

MAGNITUDE CAPITAL, LLC

PART 2A OF FORM ADV (THE “BROCHURE”)

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This Brochure provides information about the qualifications and business practices of Magnitude Capital, LLC (SEC File No. 801-65284) (“Magnitude”). If you have any questions about the contents of this Brochure, please contact us at +1 212.915.3900 or magnitudecapital@magnitudecapital.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Magnitude has been registered with the SEC as an investment adviser under the Investment Advisers Act of 1940, as amended (the “Advisers Act”), since January 2006. Registration with the SEC as an investment adviser does not imply that Magnitude or any principals or employees of Magnitude possess a particular level of skill or training in the investment advisory or any other business.

More information about Magnitude is also available on the SEC’s website at www.adviserinfo.sec.gov.

Updated March 29, 2017

I. MATERIAL CHANGES TO THE BROCHURE

Since Magnitude's last annual updating amendment on March 31, 2016, the following changes have been made to the Brochure:

- (i) Investment funds managed by Magnitude that were established since the last annual update have been disclosed in this Brochure.
- (ii) Certain other clarifications and updates have been made, including without limitation, the addition of certain risk factors.

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II. ADVISORY BUSINESS

Magnitude is an investment adviser that commenced operations in October 2002. Magnitude is a limited liability company organized under the laws of the State of Delaware. Magnitude was founded and is principally owned by James M. Hall and Benjamin S. Appen. Since inception, the goal of Magnitude has been to deliver attractive risk-adjusted investment returns to investors through the management of multi-strategy funds of hedge funds and other investment vehicles.

As of December 31, 2016, Magnitude had approximately \$ 3,985,351,000 in net assets under management, all of which is managed on a discretionary basis.

Currently, Magnitude only manages private funds (each private fund managed by Magnitude, a “**Magnitude Fund**” and together the “**Magnitude Funds**”). Magnitude’s management of each Magnitude Fund is subject to that Magnitude Fund’s organizational and governing documents, offering documents, investment management agreement, and subscription agreement, each as may be amended, supplemented or modified from time to time (collectively, the “**Governing Documents**”). The terms of any investor’s investment in any Magnitude Fund are contained in and governed by the applicable Governing Documents. All discussions in this Brochure regarding the Magnitude Funds, including each such fund’s investments, the strategies Magnitude pursues in managing such funds, the fees and expenses borne by investors in such funds, and all other terms of each fund, are subject to, and qualified in their entirety by reference to, the applicable Governing Documents.

A. Funds of Hedge Funds – Investor Funds

Magnitude’s multi-strategy funds of hedge funds (“**FOFs**”) seek to deliver attractive risk-adjusted returns with limited exposure to passive risk factors. Magnitude aims to achieve this goal primarily through the identification, selection, and monitoring of opportunities to invest in pooled investment vehicles, managed accounts, co-investment vehicles, derivative instruments, public and private investment instruments, and non-traditional investments which may include, but are not limited to: secondary market purchases of private fund interests; “side pocket” interests; interests in special purpose liquidating vehicles; closed-end vehicles; direct co-investments; investments in operating companies with significant exposure to investment strategies; and other similar arrangements (collectively, “**Portfolio Funds**”). Portfolio Funds will generally be managed, advised, sponsored, and serviced by entities (each such entity, a “**Portfolio Manager**”), which are generally independent of Magnitude.

The FOFs are open-end funds that offer investors redemptions or withdrawals on a regular schedule. Below is a brief description of each of the FOFs offered to third-party investors (the “**Investor Funds**”). Please refer to each Investor Fund’s Governing Documents for a more detailed description of its business and its investment terms. Shares and interests in the Investor Funds are referred to in this Brochure as “**Interests**.”

Magnitude International

Magnitude International (“**MI**”) is a sub-trust of the Magnitude Master Series Trust, a unit trust organized under the laws of the Cayman Islands (the “**Trust**”). MI is part of a master-feeder structure through which it invests in Portfolio Funds through its indirect ownership of Magnitude Master Fund (“**MMF**”) shares. Non-U.S. investors and U.S. tax-exempt investors may invest in MI.

Magnitude Leveraged International

Magnitude Leveraged International (“**MLI**”) is a sub-trust of the Trust and indirectly invests in Portfolio Funds via a derivative instrument providing leveraged exposure to MMF. Non-U.S. investors and U.S. tax-exempt investors may invest in MLI.

Magnitude Institutional, Ltd.

Magnitude Institutional, Ltd. (“**MIL**”) is a Cayman Islands exempted company and invests in Portfolio Funds both directly and indirectly via a significant investment in MMF. Non-U.S. investors and U.S. tax-exempt investors, including employee benefit plans, may invest in MIL.

Magnitude Partners International, Ltd.

Magnitude Partners International, Ltd. (“**MPI**”) is a Cayman Islands exempted company and is part of a master-feeder structure through which it indirectly invests in Portfolio Funds through its ownership of MMF shares. Non-U.S. investors and U.S. tax-exempt investors may invest in MPI.

Magnitude U.S. Partners

Magnitude U.S. Partners (“**MUP**”) is a sub-trust of the Trust and is part of a master-feeder structure through which it indirectly invests in Portfolio Funds through its ownership of Magnitude Partners Master Fund, L.P. (“**MPMF**”) interests. U.S. taxable investors may invest in MUP.

