalidate those underlying assumptions. The Federal Reserve and other central banks around the world have lowered interest rates to historically low levels. It is reasonable to assume that, if and when normal economic conditions return, interest rates will rise. Rising interest rates could lead to material losses and interest rate increases generally will increase the interest carrying costs to Clients of borrowed securities, as well as the cost of leverage, if any, used by Clients.

Hedging Transactions. Clients may utilize securities for risk management purposes in order to: (i) protect against possible changes in the market value of the Clients' investment portfolio resulting from fluctuations in the markets and changes in interest rates; (ii) protect the Clients' unrealized gains in the value of its investment portfolio; (iii) facilitate the sale of any securities; (iv) enhance or preserve returns, spreads or gains on any security in Clients' portfolios; (v) hedge against a directional trade; (vi) hedge the interest rate, credit or currency exchange rate on any of the Clients' securities; (vii) protect against any increase in the price of any securities Clients anticipate purchasing at a later date; or (viii) act for any other reason that Baymount deems appropriate. Clients will not be required to hedge any particular risk in connection with a particular transaction or its portfolio generally. Baymount may be unable to anticipate the occurrence of a particular risk and, therefore, may be unable to attempt to hedge against it. While the Clients may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for Clients than if it had not engaged in any such hedging transaction. Moreover, the portfolio will always be exposed to certain risks that cannot be hedged.

Competition; Potential Strategy Saturation. Despite the specialized, “niche” character of the Clients’ portfolios, they will compete with numerous other private investment funds and financial institutions (both diversified and specialized funds), as well as other investors, which pursue similar strategies and many of which have resources substantially greater than the Clients. The amount of capital committed to “alternative investment strategies” has increased dramatically during recent years and at the same time, market conditions have become significantly more adverse to many of such strategies than they were in previous years. The profit potential of Clients may be materially reduced as a result of the “saturation” of the alternative investment field.

Risks Related to Methods of Analysis

Fundamental Analysis. Certain trading decisions made by Baymount may be based on fundamental analysis. Data on which fundamental analysis relies may be inaccurate or may be generally available to other market participants. Fundamental market information is subject to interpretation. To the extent that Baymount misinterprets the meaning of certain data, Clients may incur losses.

Reliance on Corporate Management and Financial Reporting. Many of the strategies implemented by Baymount rely on the financial information made available by the issuers in which the Clients invest. Baymount will have no ability to independently verify the financial information disseminated by the many issuers in which Clients invest and is dependent upon the integrity of both the management of these issuers and the financial reporting process in general. Past events have demonstrated the material losses which investors can incur as a result of corporate mismanagement, fraud and accounting irregularities. The issuers (or reference companies) of high-yield and distressed credit instruments are often in declining financial condition – indicating at once that their management has underperformed and the need for such management to avoid bankruptcy or insolvency.

Decisions Based on Mathematical Analysis. The trading decisions of Baymount may be based in part on trading strategies which utilize the mathematical analysis of past price behavior. The future profitability of these strategies depends upon the ability of the future price action to not be materially different from the past. Clients may incur substantial trading losses during periods when markets behave substantially different from the period in which Baymount’s models are derived. In addition, Baymount’s approach may be similar to that used by other traders in the future. At times the use of Baymount’s approach by other traders may result in many traders attempting to initiate or liquidate positions in a market at or about the same time and this can affect the execution of trades and Baymount’s ability to generate profits.

Risks Related to Specific Investments

Derivative Instruments Generally. Certain swaps, options and other derivative instruments may be subject to various types of risks, including market risk, liquidity risk, the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty, legal risk and operations risk. Derivatives traded over-the-counter may not have an authoritative source of valuation and the models used to value such derivatives is subject to change. In addition, the Clients may, in the future, take advantage of opportunities. Special risks may apply in the future that cannot be determined at this time with respect to certain other derivative instruments that are not presently contemplated for use or that are currently not available. The

regulatory and tax environment for derivative instruments in which the Clients may participate is evolving, and changes in the regulation or taxation of such securities may have a material adverse effect on the Clients.

Call Options. The seller (writer) of a call option which is covered (i.e., 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. 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 securities necessary to satisfy the exercise of an uncovered call option may be unavailable for purchase, except at much higher prices, thereby reducing or eliminating the value of the premium. Purchasing securities to cover the exercise of an uncovered call option can cause the price of the securities to increase, thereby exacerbating the loss. The buyer of a call option assumes the risk of losing its entire premium investment in the call option.

Put Options. The seller (writer) of a put option which is covered (i.e., 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 if the market price falls below the exercise price of the option. 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.

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

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

Swaps. Whether the Clients use of swap agreements or swaptions will be successful will depend on Baymount's ability to select appropriate transactions for Clients. Swap agreements and options on swap agreements ("swaptions") can be individually negotiated and structured to include exposure

to a variety of different types of investments, asset classes or market factors. Depending on their structure, swap agreements may increase or decrease the holder's exposure to, for example, equity securities, long-term or short-term interest rates, foreign currency values, credit spreads or other factors. Swap agreements can take many different forms and are known by a variety of names. Swap transactions may be highly illiquid and may increase or decrease the volatility of Clients' portfolios. Moreover, Clients bear the risk of loss of the amount expected to be received under a swap agreement in the event of the default or insolvency of its counterparty. The Clients will also bear the risk of loss related to swap agreements, for example, for breaches of such agreements or the failure of Clients to post or maintain required collateral. It is possible that developments in the swap markets, including potential government regulation, could adversely affect the Clients' ability to terminate swap transactions or to realize amounts to be received under such transactions.

Swap Contract Trading. A portion of Clients assets may be traded in swap contracts that are cleared through a clearing broker. Swap transactions, like transactions in other financial instruments, involve a variety of significant risks. The specific risks presented by a particular swap transaction necessarily depend upon the terms of the transaction and individual circumstances of the investor and its counterparty. In general, however, all swap transactions involve some combination of market risk, counterparty risk, funding risk and operational risk. While certain swaps have been made available to trade through swap execution facilities in the United States and these swaps and various other swaps are subject to centralized clearing, many swap contracts are still traded on over the counter markets and are subject to individual negotiation with trading counterparties. There is no limitation on the daily price moves of swap contracts, and a trading counterparty is not required to continue to make markets in such contracts. There have been periods during which trading counterparties have refused to quote prices for swap contracts or have quoted prices with an unusually wide spread between the bid and asked prices. Arrangements to trade certain swap contracts may therefore experience liquidity problems. The execution and clearing of swap contracts generally will bring additional costs for the processing, administration, clearing and reporting of trades. The margin required with respect to the clearing of swap contracts generally may be higher than the margin required with respect to futures traded on exchanges. The resulting lower level of leverage available to Clients with respect to swap products and the relatively high commissions may adversely affect the performance of Clients' accounts. The various agreements between the clearing brokers and Clients impose limits on among others the gross and net daily notional amount and the aggregate interest rate sensitivity of swap positions outstanding between a clearing broker and the respective Client. Further, limits are imposed on the time frame in which a swap transaction has to be allocated to a clearing broker measured from the moment of trade execution with the trading counterparty, and on the tenor of the swap transactions. If any of the limits mentioned above were to be breached following a swap transaction executed by Baymount for and on behalf of Clients, a clearing broker reserves the right to not accept such transaction for clearing. Also, under certain circumstances a clearing broker has the right to amend these limits, where applicable, unilaterally.