Magnitude Private Partners, L.P.

Magnitude Private Partners, L.P. (“**MPP**”) is a Delaware limited partnership and is part of a master-feeder structure through which it indirectly invests in Portfolio Funds through its ownership of MPMF interests. U.S. taxable investors may invest in MPP.

Phoenix MAG, Ltd.

Phoenix MAG, Ltd. (“**Single Investor Fund**”), is a Cayman Islands exempted company established for a single U.S. tax-exempt investor. The Single Investor Fund directly invests in MMF and MLSEMF (as defined below).

B. Funds of Hedge Funds – Master Funds

The “**Master Funds**” are FOFs managed by Magnitude that execute Magnitude’s fund of hedge funds investment program by directly or indirectly making Portfolio Fund investments. The Master Funds are not offered to external investors. Below is a brief description of each of the Master Funds.

Magnitude Master Fund

MMF is a sub-trust of the Trust and uses Magnitude’s multi-strategy fund of hedge funds investment program. MMF invests (i) directly in Portfolio Funds and MLSEMF and (ii) indirectly in FOF Managed

Account Vehicles (as defined below). MI, MLI, MIL, MPI, and the Single Investor Fund (the “**Non-Taxable Investor Funds**”) invest in MMF. Because investors in the Non-Taxable Investor Funds generally are not subject to U.S. federal income taxes, MMF generally invests only in non-U.S. Portfolio Funds.

Magnitude LSE Master Fund, Ltd.

Magnitude LSE Master Fund, Ltd. (“**MLSEMF**”) is a Cayman Islands exempted company and uses a long-short equity fund of hedge funds investment program. MLSEMF invests (i) directly in Portfolio Funds and (ii) indirectly in FOF Managed Account Vehicles. MMF and the Single Investor Fund invest directly in MLSEMF. Because the Magnitude Funds that invest MLSEMF generally are not subject to U.S. federal income taxes, MLSEMF generally invests only in non-U.S. Portfolio Funds.

Magnitude Partners Master Fund, L.P.

MPMF is a Delaware limited partnership that invests directly in Portfolio Funds and indirectly in FOF Managed Account Vehicles. MUP and MPP (the “**U.S.-Taxable Investor Funds**”) invest in MPMF. Because investors in the U.S.-Taxable Investor Funds generally are subject to U.S. federal income taxes, MPMF primarily invests in U.S. Portfolio Funds.

C. Funds of Hedge Funds – FOF Managed Account Vehicles

Magnitude Special Investments Portfolio Fund, Ltd. (“**MSIPF**”) is an entity through which MMF, MLSEMF, and MPMF indirectly invest in Portfolio Funds structured as managed accounts held by MSIPF or subsidiaries thereof (collectively, “**FOF Managed Account Vehicles**”). With certain limited exceptions (e.g., hedging transactions), Magnitude delegates discretionary management of all or a portion of the accounts of FOF Managed Account Vehicles to one or more third-party Portfolio Managers. Such Portfolio Managers are responsible for the portfolio management and investing of such accounts and generally invest in securities, derivatives, and other financial instruments for such accounts. MSIPF is a Cayman Islands exempted company and other FOF Managed Account Vehicles have been established as Cayman Islands exempted limited partnerships or Delaware limited liability companies.

D. Select Opportunities Funds

Magnitude currently manages two investment funds as part of a master-feeder structure using Magnitude’s select opportunities investment strategy (the “**SOF Funds**”). Magnitude Select Opportunities Fund, SP – Series 2 (“**SOF Feeder**”), is a segregated portfolio of a Cayman Islands segregated portfolio company. SOF Feeder was formed as a closed-end, co-investment vehicle to invest alongside certain Magnitude FOFs in “side pocket” interests of a Portfolio Fund which were purchased through an auction. SOF Feeder made such investment through Magnitude Select Opportunities Master Fund SP – Series 2 (“**SOF Master**”), a segregated portfolio of a different Cayman Islands segregated portfolio company. SOF Feeder is no longer open to investment.

E. Magnitude Portfolio Research Funds

Magnitude Funds in the Magnitude portfolio research (“**MPR**”) investment program (“**MPR Funds**”) seek to provide investors with high-quality, diversified, cost-effective portfolios. MPR Funds may

provide exposure to active and passive investment strategies. MPR Funds are open-end investment vehicles that offer investors redemptions or withdrawals on a regular schedule.

Magnitude currently manages two MPR Funds, which are part of a master-feeder structure:

Magnitude Total Portfolio Fund, L.P.

Magnitude Total Portfolio Fund, L.P. (“**MTPF**”) is a Delaware limited partnership. MTPF invests (i) in Portfolio Funds directly and indirectly through its ownership of MPMF interests, and (ii) in interests of Magnitude Total Portfolio Master Fund, L.P. (“**MTPM**”). U.S. taxable investors may invest in MTPF.

Magnitude Total Portfolio Master Fund, L.P.

MTPM is a Cayman Islands limited partnership that serves as a partial master fund for MTPF (i.e., MTPF invests a portion of its assets in MTPM). MTPM primarily invests directly in exchanged-traded funds (“**ETFs**”).

MPR Equities Strategy

The MPR team also manages proprietary capital based on a direct trading, long-only equities strategy (“**MPR Equities Strategy**”). Magnitude may offer the MPR Equities Strategy or similar equities strategies in the future to investors or clients, in the form of one or more private funds, managed accounts, and/or sub-advisory mandates.

III. FEES AND COMPENSATION

All investors and potential investors should review the Governing Documents of the Magnitude Fund in which they invest or are considering investing in conjunction with this Brochure for complete information on the fees and compensation payable with respect to the applicable Magnitude Fund. The following fee and compensation information is subject to, and qualified in its entirety by, the Governing Documents of each Magnitude Fund.

Management fees and performance compensation paid by the Magnitude Funds to Magnitude (or its affiliates) are not typically negotiated. However, fees and compensation may be waived, rebated or reduced, at the discretion of Magnitude. Partners, employees, their family members, and former employees either invest in a share class that does not pay management fees or performance compensation or have fees and performance compensation rebated in full on their investments.

A. Investor Funds¹

¹ “Performance compensation,” as used throughout this document, generally represents percentage of profits during the applicable period. For Interests that have a 12-month redemption notice and certain Interests subject to modified fees (as set forth below), performance compensation is calculated relative to a hurdle rate of return set forth in the applicable Magnitude Fund’s Governing Documents.

Magnitude receives the following management fees and performance compensation (“**Standard Compensation**”) from the Magnitude Funds as compensation for its services:

Magnitude Fund	Management Fee	Performance Compensation
Magnitude International	1.00%	10.0%
Magnitude Leveraged International	1.00% ²	10.0%
Magnitude U.S. Partners	1.00%	10.0%
Magnitude Institutional, Ltd.	1.00%	10.0%
Magnitude Private Partners, L.P.	1.00% - 1.50%	10.0%
Magnitude Partners International, Ltd.	1.00% - 1.50%	10.0%
Single Investor Fund ³	1.00%	10.0%

Investors whose aggregate related Interests in the Investor Funds exceed a value of \$75 million qualify for Magnitude’s “modified fee” program.⁴ These investors may elect to allocate incremental capital invested above \$75 million among any combination of the three management fee and performance compensation options listed below:

Modified Fee Program

Fees on Incremental Capital	Management Fee	Performance Compensation
Standard Compensation	1.00%	10.0%
Series X Modified Compensation Option	1.00% - 1.30%	0.0%
Series Y Modified Compensation Option	0.0%	20.0%

Management fees are generally charged at an annual rate on net assets under management (prior to the accrual or payment of performance compensation) and are payable monthly in arrears and prorated for partial periods.

Performance compensation is generally charged as a percentage of the increase in value per Interest above the previous highest value per Interest, in some cases relative to a hurdle rate, as set forth in the applicable Magnitude Fund’s Governing Documents. Performance compensation is calculated after the management fee has been charged. Performance compensation is charged by Magnitude, or by an affiliate in the case of MUP and MPP, quarterly in arrears and upon redemption or withdrawal. The Master Funds and FOF Managed Account Vehicles are not offered to investors and are not charged management fees or performance compensation.

² Represents percentage of the assets in the portfolio held on behalf of MLI. For all other funds this represents percentage of the assets under management of the class of Interests of the particular Magnitude Fund.

³ The modified fee program (described below) applies to the Single Investor Fund.

⁴ The “modified fee” program relates to management fees and performance compensation (whether in the form of a fee or an allocation).

B. SOF Funds

An affiliate of Magnitude is entitled to performance compensation from SOF Master, in the form of a “carried interest” equal to 10% of profits upon realization of SOF Master’s investments, after return of capital to investors. SOF Master does not pay any management fee to Magnitude, and SOF Feeder is not subject to any management fees or performance compensation.

C. MPR Funds

Magnitude receives a 0.60% management fee per annum, paid monthly in arrears, from MTPF. No performance compensation is paid to Magnitude by MTPF. MTPM is not subject to any management fee or performance compensation.

D. Other Expenses

The Magnitude Funds are subject to a variety of other offering, operating, and administrative expenses that are indirectly borne by investors as described in the relevant Governing Documents. Operating and administrative expenses include, among other things, fund administration, organizational and offering, custody, outside legal counsel, audit, expenses associated with borrowings and leverage, transaction costs, accounting expenses, directors’ & officers’ liability insurance, expenses associated with third-party valuation services, and other expenses. Additionally, the Magnitude Funds (and indirectly, their investors) bear their share of management fees, performance compensation, and other expenses charged to Portfolio Funds in which they invest. The foregoing is an illustrative, non-exhaustive description of expenses borne by the Magnitude Funds and is subject to, and qualified in its entirety by, the more-detailed provisions of the applicable Governing Documents for Magnitude Fund. In certain instances, Magnitude either (i) reimburses or pays all or the vast majority of the offering, operating, and administrative expenses of Magnitude Funds or (ii) caps such expenses as a percentage of assets, in each case, as described in the relevant Governing Documents.

Certain expenses may be shared among Magnitude and the Magnitude Funds or between or among multiple Magnitude Funds. In addition, determining whether expenses should be charged to one or more Magnitude Funds or Magnitude (or a combination thereof) and the allocation of such expenses among Magnitude and/or participating Magnitude Funds, may not always be unequivocal. Therefore, such allocation determinations may create potential conflicts of interest between Magnitude and one or more Magnitude Funds or among Magnitude Funds. Magnitude seeks to allocate any such expenses on a fair and equitable basis, and consistent with the Governing Documents of each Magnitude Fund. In doing so, Magnitude uses its reasonable judgement in interpreting such Governing Documents and making such allocation decisions.