Credit Default Swaps. Clients may purchase and sell credit derivative contracts – primarily credit default swaps – both for hedging and other purposes. The typical credit default swap contract requires the seller to pay to the buyer, in the event that a particular reference entity experiences specified credit events, the difference between the notional amount of the contract and the value of a portfolio of securities issued by the reference entity that they buyer delivers to the seller. In return,

the buyer agrees to make periodic payments equal to a fixed percentage of the notional amount of the contract. Clients may also sell credit default swaps on a basket of reference entities as part of a synthetic collateralized debt obligation transaction. As a buyer of credit default swaps, the Client will be exposed to the risk that deliverable securities will not be available in the market, or will be available only at unfavorable prices, as would be the case in a so-called “short squeeze.” While the credit default swap market auction protocols reduce this risk, it is still possible that an auction will not be organized or will be unsuccessful. In certain instances of issuer defaults or restructurings (for those credit default swaps for which restructuring is specified as a credit event), it has been unclear under the standard industry documentation for credit default swaps whether or not a “credit event” triggering the seller’s payment obligation has occurred. The creation of the new ISDA Credit Derivative Determination Committee (the “Determination Committee”) is intended to reduce this uncertainty and create uniformity across the market, although it is possible that the Determinations Committee will not be able to reach a resolution or do so on a timely basis. In either of these cases, the Client would not be able to realize the full value of the credit default swap upon a default by the reference entity. As a seller of credit default swaps, Clients will incur leveraged exposure to the credit of the reference entity and is subject to many of the same risks it would incur if it were holding debt securities issued by the reference entity. However, Clients will not have any legal recourse against the reference entity and will not benefit from any collateral securing the reference entity’s debt obligations. In addition, the credit default swap buyer will have broad discretion to select which of the reference entity’s debt obligations to deliver to the Client following a credit event and will likely choose the obligations with the lowest market value in order to maximize the payment obligations of the Client. Credit default swaps generally trade on the basis of theoretical pricing and valuation models, which may not accurately value such swap positions when established or when subsequently traded or unwound under actual market conditions. It appears that there are likely to be widespread defaults under certain credit default swaps as a result of the current credit market disruptions. The credit derivative market may become subject to increased regulation, which could increase costs or even prevent participation by Clients.

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

extraordinary circumstances, a futures exchange or the CFTC could suspend trading in a particular futures contract, or order liquidation or settlement of all open positions in such contract.

Forward Contracts. Banking authorities generally do not regulate trading in forward contracts. The principals who deal in the forward contract market are not required to continue to make markets in such contracts. There have been periods during which certain participants in forward markets have refused to quote prices for forward contracts or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. The imposition of credit controls or price risk limitations by governmental authorities may limit such forward trading to less than that which Baymount would otherwise recommend, to the possible detriment of Clients. In its forward trading, a Client will be subject to the risk of the failure of, or the inability or refusal to perform with respect to its forward contracts by, the principals with which the Client trades. Client assets on deposit with such principals will also generally not be protected by the same segregation requirements imposed on certain regulated brokers in respect of customer funds on deposit with them. Baymount may order trades for Clients in such markets through agents. Accordingly, the insolvency or bankruptcy of such parties could also subject Clients to the risk of loss.

Risks of Trading Non-Deliverable Forwards. A special type of forward contract is a Non-Deliverable Forward contract (“NDF”). An NDF is a forward transaction in a non-convertible or restricted currency, which is settled against a freely convertible currency. All NDFs have a fixing date, whereby the trade is fixed at a settlement price one or two days prior to the value date of the trade, depending upon the currencies traded. This is done regardless of whether or not the trade has been offset. Other transactions (e.g., interest rate swaps and futures contracts) may also be conditioned on a non-convertible or restricted currency, which transactions are subject to comparable risks as described below. When trading NDFs there are certain unique risks inherent in such transactions including, but not limited to, a “Disruption Event.” The risk associated with such an event is that the amount due by Clients on the settlement date may vary due to the occurrence of such event, which would force the parties to the transaction to find an alternative basis for determining the settlement amount. Disruption Events that may occur with NDF transactions include, but are not limited to, general or specific default, inconvertibility, non-transferability and nationalization. If on any date upon which an NDF transaction is to be valued there has been or is continuing a Disruption Event, the settlement amount to be delivered may be adjusted by the counterparty, acting in good faith and in a reasonable manner. Such adjustments will result in changes to the prices at which such transactions were effected and such changes could be material. The fixation of a trade at a settlement price, the determination of whether a Disruption Event has occurred, and the settlement amount associated therewith are beyond the control of Baymount. Furthermore, in view of the specific characteristics of trading NDFs, usually a higher margin than for other forward contracts is often required.

Contracts for Differences. Contracts for differences (“CFDs”) are privately negotiated contracts between two parties, buyer and seller, stipulating that the seller will pay to or receive from the buyer the difference between the nominal value of the underlying instrument at the opening of the contract and that instrument’s value at the end of the contract. The underlying instrument may be a single security, stock basket or index. A CFD can be set up to take either a short or long position on the underlying instrument. The buyer and seller are both required to post margin, which is adjusted

daily. The buyer will also pay to the seller a financing rate on the notional amount of the capital employed by the seller less the margin deposit. A CFD is usually terminated at the buyer's initiative. As is the case with owning any financial instrument, there is the risk of loss associated with buying a CFD. There may be liquidity risk if the underlying instrument is illiquid because the liquidity of a CFD is based on the liquidity of the underlying instrument. A further risk is that adverse movements in the underlying security will require the buyer to post additional margin. CFDs also carry counterparty risk, i.e., the risk that the counterparty to the CFD transaction may be unable or unwilling to make payments or to otherwise honor its financial obligations under the terms of the contract. If the counterparty were to do so, the value of the contract may be reduced. Entry into a CFD transaction may, in certain circumstances, require the payment of an initial margin and adverse market movements against the underlying stock may require the buyer to make additional margin payments. CFDs may be considered illiquid. To the extent that there is an imperfect correlation between the return on the Clients' obligation to its counterparty under the CFDs and the return on related assets in its portfolio, the CFD transaction may increase the Clients' financial risk.