IV. PERFORMANCE-BASED COMPENSATION AND SIDE-BY-SIDE MANAGEMENT

As disclosed above, Magnitude (or an affiliate thereof) is typically entitled to performance compensation based on a share of capital gains or capital appreciation of Magnitude Fund assets. Performance compensation may create an incentive for Magnitude to make investments that are riskier or more

speculative than might be the case in the absence of such compensation. In addition, performance compensation received by Magnitude (or an affiliate) from certain Magnitude Funds is based on both realized and unrealized gains and losses. As a result, the performance compensation earned could be based on unrealized gains that such Magnitude Funds never realize.

Magnitude may source investment opportunities that have limited capacity. In such situations, Magnitude may need to allocate available capacity in such investment opportunities among more than one Magnitude Fund. Magnitude's policy is to allocate investment opportunities in a manner that is fair and equitable to all Magnitude Funds and not to allocate opportunities based on the participating Magnitude Funds' management fee or performance compensation structures.

The MPR Funds are not subject to performance compensation. Other than MTPF's investment in MPMF, investments that are suitable for the FOFs or the SOF Funds are typically not suitable for the MPR Funds due to differing investment strategies and liquidity terms.

V. TYPES OF CLIENTS

Magnitude is the investment manager of the Magnitude Funds. Investment advice is provided directly to the Magnitude Funds and not individually to the investors in the Magnitude Funds.

The Magnitude Funds' investor base primarily consists of high net worth investors, private banks, and institutional investors (including pension plans, corporate accounts, endowments, and foundations). Magnitude typically requires that each U.S. investor in an Investor Fund or MTPF be an "accredited investor" as defined in Regulation D under the Securities Act of 1933, as amended (the "**Securities Act**"), and a "qualified purchaser" as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended, and that each non-U.S. investor be a "non-U.S. person" as defined in Regulation S under the Securities Act. Further details concerning the applicable suitability criteria for investment in the Magnitude Funds are set forth in their Governing Documents.

The Investor Funds and MPTF have minimum investment amounts generally ranging from \$100,000 to \$5,000,000, as set forth in the applicable fund's Governing Documents. Minimum investment amounts may be waived in Magnitude's discretion.

The Master Funds, FOF Managed Account Vehicles, and MTPM are not currently being offered directly to third-party investors.

Magnitude may establish and manage additional Magnitude Funds in the future. In addition, although Magnitude does not currently provide investment advice to clients other than the Magnitude Funds, it may do so in the future. In particular, Magnitude may serve as discretionary investment manager to one or more customized managed accounts or single investor vehicles, which are generally expected to follow specialized investment strategies. Such strategies, as well as those of any additional Magnitude Funds launched in the future, may be similar to those used for the FOFs, the MPR Funds, the MPR Equities Strategy, the SOF Funds, a combination of one or more such strategies or similar strategies, or other investment strategies not discussed herein. Minimum account sizes for such accounts or vehicles are subject to negotiation with prospective clients but are generally expected to be significant.

VI. METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS

A. Methods of Analysis and Investment Strategies

FOFs, FOF Managed Account Vehicles, and SOF Funds. Magnitude uses a variety of information sources to identify prospective investments including, but not limited to, industry contacts, prime brokers, databases, and academic research. These sources are intended to help significantly narrow down the potential universe of investment strategies and Portfolio Funds. The goal of the filtering process is to identify a group of high quality investment opportunities for further review by Magnitude. Magnitude allocates capital to Portfolio Funds based on a number of factors including, but not necessarily limited to: experience, market knowledge, strategy style, and historical performance of the Portfolio Manager or Portfolio Fund; appropriate diversification among all Portfolio Funds in each Magnitude Fund's portfolio; and the overall market environment.

Magnitude generally conducts substantial investment and operational due diligence prior to selecting a new Portfolio Manager. The goal of the due diligence process is to evaluate, among other things:

- (i) The background of the Portfolio Manager and its investment professionals;
- (ii) The infrastructure of the Portfolio Manager (including research, trading, operations, compliance, technology, and any other relevant infrastructure);
- (iii) The Portfolio Fund's strategy and method of trade execution;
- (iv) The Portfolio Manager's risk controls and portfolio management processes; and
- (v) The differentiating factors that give the Portfolio Manager an investment edge.

Magnitude monitors the correlations of performance among Portfolio Funds and attempts to assess how these correlations may change in various market scenarios, including during normal and "shock" periods. Upon the completion of the investment and operational due diligence processes, Magnitude may allocate available Magnitude Fund capital to new Portfolio Funds. Magnitude may periodically make recommendations for larger or smaller allocations to, or full redemptions from, certain Portfolio Funds. Investments may be held for less than one year but are often held for more than one year. The Magnitude Funds may borrow or enter into derivative arrangements with counterparties to provide leverage, to take advantage of particular investment opportunities, or to otherwise manage cash inflows and outflows in a more efficient manner.

MPR Funds. Magnitude uses many of the same or similar methods of analysis, processes, and strategies for MTPF and MTPM (collectively, "**MTP**") as those described above for the FOFs. However, Magnitude also uses other analysis and strategies for investments on behalf of MTP, including a significant focus on investment returns associated with non-traditional risk premia and with conventional asset class risk premia obtained via both alternative and conventional indexing approaches. The investment process for MTP generally starts with an examination of a potential conventional and alternative risk premia or strategy. Sources may include published and unpublished studies, conversations with academics, fund managers, and other practitioners, and direct data research. Magnitude may examine historical returns, risk, and correlations in both normal and "shock" scenarios, performance across different geographic regions and time periods, explanations for the existence and persistence of the risk premia or inefficiency, the extent to which the risk premia or a particular strategy's return profile has been and is expected to be altered by changes in capital allocated to it, and issues related

to the efficient implementation of the strategy, among other issues. In addition to investments in other Magnitude Funds and in Portfolios Funds, MTP's investments may include, without limitation, a combination of direct investments in ETFs, exchange-traded notes, and similar exchange-traded products, equities, bonds, futures, and swap agreements.

B. Certain Material Risks

An investment in a Magnitude Fund involves a high degree of risk, including the risk of loss of the entire investment. There can be no assurance that a Magnitude Fund's investment objective will be achieved or that the investment strategies employed by Magnitude will be successful. Certain of the material risks associated with the investment strategies used by Magnitude in managing the Magnitude Funds' portfolios are set forth below. A more detailed discussion of the risks associated with the Magnitude Funds' investment strategies as well as the risks associated with investing in each Magnitude Fund is included in the Governing Documents of each Magnitude Fund.

Investment Strategies. The risks of the strategies employed by Portfolio Managers are substantial and cannot be fully described in this Brochure. Such risks include the possibility that Magnitude and Portfolio Managers may fail to estimate the correct value of financial instruments, the timing for correction of any such mistaken valuation, the volatility and pricing path of such instruments over time, and the risk that subsequent events may alter the value of such instruments. In building portfolios, Magnitude or the Portfolio Managers may fail to estimate correctly the prospective relationship among elements of the respective portfolios, leading to greater risk than intended. Strategies that work at one time may cease to work at another time or forever. Any of these risks could result in significant losses to investors in the Magnitude Funds.

Portfolio Manager Compensation. Most Magnitude Funds employ, in whole or in part, a fund of hedge funds investment strategy, pursuant to which their assets are generally invested in Portfolio Funds. Accordingly, management fees are charged to the Magnitude Funds by Magnitude and the Magnitude Funds' interests in Portfolio Funds are also subject to management fees payable to Portfolio Managers. Similarly, a Magnitude Fund may also be charged performance compensation directly by Magnitude (or an affiliate thereof) based on investment gains of the applicable Magnitude Fund above a high water mark (and, if applicable, a hurdle rate) and indirectly by a Portfolio Manager based on the investment gains of the Portfolio Fund managed by such Portfolio Manager, subject to the terms of the investment in the Portfolio Fund. A Magnitude Fund, and indirectly its investors, could therefore indirectly be charged performance compensation by a Portfolio Manager even if the Magnitude Fund's overall performance is negative.

Magnitude may also allocate Magnitude Fund capital to Portfolio Funds that themselves invest in other investment vehicles, thereby subjecting the Magnitude Funds and their investors to an additional level of expenses.

Speculative and Illiquid Nature of Investment. Investments in the Magnitude Funds should be considered speculative and involve substantial risk due to, among other things, the relatively illiquid nature of the Magnitude Funds' investments and the illiquidity of interests in the Magnitude Funds themselves. Investors should not expect near-term liquidity with respect to such investment, should be able to bear the

financial risk of such investment for an indefinite period of time, and should be able to sustain the possible loss of the entire amount invested.

Limited Liquidity. Interests in Magnitude Funds are not freely transferrable and may not be sold, assigned, transferred, conveyed, or disposed of without Magnitude's prior consent. There is no public market for Interests, and no public market is expected to develop. Portfolio Fund investments are generally subject to restrictions on sales and restrictive redemption terms (e.g., lock-ups, redemption fees, suspension of redemptions, or "side pocketing" of positions) that may not match the redemption terms associated with Interests of the Magnitude Funds. This could limit the ability of investors to timely redeem their Interests in the Magnitude Funds. In addition, the Magnitude Funds invest a portion of their assets in illiquid or long-term Portfolio Fund investments, such as "side pocket" positions, interests in liquidating special purpose vehicles, closed-end investment vehicles, and other interests in private, restricted, or otherwise illiquid securities that lack contractual redemption rights or other near-term sources of liquidity. There can be no assurance that the Magnitude Funds will be able to dispose of such illiquid positions at attractive prices, or otherwise.

SOF Funds currently do not offer regular redemption or withdrawal rights to investors. Investments held by SOF Funds may be held indefinitely, until Magnitude has an opportunity to dispose of such investments at a favorable value.

Competition; Limited Availability of Investments; Dilutions. The markets in which the Master Funds and Portfolio Funds invest are competitive for investment opportunities. Over time, such competition tends to reduce expected risk-adjusted investment returns. There can be no assurance that the Master Funds or Portfolio Funds will be able to identify or successfully pursue attractive investment opportunities in competitive environments. Furthermore, certain of the Portfolio Funds in which the Master Funds directly or indirectly (including without limitation, through FOF Managed Account Vehicles) invest are or may be closed to additional capital. Accordingly, the Master Funds may be unable to invest (in whole or in part) in the investment opportunities that Magnitude believes are most attractive.