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

Options on Futures Contracts Are More Volatile Than Futures Contracts. Successful trading of options on futures contracts requires a trader to accurately determine near-term market volatility because it often has an immediate impact on the price of outstanding options. Accurate determination of near-term volatility is more important to successful options trading than it is to long-term futures contract trading strategies because such volatility generally does not have as significant an effect on the prices of futures contracts.

Newly Traded Contracts. Baymount may trade newly developed contracts, including without limitation, security futures contracts. Traditionally, only those futures contracts approved by the CFTC may be traded on U.S. futures exchanges. Likewise, foreign regulatory authorities are typically required to authorize the trading of new futures contracts on exchanges within their countries. Periodically, the CFTC or other foreign regulatory authorities may designate additional contracts as approved contracts. In addition, the SEC and the CFTC have approved the offer and sale of certain foreign security futures products to certain U.S. institutional investors. If Baymount determines that it is appropriate to trade in a new contract, it may do so on behalf of the Clients. Because these contracts will be new, the trading strategies of Baymount may not be applicable to, or advisable for, these contracts. The markets in new contracts, moreover, have been historically both illiquid and highly volatile for some period of time after the contract begins trading. These contracts therefore present significant risk potential. Apart from newly developed contracts, Baymount may start trading pre-existing financial instruments on behalf of Clients which Baymount has not previously traded. Baymount's lack of experience in such financial instruments may have unexpected adverse consequences to the Clients.

Short Sales. Clients may engage in "short sales" (i.e., the sale of a financial instrument that the Client does not own in the hope of purchasing the same financial instrument at a later date at a lower

price), in which there is no limit to the amount of potential loss. The extent to which Clients will engage in short sales will depend upon Baymount's perception of market direction. Clients will incur a loss as a result of a short sale if the price of the financial instrument increases between the date of the short sale and the date on which the Client covers its short position (i.e., purchases the financial instrument to replace the borrowed financial instrument). Clients will realize a gain if the financial instrument declines in price between these dates. A short sale involves the theoretically unlimited risk of an increase in the market price of the financial instrument. Although the use of "short sales" can substantially improve the return on invested capital, their use also may increase any adverse impact to which the investment portfolio of the Clients may be subject.

Equity Securities Generally. Baymount may trade equity securities. Market prices of equity securities generally, and of certain companies' equity securities more particularly, frequently are subject to greater volatility than prices of fixed-income securities. Market prices of equity securities as a group have dropped dramatically in a short period of time on several occasions in the past, and they may do so again in the future. In addition, actual and perceived accounting irregularities may cause dramatic price declines in the equity securities or companies reporting such irregularities or about which rumors of such irregularities are reported.

Common Stock. Baymount may engage in trading common stock. Common stock and similar equity securities generally represent the most junior position in an issuer's capital structure and, as such, generally entitle holders to an interest in the assets of the issuer, if any, remaining after all more senior claims to such assets have been satisfied. Holders of common stock generally are entitled to dividends only if and to the extent declared by the governing body of the issuer out of income or other assets available after making interest, dividend and any other required payments on more senior securities of the issuer.

ADRs. Clients may invest in American depositary receipts, which are U.S. dollar-denominated equity and debt securities of foreign issuers. Interest or dividend payments on such securities may be subject to foreign withholding taxes. Clients' investments in foreign securities will involve considerations and risks not typically associated with investments in securities of domestic companies, including possible unfavorable changes in currency exchange rates, reduced and less reliable information about issuers and markets, different accounting standards, illiquidity of securities and markets, local economic or political instability and greater market risk in general.

ETFs. Clients may invest in exchange traded funds ("ETFs"), which are subject to their own risks as set forth below. ETF investments, in general, are subject to market risks that may cause their prices to fluctuate over time. Markets are subject to political, regulatory, economic and financial market risks. An ETF is considered a non-diversified investment and can invest a greater portion of its assets in securities of individual issuers than a diversified fund. As a result, changes in the market value of a single security could cause greater fluctuations in the value of ETF shares than would occur in a diversified fund. An ETF has an investment strategy that is not actively managed. An ETF will purchase, hold or sell securities when an actively managed fund would not do so. Therefore, an ETF may be subject to greater losses in a declining market than a fund that is actively managed. A number of factors may affect an ETF's ability to track its benchmark index or achieve a high degree of correlation with its benchmark either on a single trading day or for a longer time period. Factors such as ETF expenses, imperfect correlation between the ETF's investments and

those of its underlying index, rounding of share prices, regulatory policies, high portfolio turnover rate and the use of leverage all contribute to tracking error or correlation risk. There can be no guarantee that an ETF will achieve a high degree of correlation. An unanticipated early closing of the exchange on which an ETF is traded (the “Exchange”) may result in an inability to buy or sell shares of the ETF on that day. Trading in ETF shares similarly may be halted by the Exchange because of market conditions or other reasons. If a trading halt occurs, Clients may temporarily be unable to purchase or sell shares of the ETF. The ETF shares also may trade on the Exchange at prices that differ from (and can be below) their net asset value. The net asset value of ETF shares will fluctuate with changes in the market value of the ETF’s holdings and the exchange-traded prices may not reflect these market values. Clients may invest in ETFs that invest in other investment companies. Investing in other investment companies, including money market funds, subjects the ETF to those risks affecting the investment company, including the possibility that the value of the underlying securities held by the investment company could decrease. Moreover, the ETF, and consequently the Clients, will incur its pro rata share of the underlying investment company’s expenses. In certain circumstances, it may be difficult for an ETF to purchase and sell particular investments within a reasonable time at a fair price, or the price at which it has been valued by Baymount for purposes of the Clients’ market value, causing the Clients to be less liquid and unable to realize what Baymount believes should be the price of the investment.

Inverse ETFs generally involve short selling a security. Short selling a security involves selling a borrowed security with the expectation that the value of the security will decline, so that the security may be purchased at a lower price when returning the borrowed security. The risk for loss on short selling is greater than the original value of the securities sold short because the price of the borrowed security may rise, thereby increasing the price at which the security must be purchased. Government actions also may affect the ETF’s ability to engage in short selling. Leveraged ETFs utilize significant leverage to enhance returns but leverage may also result in a high degree of loss. Additionally, a number of factors may affect a leveraged ETF’s ability to achieve a high degree of correlation with its benchmark, and there can be no guarantee that a leveraged ETF will achieve a high degree of correlation. Failure to achieve a high degree of correlation may prevent a leveraged ETF from achieving its investment objective. In addition, leveraged ETFs utilize compounding. Compounding affects all investments but has a more significant impact on a leveraged fund. In general, particularly during periods of higher volatility, compounding will cause longer term results to be more or less than the inverse of the return of the benchmark. This effect becomes more pronounced as volatility increases.

Exchange-Traded Notes. Clients may invest in exchange-traded notes (“ETNs”). Like ETFs, ETNs trade on the secondary market and have many of the same types of risks, such as index or referenced-asset tracking error and market and share price risks, as well as similar fee and expense structures. Unlike ETFs, however, ETNs are not registered with the SEC under the Company Act. Thus, with respect to the purchase of ETNs, the Clients is not subject to the limits of Section 12(d)(1) of the Company Act, which precludes the acquisition of more than three percent of a registered investment company’s outstanding voting securities. The Clients may therefore take larger positions in particular ETNs, potentially increasing the gains or loss therefrom. Investors in ETNs are general unsecured creditors of an issuer and have no claim to or interest in any segregated pool of assets. Any payment to be made on ETNs, including any payment at maturity or upon redemption, depends on the ability of the issuer to satisfy its obligations as they come due. As a result, the actual and

perceived creditworthiness of the issuer will affect the market value, if any, of the ETNs prior to maturity or redemption. In the event the issuer was to default on its obligations, the Clients may not receive any amounts owed to it under the terms of the ETNs. In addition, holders of ETNs may not receive any interest payments on its ETNs, and certain ETNs are callable at the issuer's discretion. The issuers of ETNs may also engage in trading activities that are at odds with investors who hold the ETNs (e.g., shorting strategies). ETNs are riskier than ordinary unsecured debt securities and have no principal protection. The performance of the ETNs' underlying indices is unpredictable, and ETNs are exposed to any decrease in the level of the underlying index between the inception date and the applicable valuation date. If the level of the underlying index is insufficient to offset the negative effect of the ETN investor fee and other applicable costs associated with holding an ETN, Clients will lose some or all of its investment, even if the value of such index level has increased or decreased, as the case may be. Additionally, certain leveraged, inverse and inverse-leveraged ETNs, are designed to be short-term trading tools, and the performance of these products over long periods can differ significantly from the stated multiple of the performance (or inverse of the performance) of the underlying index or benchmark during the same period. The market value of ETNs may be influenced by many unpredictable factors and may be subject to significant fluctuations. As the value of an index changes with market forces, so will the value of the ETN in general, which can result in a loss of principal for investors. Factors that may influence the market value of ETNs include prevailing market prices of the U.S. stock markets, the index components included in the underlying index, and prevailing market prices of options on such index or any other financial instruments related to such index; and supply and demand for the ETNs, including economic, financial, political, regulatory, geographical or judicial events that affect the level of such index or other financial instruments related to such index. Although ETNs are exchange-traded, a trading market for ETNs may not develop and the liquidity of ETNs may be limited. Issuers are not required to maintain any listing of ETNs on any exchange or quotation system. Issuers of ETNs also typically do not engage in regular creation and redemption activities.

Debt Securities. The Clients may from time to time invest in debt securities which may be unrated by a recognized credit-rating agency or below investment grade and which are subject to greater risk of loss of principal and interest than higher-rated debt securities. The market values of these securities tend to be more sensitive to individual corporate developments and general economic conditions than those of higher rated securities. Clients may invest in debt securities which rank junior to other outstanding securities and obligations of the issuer, all or a significant portion of which may be secured on substantially all of that issuer's assets. Clients may invest in debt securities which are not protected by financial covenants or limitations on additional indebtedness. Clients will therefore be subject to credit, liquidity and interest rate risks. In addition, evaluating credit risk for debt securities involves a higher degree of uncertainty making comparison across countries, issuers and borrowers difficult. Credit markets are volatile and may become illiquid and as a consequence may be of limited use when determining the value of instruments.

Risks Related to Non-U.S. Investments and Non-U.S. Jurisdictions

Non-U.S. Exchanges. Clients may trade on exchanges or markets located outside the U.S. Trading on such exchanges or markets is not regulated by the SEC and the CFTC and may, therefore, be subject to more risks than trading on U.S. exchanges, such as the risks of exchange controls, expropriation, burdensome taxation, moratoria and political or diplomatic events. Risks in investments in non-U.S. securities, futures, commodities and other securities may also include

reduced and less reliable information about issuers and markets, less stringent accounting standards, illiquidity of securities and markets, higher brokerage commissions and custody fees.

Non-U.S. Investments. Investing in the securities outside of the United States involves certain considerations not usually associated with investing in securities of U.S. companies or the U.S. Government, including political and economic considerations, such as greater risks of expropriation, nationalization, confiscatory taxation, imposition of withholding or other taxes on interest, dividends, capital gains, other income or gross sale or disposition proceeds, limitations on the removal of assets and general social, political and economic instability; the relatively small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; the evolving and unsophisticated laws and regulations applicable to the securities and financial services industries of certain countries; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict Clients' investment opportunities. In addition, accounting and financial reporting standards that prevail outside of the U.S. generally are not as high as U.S. standards and, consequently, less information is typically available concerning companies located outside of the U.S. than for those located in the U.S. As a result, Baymount may be unable to structure Client transactions to achieve the intended results or to mitigate all risks associated with such markets. It may also be difficult to enforce Clients' rights in such markets. For example, securities traded on non-U.S. exchanges and the non-U.S. persons that trade these instruments are not subject to the jurisdiction of the SEC or the CFTC or the securities and commodities laws and regulations of the U.S. Accordingly, the protections accorded to Clients under such laws and regulations are unavailable for transactions on foreign exchanges and with foreign counterparties.

Risks Related to U.S. Federal Income Tax

Tax Uncertainty. Clients may take positions with respect to certain tax issues which depend on legal conclusions not yet resolved by the courts. Should any such positions be successfully challenged by the Internal Revenue Service (the "IRS") or other applicable taxing authority, there could be a materially adverse effect on Clients.

Uncertainty and Complexity of Tax Treatment. The tax aspects of an investment in private fund clients are complicated and complex and, in many cases, uncertain. Statutory provisions and administrative regulations have been interpreted inconsistently by the courts. Additionally, some statutory provisions remain to be interpreted by administrative regulations. Investors will thus be subject to the risk caused by the uncertainty of the tax consequences with respect to an investment in private fund clients. Each prospective investor should have the tax aspects of an investment in private fund clients reviewed by professional advisors familiar with such investor's personal tax situation and with the tax laws and regulations applicable to the investor and private investment vehicles. Tax consequences to each Fund Investor will depend on tax laws in that Fund Investor's jurisdiction. Fund Investors should consult their professional advisors on the possible tax consequences of subscribing for, buying, holding, selling, transferring or redeeming fund interests under the laws of their country of citizenship, residence or domicile.

Tax Considerations Taken into Account. The General Partner may take tax considerations into account in determining when Clients' investments should be sold or otherwise disposed of, and may assume certain market risk and incur certain expenses in this regard to achieve favorable tax

treatment of a transaction; however, no assurances can be provided that such favorable treatment will be achieved.