In addition, investors' indirect investment exposure—through the Investor Funds' investment in the Master Funds and indirectly, FOF Managed Account Vehicles—to Portfolio Funds that are closed to new investment may be diluted. This may occur because Investor Funds are or may be continuously offering Interests therein. In addition, Magnitude may establish, sponsor, and/or manage new investment funds, accounts, or vehicles in the future that are offered to third-party investors or clients and invest all or part of their assets in the Master Funds (collectively, "**New Third-Party Vehicles**"). Accordingly, new capital flowing into the Investor Funds or investments in the Master Funds by New Third-Party Vehicles would increase the amount of the Master Funds' capital, absent offsetting redemptions. Such growth by the Master Funds may dilute the indirect investment exposure of existing investors in the Investor Funds to those limited investment opportunities held by the Master Funds, FOF Managed Account Vehicles and/or other Magnitude Funds. This may adversely impact the investment returns of such existing investors.

Dependence on Magnitude and Portfolio Managers. Investors in the Magnitude Funds have no authority to make decisions or to exercise investment discretion on behalf of the Magnitude Funds. This authority is delegated to Magnitude or other third parties. Magnitude generally invests assets of the Magnitude Funds with Portfolio Managers. The success of the Magnitude Funds depends upon the ability of

Magnitude and the Portfolio Managers to develop and implement investment strategies that achieve the Magnitude Funds' investment objectives. Investments in Portfolio Funds carry additional risks including, but not limited to, potential lack of diversification, lack of transparency, reliance on Portfolio Managers for performance information, investment "style drift," and dependence on key personnel of the Portfolio Managers.

Hedging. The Magnitude Funds and/or the Portfolio Funds may use a variety of financial instruments, including, but not limited to, derivatives, options, interest rate swaps, caps and floors, and forward contracts, both for investment purposes and for risk management purposes. Such purposes may include: (i) protecting against possible changes in the market value of its investment portfolio due to fluctuations in the securities markets and changes in interest rates; (ii) protecting the unrealized gains in the value of its investment portfolio; (iii) facilitating the sale of any such investments; (iv) enhancing or preserving returns, spreads or gains on any investment in its portfolio; (v) hedging the interest rate or currency exchange rate on any of its liabilities or assets; (vi) protecting against any increase in the price of any securities it anticipates purchasing at a later date; or (vii) for any other reason that Magnitude or a Portfolio Manager (as applicable) deems appropriate.

A Portfolio Manager may not hedge against a particular risk because it does not regard the probability of the risk occurring to be sufficiently high as to justify the cost of the hedge, or because it does not foresee the occurrence of the risk. Hedging transactions that do occur may result in a poorer overall performance for the Portfolio Fund than if it had not engaged in any such hedging transactions. The success of the hedging strategy of a Portfolio Fund is subject to the Portfolio Manager's ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolios being hedged. Since the characteristics of many securities change as markets change or time passes, the success of the Portfolio Fund's hedging strategy is also subject to the Portfolio Manager's ability to continually recalculate, readjust, and execute hedges in an efficient and timely manner. For a variety of reasons, the Portfolio Manager may not seek to establish a perfect correlation between the hedging instruments used and the portfolio holdings being hedged. Such an imperfect correlation may prevent the Portfolio Fund from achieving the intended hedge or expose the Portfolio Fund to risk of loss.

Although it is not obligated to do so, Magnitude may invest the Magnitude Funds' assets directly (rather than through Portfolio Funds) in an attempt to hedge against current or anticipated market, financial, or economic events for which allocations or reallocations among Portfolio Funds would be impractical, ineffectual, or not timely in the opinion of Magnitude. Such direct investments may be implemented through transactions and investments in a broad variety of financial instruments. Magnitude currently engages in hedging transactions for the FOF Managed Account Vehicles, primarily through short sales of ETFs. To the extent that Magnitude employs hedging strategies it will be subject to the risks discussed above with regards to Portfolio Managers. Without limiting the generality of such risks described above, there can be no assurance that any hedging strategy or transactions employed by Magnitude for the FOF Managed Account Vehicles will be successful or that Magnitude will continue with such strategy or transactions in the future.

Shock Risk. From time to time, normal financial market processes may be disrupted by extreme events. At such times the volatilities of, and correlations among, financial instruments, strategies, and Portfolio

Funds may increase substantially, and the Magnitude Funds and their investors may incur significant losses.

Concentration of Holdings. While Magnitude may seek to diversify the assets of the Master Funds through investments with various Portfolio Funds, there are no restrictions on the amount of assets that may be indirectly invested through various Portfolio Funds in a particular market sector or type of security. At any given time, it is therefore possible that Magnitude may select Portfolio Funds that will cause one or more Master Funds' portfolios to be concentrated in a particular market or industry, or in a limited number or type of securities. This limited diversification could expose the Master Funds to losses disproportionate to market movements in general.

As disclosed in their Governing Documents, the portfolios of SOF Funds are expected to be more concentrated than the portfolios of the Master Funds. SOF Funds may invest all of their assets in one investment or a small number of highly illiquid investments.