Tax-Exempt Investors. Certain prospective investors that are generally tax-exempt for U.S. income tax purposes may be subject to U.S. federal and state laws, rules and regulations that regulate their participation in private fund clients, or their engaging directly or indirectly through an investment in private fund clients, in certain investment strategies that Clients may utilize from time-to-time (e.g., short-sales of securities and the use of leverage, the purchase and sale of options and limited diversification). While Baymount believes the investment program is generally appropriate for U.S. tax-exempt investors for which an investment in private fund clients would otherwise be suitable, each type of tax-exempt organization may be subject to different laws, rules and regulations, and prospective investors should consult with their own advisers as to the advisability and tax consequences of an investment with Baymount. Investments in private fund clients by entities subject to ERISA, and other tax-exempt entities, require special consideration. Trustees or administrators of such entities are urged to review carefully the matters discussed in this brochure and the Fund Governing Documents.

Fund Investor Level Taxation. Tax consequences to each Fund Investor will depend on tax laws in that Fund Investor's jurisdiction. Fund Investors should consult their professional advisors on the possible tax consequences of subscribing for, buying, holding, selling, transferring or redeeming fund interests under the laws of their country of citizenship, residence or domicile.

Tax Changes. Investors will be subject to the risk that changes to the tax law may adversely affect the federal income tax consequences of their investment in private fund clients. Changes in existing tax laws or regulations and their interpretation may be enacted after the date of this Memorandum, possibly with retroactive effect, and could alter the income tax consequences of an investment in private fund clients. Certain provisions of the Code may be further amended or interpreted in a manner adverse to private fund clients, in which event any benefits derived from an investment may be adversely affected. No assurance can be given that legislative, administrative or judicial changes that could alter, either prospectively or retroactively, the U.S. tax considerations or risk factors discussed will not occur.

Non-U.S. Taxation. With respect to certain countries, there is a possibility of expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, limitations on the removal of funds or other assets, political or social instability or diplomatic developments that could affect investments in those countries. An issuer of securities may be domiciled in a country other than the country in whose currency the instrument is denominated. The values and relative yields of investments in the securities markets of different countries, and their associated risks, are expected to change independently of each other.

Please refer to each Fund's Governing Documents for a more detailed description of such risks.

Item 9: Disciplinary Information

Neither Baymount nor any of its officers, directors, or employees or other management persons, has been involved in any legal or disciplinary events that would require disclosure in response to this Item.

Item 10: Other Financial Industry Activities and Affiliations

Baymount Management LP and Baymount Funds GP LLC are controlled by the same owners. As noted above in **Item 4 Advisory Business**, Baymount Funds GP LLC serves as the general partner to our private fund clients. Our private fund clients do not have independent management, and while our offshore fund clients have a majority of independent directors, we hire and retain those directors. Although this arrangement may give us heightened control and discretion over our private fund clients, we manage any potential conflicts of interest by strictly adhering to the investment strategy and investment allocation policy discussed in their offering documents.

Baymount is registered with the U.S. Commodity Futures Trading Commission as a commodity pool operator and commodity trading advisor. Baymount is also a member of the National Futures Association.

Baymount or an affiliate may from time to time enter into a side letter or similar agreements with certain Fund Investors that may provide for terms of investment that are more favorable than the terms described in the applicable Fund Governing Document. Such terms may include, among other things, (i) most favored nations treatment; (ii) rights or terms necessary in light of particular legal, regulatory or public policy characteristics of a Fund Investor; (iii) reporting obligations; (iv) waiver of certain confidentiality obligations; (v) the consent to transfers by an Investor; (vi) rights applicable to particular investments (which may increase the percentage interest of other Fund Investors with respect to such investments), in limited regulatory and/or policy related circumstances; (vii) preferential withdrawal rights; (viii) more favorable Asset Based Charge and/or Incentive Allocation terms; and (ix) enhanced transparency and position reporting. When a Fund Investor is granted different or additional terms as describe above, such terms (i) will be more favorable than the comparable terms (if any) described in Fund Governing Documents, (ii) need not be offered to any other investor in a private fund clients and (iii) need not be communicated to other Fund Investors.

As previously mentioned, Baymount and the private fund clients have entered into an arrangement with the Strategic Investor, whereby the Strategic Investor will provide a significant capital contribution to private fund clients and in consideration for such capital contribution, the Strategic Investor will receive certain rights that are in addition to, and more favorable than, the rights of other Fund Investors. Such rights include, without limitation: (i) the right to receive a special allocation of profit equal to a portion of the Incentive Allocation; (ii) the right to receive a guaranteed payment equal to a portion of the Asset Based Charge; (iii) consent rights over certain actions related to private fund clients and certain tax elections; (iv) advance notice with respect to certain events or actions related to private fund clients, Baymount, the General Partner and Mr. Casino; (v) preferred information and preferred portfolio transparency rights; (vi) capacity rights; (vi) certain fee discount arrangements for affiliates and other persons; (vii) special withdrawal rights; and (viii) certain other rights that are in addition to, and may be more favorable than, the rights of other Fund Investors. Any sharing of Baymount's or the General Partner's fees with the Strategic Investor will not result in the Fund Investors being subject to higher Asset Based Charges or Incentive Allocations to which they otherwise would have been subject. Although Baymount and the Strategic Investor have a strategic relationship, barring the aforementioned consent rights, the private fund clients and Baymount are operated independently of the management of the Strategic Investor.

Current and prospective Clients and Fund Investors are invited to discuss any questions associated with our relationship with the Strategic Investor with us.

In addition, Baymount and affiliates (and their families) may, directly or through investments in other investment funds or otherwise, have personal or other interests in the securities in which a Client invests as well as interests in investments in which a Client does not invest. Baymount and affiliates (and their families) also have personal or business relationships with brokers, service providers, Fund Investors, corporate management, directors or other parties with whom Baymount or the Clients themselves have relationships. As a result, Baymount employees may have conflicts of interest in allocating their time and activity between the Clients and other entities, in allocating investments among the Clients and other entities, and in effecting transactions, evaluating investments or potential investments, or retaining or evaluating services for the private fund clients and other entities, including ones in which the Baymount (and their families) may be employed or have a greater financial interest. Although Baymount will seek to limit any such conflicts and will act in a manner that is in accordance with their fiduciary duties to the Clients, these potential conflicts of interest may have an impact on an employee's ability to perform his responsibilities on behalf of a Client.

Baymount and its affiliates may also provide certain information to Fund Investors (including the Strategic Investor) or prospective investors in response to questions, requests, portfolio reviews, and/or in connection with due diligence or portfolio monitoring meetings or other communications. Such information will generally not be distributed to other Fund Investors and prospective investors who do not request such information. Each investor or prospective is responsible for asking such questions or requesting information as it believes is necessary in order to make its own initial and ongoing investment decisions and must decide for itself whether the limited information typically provided by Baymount is adequate for its investment evaluation.

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

Baymount has adopted a written Code of Ethics (the “Code”) that is applicable to all employees and Access Persons as defined in the Advisers Act. The Code is designed to ensure that our firm and our employees understand the need to act with integrity, and in an ethical manner, when dealing with Clients and Fund Investors. Among other things, the Code requires Baymount and its employees to act in Clients’ best interests, abide by all applicable regulations, report conflicts of interest, report suspected violations of the Code, and pre-clear and report on various types of personal securities transactions. Baymount has also imposed restrictions on personal securities trading activity that applies to employees, as well accounts in which employees have any beneficial ownership interest, which typically includes accounts held by immediate family members sharing the same household. A copy of Baymount’s Code is available to any Client, Fund Investor, or prospective client/fund investor upon request.

Baymount, its employees and affiliates (collectively “Related Persons”) have investments in private fund clients managed by Baymount. As a result, Related Persons have an interest in an investment that Baymount or affiliates will also recommend to Clients, prospective Clients, or Fund Investors. In addition, under certain circumstances, employees will hold personal investments in the same

portfolio securities or commodity interests that our Clients hold. These personal investments could be in the same security or commodity interest or in different parts or issues of the same issuer's capital structure. If such an investment poses a conflict of interest, we will seek to act in a way that favors the interests of our clients. The trading records of trades by Baymount, the General Partner, or employees, or members of their immediate household will not typically be available for review by current or prospective Fund Investors. We have also established procedures under the Code designed to ensure that the personal securities transactions, activities and interests of the employees of Baymount will not interfere with making decisions in the best interest of Clients while, at the same time, allowing employees to invest for their own accounts. Under the Code, certain types of securities are permitted without prior approval based upon our determination that these securities would not materially interfere with the best interest of Clients. Although our personal trading policy allows employees to invest in securities or commodity interests that are potential Client investment opportunities, we require pre clearance from the Chief Compliance Officer or designee for: (i) any security that is owned by Clients; (ii) private placements. All employees are also prohibited from purchasing and selling the same security or a similar security of the same issuer within 6 months though index ETFs are subject to a 30-day holding period. We will not permit any proposed transaction by an employee if the transaction we feel it appears to pose a material conflict of interest or if, in our view, the transaction is likely to have any adverse economic impact on Clients. Employees are also required to provide reports regarding transactions and holdings in "Reportable Securities" as defined in the Advisers Act.

Our firm and our employees are also strictly prohibited from engaging in insider trading. Under certain circumstances, we may determine that we, or one of our employees, have obtained, or may have obtained, material non-public information. We intend to maintain a "restricted list" that is designed to prevent our Clients and employees from engaging in insider trading. Our firm's use of a restricted list and caution in connection with potential exposure to material non-public information may limit Clients' investment opportunities.

Section 206(3) of the Advisers Act makes it unlawful for any investment adviser, directly or indirectly, acting as principal for its own account, knowingly to sell any security to or purchase any security from a Client without disclosing to the Client in writing the capacity in which the adviser is acting and obtaining the Client's consent to the transaction. The SEC has indicated that when an investment adviser and/or its controlling persons own more than 25% of a private fund's outstanding securities, a trade with another Client account or private fund client should be treated as a principal transaction. Baymount does not anticipate engaging in principal transactions with Clients. However, we have adopted specific policies and procedures for monitoring the level of proprietary ownership in each private fund client. Should we decide to engage in a principal transaction with a Client, we will affect the transaction in compliance with Section 206(3) of the Advisers Act.

Item 12: Brokerage Practices

Baymount has complete discretion in deciding which securities are bought and sold, the amount and price of those securities, the broker-dealers or counterparties to be used for a particular transaction, and commissions or markups and markdowns paid. Baymount may be subject to conflicts relating to its selection of brokers, dealers and counterparties on behalf of Clients. Portfolio transactions for Clients will be allocated to brokers, dealers and counterparties on the basis of numerous factors and not necessarily lowest pricing. Brokers, dealers and counterparties may provide other services that

are beneficial Baymount but not necessarily beneficial to Clients. In selecting brokers and determining commission rates, Baymount takes into account best price and execution. In selecting brokers to effect portfolio transactions for Clients, Baymount considers such factors as price; execution capabilities, including efficiency of execution and willingness to execute difficult transactions; block trading and block positioning capabilities; reputation; infrastructure; quality of research products or services; transaction costs; anonymity; liquidity; speed of execution; geographic location; frequency of errors; ability of the brokers and dealers to effect the transaction; the brokers' or dealers' facilities; reliability; financial responsibility; provision by the brokers of capital introduction; talent introduction; marketing assistance; and consulting with respect to technology, operations and equipment and commitment of capital. Neither Baymount nor any affiliates receive any commissions generated by a private fund client or Client trading activities. Baymount may benefit indirectly from payments made by a Client (including payments by way of soft dollar benefits) as described further below. Accordingly, if Baymount determines 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, including prime brokerage services, Clients may pay commissions to such broker in an amount greater than the amount another broker might charge for effecting the same transaction. Baymount need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost or spread. We also maintain policies and procedures to review the quality of executions, including periodic reviews by trading and investment professionals and our Trading Committee.

Research and Soft Dollar Benefits

Section 28(e) of the Securities Exchange Act of 1934 Exchange Act ("Exchange Act") provides a "safe harbor" to investment managers who use "soft dollars," (i.e., commissions generated by their advised accounts) to obtain investment research and brokerage services from companies that provide lawful and appropriate assistance to the manager in connection with the investment decision-making process. It is our policy to use commission dollars generated by client trades to pay for research and brokerage services (collectively "soft dollar benefits") that provide lawful and appropriate assistance to Baymount in carrying out its investment decision-making responsibilities, as permitted under the safe harbor of Section 28(e) of the Exchange Act of 1934. Baymount will likely pay a broker-dealer commissions (or markups or markdowns with respect to certain types of riskless principal transactions) for effecting Client transactions in excess of that which another broker-dealer might have charged for effecting the transaction in recognition of the value of the brokerage and research services provided by the broker-dealer. Baymount will effect such transactions, and receive such brokerage and research services, only to the extent that they fall within the safe harbor provided by Section 28(e) of the Exchange Act, as amended, and subject to prevailing guidance provided by the SEC regarding Section 28(e). Baymount believes it is important to its investment decision-making processes to have access to independent research. Our receipt of soft dollar benefits presents a potential conflict of interest because Baymount is effectively using client assets to pay for research or brokerage that we might be able to generate internally or would otherwise have to purchase. This conflict of interest could motivate us to allocate trades to research providers, even if those providers were not offering the best available execution. Periodically, Baymount considers the amount and nature of research and research services provided by broker-dealers, as well as the extent to which such services are relied upon, and attempts to allocate a portion of the brokerage business of its Clients on the basis of that consideration.