Valuation. Interests in Portfolio Funds will generally be valued in accordance with the valuations provided by such Portfolio Funds or their administrators. These valuations will typically be based on unaudited financial records and may therefore be subject to adjustment. The Magnitude Funds charge fees to investors based on these valuations. If an investor redeems from a Magnitude Fund, subsequent adjustments to valuations of one or more Portfolio Funds may occur. There is a risk that such redeeming investor may receive an amount upon redemption that is less than the amount such investor would have received on the basis of the adjusted valuation.

In certain circumstances, Magnitude may determine that an adjustment to the valuation of a Portfolio Fund is appropriate and may use the services of a third-party valuation specialist in determining the fair value of such Portfolio Fund. There can be no assurances that any adjustment to the valuation of any Portfolio Fund will be accurate due to a variety of factors, including limited information available to the third-party valuation specialist. Valuations may rely in whole or in part on subjective judgments.

Use of Leverage and Borrowings. MLI, the MPR Funds, and FOF Managed Account Vehicles incur portfolio-level leverage by directly or indirectly borrowing funds from counterparties on a regular basis. In addition, MMF, MPMF, MLSEMF, and MIL have credit facilities that are generally for short-term cash management purposes (*i.e.*, in anticipation of additional investor subscriptions, to fund redemptions, to take advantage of particular investment opportunities), the use of which lead these funds to operate with leverage from time to time. In addition, the Magnitude Funds invest in Portfolio Funds that incur varying levels of leverage. While leverage presents opportunities for increasing return, it has the effect of potentially increasing losses as well. Accordingly, any event that adversely affects the value of an investment would be magnified to the extent that the investment is levered. The use of leverage in adverse markets could result in losses that would be greater than if leverage were not employed.

Generally, borrowing money requires the posting of collateral with the counterparty that provides the leverage in amounts that may be changed by the counterparty. If a counterparty increases the amount of collateral required to support the outstanding borrowings, the party incurring leverage might be forced to dispose of assets at times and prices that could be disadvantageous and result in substantial losses.

Commingled FOF Managed Account Vehicles. Magnitude invests a portion of the Master Funds' assets in Portfolio Funds structured as managed accounts, held in an FOF Managed Account Vehicle, which are managed by Magnitude and sub-advised by third-party Portfolio Managers. Currently, most managed accounts are held in a single, commingled FOF Managed Account Vehicle for which its investors generally have pro rata exposure to gains and losses. Accordingly, the assets and liabilities of such managed accounts are not legally segregated from each other. Magnitude believes that this commingled structure can provide operational efficiencies for managed accounts and provide for more creditworthy FOF Managed Account Vehicles, which Magnitude believes can permit such managed accounts to obtain more beneficial financing terms. In such structures, the assets of each managed account that held are by a broker or derivative counterparty will be pledged as collateral to secure all borrowings by such commingled FOF Managed Account Vehicle from such broker or counterparty. A change in the asset class, value, credit quality, or other characteristics of the assets and liabilities in a single managed account could cause the commingled FOF Managed Account Vehicle to default under its agreements with a broker or counterparty. For example, a precipitous decline in the value of the assets of one managed account could cause a margin call that the commingled FOF Managed Account Vehicle is unable to satisfy. If the commingled FOF Managed Account Vehicle defaults, such broker or counterparty would typically obtain the discretionary authority to close positions and liquidate collateral pledged to that broker or counterparty by such FOF Managed Account Vehicle, potentially causing substantial losses for all managed account assets in such FOF Managed Account Vehicle maintained with such broker or counterparty. In addition, if a commingled FOF Managed Account Vehicle defaults under one such agreement, other brokers or counterparties that transact with such commingled FOF Managed Account Vehicle may gain similar rights to liquidate collateral and close positions due to cross-default provisions, which could lead to a rapid liquidation of all or a portion of all managed accounts held within such FOF Managed Account Vehicle, potentially resulting in substantial losses to the Master Funds.

In addition to the commingled FOF Managed Account Vehicles described above, Magnitude has established other FOF Managed Account Vehicles that each hold a single managed account. In such FOF Managed Account Vehicles, the assets and liabilities of such managed account are segregated from managed accounts held in other FOF Managed Account Vehicles. Magnitude may establish additional single-FOF Managed Account Vehicles in the future. The Master Funds will bear their proportionate share of the costs and expenses associated with the establishment and ongoing operation of such vehicles. The Master Funds and any other Magnitude Funds that invest in FOF Managed Account Vehicles (collectively, "**Participating Funds**") generally will participate in gains and losses from managed accounts held in commingled FOF Managed Account Vehicles on a pro rata basis by capital contributed. The relevant Participating Funds may have differing investments, strategies, or risk monitoring thresholds and desire differing allocations to managed accounts held within a given commingled FOF Managed Account Vehicle. At times, a Participating Fund may want to make incremental investments in one or more managed accounts ("**Add-On Investments**") that would not be suitable for other Participating Funds invested in that commingled FOF Managed Account Vehicle. Furthermore, a Participating Fund may want to invest in one or more managed accounts or other investments in which other Participating Funds will not participate at all ("**Limited Investments**"). The Investment Manager may permit Add-On Investments, Limited Investments, or both to be held in a commingled FOF Managed Account Vehicle. If they exist, Add-On Investments and Limited Investments will change the aggregate risk profile and borrowing level of the commingled FOF Managed Account Vehicle that holds these investments. If Add-On Investments or Limited Investments exist in a commingled FOF Managed Account Vehicle, no single Participating Fund's risk profile will be identical to the risks of the entire commingled FOF Managed

Account Vehicle. As a result, it is possible that a Participating Fund could bear losses attributable to managed accounts to which it did not have (or to which it had less) exposure.