Also, consistent with Section 28(e), research products or services obtained with “soft dollars” generated by Clients may be used by Baymount to service one or more other Clients, including Clients that may not have paid for the soft dollar benefits. Baymount will generally seek to allocate soft dollar benefits to Clients in proportion to the soft dollar credits the Clients generate. Where a product or service obtained with soft dollars provides both research and non-research assistance to Baymount (i.e., a “mixed use” item), Baymount will make a good faith allocation of the cost which may be paid for with soft dollars. In making good faith allocations of costs between administrative benefits and research and brokerage services, a conflict of interest may exist by reason of Baymount’s allocation of the costs of such benefits and services between those that primarily benefit Baymount and those that primarily benefit the Clients.

As previously mentioned, Baymount considers the amount and nature of research services provided by broker-dealers, as well as the extent to which such services are relied upon, and may attempt to allocate a portion of the brokerage business of clients on the basis of that consideration.

Broker-dealers sometimes suggest a level of business they would like to receive in return for the various products and services they provide. Actual brokerage business received by any broker-dealer may be less than the suggested allocation, but can (and often does) exceed the suggested level, because total brokerage is allocated on the basis of all of the considerations described above. In no case will Baymount make binding commitments as to the level of brokerage commissions it will allocate to a broker-dealer, nor will it commit to pay cash if any informal targets are not met. A broker-dealer is not excluded from receiving business because it has not been identified as providing research products or services. Baymount does not currently have any formal soft dollar arrangements in place at this time, but reserves the right to enter into such arrangements in the future.

As Baymount is newly-formed, it has not acquired any products or services with client brokerage commissions during the last fiscal year. Services constituting “research” and “brokerage” under Section 28(e) that Baymount may receive in connection with Client’s trading may include, but are not limited to: written (including electronic) information and analyses concerning specific securities, companies or sectors; news, quotation, statistics and pricing services, as well as discussions with research personnel and consultants; and hardware, software, data bases and other technical and telecommunications services and equipment utilized in the investment management process and consulting fees in connection with investigating and monitoring potential and existing investments. Baymount may pay bundled commission rates and receive research and brokerage provided by many of its executing and prime brokers. Commission rates are generally negotiable, and selecting brokers on the basis of considerations that are not limited to commission rates may result in higher transaction costs than would otherwise be obtainable. Baymount’s investment program emphasizes active management of Client portfolios. Consequently, portfolio turnover and brokerage commission expenses may exceed those of other investment managers of comparable size.

Brokerage for Client Referrals

In addition to any soft dollar arrangements that Baymount enters into with brokers, brokers may provide certain research or other products or services to all of their customers, including Baymount, without being requested to do so. Baymount or affiliates may also receive introductions to Fund

Investors through broker-dealers that are prime brokers or who execute trades on behalf of Baymount. Additionally, brokers may provide capital introduction and marketing assistance services, and representatives of Baymount may speak at conferences and programs sponsored by the brokers, for investors interested in investing in private investment funds. Through such events, prospective private fund investors may encounter representatives of Baymount. Brokers, including prime brokers, may also provide other services, including, without limitation, consulting services relating to technology and office space. In these situations, Baymount receives a benefit because it does not have to pay for the products or services (e.g., research, capital introduction and marketing assistance services, consulting services relating to technology and office space) or because it will receive additional compensation if a private fund client accepts new investments through the service provider introduction. Baymount does not believe that it pays any additional fees or higher commissions as a result of these introductions or other products or services. Baymount seeks best execution on all transactions. Although neither Baymount nor the Clients compensates brokers for such assistance, events or services, or for any investments ultimately made by prospective investors attending such events, such activities may create a conflict of interest and influence Baymount in deciding whether to use such broker in connection with brokerage, financing, counterparty selection, and other activities of the Clients. Subject to its obligation to seek best execution, Baymount may consider referrals of investors to the private fund clients in determining its selection of brokers, including prime brokers, or counterparties. However, Baymount will not commit to an investor or a broker to allocate a particular amount of brokerage in any such situation.

Directed Brokerage

Our Clients generally do not direct us to trade through any particular counterparty. A Client's insistence on the use of one or more particular counterparties in connection with the trading of its account can have a materially adverse effect on the quality of execution that is available to the client. Among other things, Clients that direct our use of trading counterparties may pay higher transaction costs, be excluded from aggregated orders, and trade after our other Clients have traded.

Order Aggregation

Baymount will generally execute transactions on an aggregated basis when aggregation is expected to be in the best interest of all participating Clients. When aggregating orders as well as allocating the executions, Baymount will treat all participating Clients in a fair and equitable manner taking into account all relevant factors, including, without limitation, each Client's account size, diversification, cash availability, investment objectives, guidelines and restrictions, risk profile, pending subscriptions and redemptions, and eligibility to participate in the investment. Generally, all client trades will be allocated on a pro rata basis, according to the size of the Client assets. Participating accounts may also receive a pro rata portion of block executions, or receive the average price associated with a Baymount aggregated order. We typically allocate partially filled orders pro rata based on the size of each participating Client's initial order. However, we may deviate from our general allocation policy to avoid de minimus position sizes, or in other circumstances if we determine that a deviation is fair to all affected Clients. Instances in which Client orders may not be aggregated include, but are not limited to, the following: (1) Baymount determines that the aggregation is not appropriate because of market conditions; (2) Situations where Baymount must effect the transactions at different times or prices, making aggregation unfeasible; and (3) A determination is made by Baymount not to aggregate orders because of tax, legal, regulatory or administrative reasons. When orders are not aggregated, trades generally will be processed in the

order that they are placed with the broker or counterparty selected by Baymount. As a result, certain trades in the same security for one Client (including a Client in which Baymount and its personnel may have a direct or indirect interest) may receive more or less favorable prices or terms than another Client, and orders placed later may not be filled entirely or at all, based upon the prevailing market prices at the time of the order or trade. In addition, some opportunities for reduced transaction costs and economies of scale may not be achieved.

Trade Errors

A “trade error” is generally considered to include an error that (i) prevents portfolio trading instructions given by a portfolio manager on behalf of a Client from being effectuated in substantially the manner intended by the portfolio manager; (ii) results in the execution of a trade on behalf of a Client that was not intended for that Client; (iii) causes a violation of any applicable investment policies or restrictions mandated by the Client or by law; (iv) the placement of orders (either purchases or sales) in excess of the amount of securities a Client(s) intended to trade; (v) the sale of a security when it should have been purchased; (vi) the purchase of a security when it should have been sold; (vii) the purchase or sale of the wrong security; (viii) the purchase or sale of a security contrary to regulatory restrictions or Client’s investment guidelines or restrictions; (ix) incorrect allocations of securities; (x) keystroke errors that occur when entering trades into an electronic trading system; and (xi) typographical or drafting errors related to derivatives contracts or similar agreements. Depending on the relevant facts and circumstances, other events might also be considered trade errors. Baymount seeks to detect trade errors prior to settlement and to correct and/or mitigate them in an expeditious manner. To the extent an error is caused by a third party, such as a broker or counterparty, Baymount will seek to recover any losses associated with the error from that third party. However, there is no guarantee that Baymount will be able to do so. In the event that a private fund incurs a trade error solely as a result of Baymount’s bad faith, gross negligence, willful misconduct or actual fraud, such error will be corrected by Baymount as soon as practicable and in a manner such that the private fund client incurs no loss. Trade errors that result other than by breach of the standard of care stated in the previous sentence will be borne by the relevant private fund client. As a result of these provisions, private fund clients (and not Baymount) will benefit from any gains resulting from trade errors and will be responsible for any losses (including additional trading costs) resulting from trade errors and similar human errors, absent bad faith, gross negligence, willful misconduct or actual fraud. If Baymount makes an error while placing a trade for a non-private fund Client, Baymount will seek to correct the error promptly in a way that mitigates any losses. Baymount will generally bear any costs associated with correcting any error for a non-private fund client subject to the terms of the relevant investment management agreement. Gains associated with any trade error shall be retained by the affected client(s). Baymount will generally not net gains and losses associated with multiple errors related to separate investment decisions, but gains and losses stemming from an interrelated set of errors may generally be netted. Baymount will not use soft dollars or commitments of future brokerage business to compensate any broker-dealer for absorbing the cost of a trade error.

Item 13: Review of Accounts

The CIO reviews the portfolio of the private fund clients on a daily basis for internal portfolio management and risk management purposes. Baymount’s investment personnel also hold ad hoc meetings as necessary to discuss any applicable topics, such as investment ideas, economic developments, current events, investment strategies, and positions. A review of a Client account

may also be triggered by any unusual activity or special circumstance. The CCO or designee also reviews Baymount's accounts periodically to ensure compliance with Clients' investment objectives and any investment restrictions.

Each Fund Investor will generally be provided with weekly and monthly performance estimates, a quarterly performance report, a monthly fund NAV and capital account statement from the fund administrator, and a quarterly investor letter. We will also furnish to each Fund Investor as of the end of that fiscal year, audited financial statements and, as applicable, a copy of Schedule K-1 to the relevant private fund client's federal income tax return for the preceding fiscal year.

As previously mentioned, in consideration for its significant capital contribution, the Strategic Investor will receive certain rights that are in addition to, and more favorable than, the rights of other Fund Investors. Such rights related to investor reporting include, without limitation: advance notice with respect to certain events or actions related to private fund clients, Baymount, the General Partner and Mr. Casino; preferred information related to the operations and financials of Baymount; and daily private fund portfolio transparency reports.

Item 14: Client Referrals and Other Compensation

Baymount does not receive any economic benefits from non-clients in connection with the provision of investment advice to clients.

In the event a Fund Investor subscribes as a result of the services of a placement agent, no placement fee to be paid to such agent will be borne by a Baymount private fund client. If a prospective fund investor is introduced to Baymount through a placement agent, the arrangement, with such placement agent will be disclosed to, and acknowledged by, such prospective investor. Although Baymount does not have any cash solicitation arrangements to the extent it enters into any such arrangements they will be made in compliance with Rule 206(4)-3 under the Investment Advisers Act if applicable.

Item 15: Custody

Baymount is deemed to have custody of private fund clients' assets because of the authority that Baymount and/or its affiliated entities have over those assets. Our private fund clients' financial statements are subject to an annual audit by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and the audited financial statements are distributed to each Fund Investor. The audited financial statements are prepared in accordance with generally accepted accounting principles and distributed within 120 days of a private fund clients' fiscal year end. Our private fund clients' cash and securities are generally held by banks and broker/dealers that meet the definition of a "qualified custodian" under the SEC's "custody rule." Certain Client assets, such as privately offered securities, may not be reflected on the books and records of our clients' qualified custodians though these assets would be subject to the aforementioned annual audit.

Item 16: Investment Discretion

Our private fund client Fund Governing Documents grant Baymount full discretionary authority to determine, without obtaining specific consent from Fund Investors, the securities and commodity

interests, the amounts to be bought or sold on behalf of a private fund client, the brokers or dealers to be used for a particular transaction, to conduct the day-to-day investment operations of our private fund clients, and to invest our private fund clients' assets as we believe is appropriate and in the Client's best interests. Fund Investors do not have authority to impose restrictions on Baymount's investment discretion. By completing subscription documents to acquire an interest in one of our private fund clients, investors give us complete authority to manage their investments in accordance with the Fund Governing Documents they each received.

Item 17: Voting Client Securities

Baymount will be responsible for voting Client proxies. We have developed a written policy and procedures governing our proxy voting activities. In general, as a matter of policy and as a fiduciary to its Clients, Baymount is responsible for voting proxies for portfolio securities consistent with the best economic interests of its clients. Baymount understands and appreciates the importance of proxy voting. Baymount will vote all proxies in the best interests of its Clients and in accordance with the procedures outlined below (as applicable), unless otherwise mandated by an investment management agreement or applicable law. Baymount has retained a third-party proxy service provider to assist in the proxy voting process. Baymount also requires the proxy service provider to notify Baymount if it experiences a material conflict of interest in the voting of Clients' proxies. Baymount's general policy is to vote in accordance with the recommendation of the third-party proxy service provider unless Baymount determines that such recommendation is not in the best interests of the Clients. At times, investment professionals may deviate from the recommendations of the third-party proxy service provider though an explanation of the reason for the deviation must be provided. Under certain circumstances, Baymount may abstain from voting specific proxies if we believe that doing so is in the best interests of the Clients. For example, Baymount generally will abstain from voting proxies where (i) Clients no longer hold the securities at the time of the vote (whether or not they held them on the record date of the vote), (ii) Baymount, on behalf of Clients, has a net short position in such issuer; or (iii) the proxy involves "share blocking" which can limit Baymount's ability to sell the affected security during a blocking period. Prior to voting any proxies, the Chief Compliance Officer will determine if there are any material conflicts of interest related to the proxy in question. If a material conflict is identified, the Chief Compliance Officer will then make a determination (which may be in consultation with outside legal counsel or the proxy service provider) whether the guidelines outlined above are in the best interests of affected Clients. Clients that wish to obtain a record of the Baymount's proxy voting policy or proxy voting history may contact the Chief Compliance Officer. A non-private fund Client can contact Baymount's Chief Compliance Officer to revoke all discretionary proxy voting authority or revoke voting authority for a particular proxy solicitation.

Barring a contractual obligation we refrain from participating in class actions where we believe that either the recovery amounts are likely to be de minimis or we have reservations on the security measures to protect our data submission in connection with the proof of claim. Consequently, we generally do not participate in class action on behalf of Clients. If we do participate and later receive any recovery amounts, they will be distributed to the applicable Clients at the time the recovery amounts are received from the settlement agent.

Item 18: Financial Information

Baymount has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage Client accounts.