Investment and Due Diligence Process. Magnitude conducts initial and ongoing due diligence with respect to Portfolio Funds (and their Portfolio Managers) in which it expects to invest or has invested. Magnitude conducts such due diligence as it deems reasonable and appropriate based on the facts and circumstances applicable to each actual or prospective investment. When conducting due diligence, Magnitude may be required to evaluate important and complex business, operational, financial, tax, accounting, and legal issues. In conducting due diligence and making an assessment regarding an investment, Magnitude will rely on the resources reasonably available to it, which in some circumstances, whether or not known to Magnitude 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 in a Portfolio Fund.

Counterparty Credit Risk. The Magnitude Funds and the Portfolio Funds may establish relationships to obtain financing, derivative intermediation, and prime brokerage services that permit a Magnitude Fund or a Portfolio Fund to trade in a variety of markets or asset classes over time. However, there can be no assurance that any Magnitude Fund or a Portfolio Fund will be able to establish or maintain such relationships. An inability to establish or maintain such relationships could create losses and may preclude the Magnitude Funds or a Portfolio Fund from engaging in certain transactions, financing, derivative transactions, and prime brokerage services, (together “**Counterparty Services**”) and prevent Magnitude Funds or Portfolio Funds from investing or trading at optimal rates and terms. Moreover, a disruption in the Counterparty Services provided by any such relationships before a Magnitude Fund or a Portfolio Fund establishes additional relationships could have a significant impact on a Magnitude Fund’s or a Portfolio Fund’s business due to reliance on such counterparties.

Many of the markets in which the Magnitude Funds or the Portfolio Funds effect their transactions are “over-the-counter” or “interdealer” markets. The participants in such markets may not be subject to the same credit evaluation and regulatory oversight as are members of “exchange based” markets. To the extent a Magnitude Fund or a Portfolio Fund invests in swaps, derivative or synthetic instruments, or other over-the-counter transactions, on these markets, the Magnitude Fund or such Portfolio Fund may take a credit risk with regard to parties with whom it trades and may also bear the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions which generally are backed by clearing organization guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered into directly between two counterparties generally do not benefit from such protections. This exposes the Magnitude Funds to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide), or because of a credit or liquidity problem, thus causing the Magnitude Fund to suffer a loss. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Magnitude Fund or a Portfolio Fund has concentrated its transactions with a single or small group of counterparties. The Magnitude Funds and Portfolio Funds are not restricted from dealing with any particular counterparty or from concentrating any or all of their transactions with one counterparty. The ability of the Magnitude Funds and Portfolio Funds to transact business with any one or number of counterparties, the lack of any independent evaluation of such counterparties’ financial capabilities, and

the absence of a regulated market to facilitate settlement may increase the potential for losses by the Magnitude Funds.

Short Selling. Magnitude and the Portfolio Managers may engage in short selling on behalf of the Magnitude Funds and Portfolio Funds, respectively. Short selling involves selling securities that may or may not be owned, and borrowing the same securities for delivery to the purchaser with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from declines in market prices to the extent such declines exceed the transaction costs and the costs of borrowing the securities. A short sale creates the risk of an unlimited loss, as the price of the underlying security could theoretically increase without limit, thus increasing the cost of buying those securities to cover the short position. There can be no assurance that the securities necessary to cover a short position will be available for purchase. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

Co-Investments. While it is Magnitude's policy to allocate investment opportunities among the Magnitude Funds on a fair and equitable basis, Magnitude may determine that certain investment opportunities that may be appropriate for any Magnitude Fund should not be allocated in their entirety to any Magnitude Fund based on such factors deemed relevant by Magnitude. In such instances, Magnitude may (but is not required to) allocate any unallocated portions of such opportunities to one or more investors in the Magnitude Funds, one or more parties affiliated with Magnitude, or such other parties as are selected by Magnitude. Magnitude has no obligation to offer any such investment opportunity to any investor by virtue of its investment in any Magnitude Fund. Investors participating in such investment opportunities may either invest directly in such investment opportunities or through vehicles managed by or otherwise affiliated with Magnitude ("**Co-Investment Vehicles**"). Further, such investors, including, without limitation any Co-Investment Vehicles, may invest (i) directly in a particular investment opportunity alongside the relevant Magnitude Funds, or (ii) in an investment vehicle together with other Magnitude Funds, which vehicle in turn, invests in the investment opportunity. The fees, other compensation, and terms of any investment in a Co-Investment Vehicle may differ from the fees, other compensation, or terms of an investment in any Magnitude Fund.

Non-U.S. Investments. The Magnitude Funds and the Portfolio Funds may invest in securities of non-U.S. companies and foreign countries and in non-U.S. currencies. Investing in the securities of such companies and countries involves certain considerations not usually associated with investing in securities of U.S. companies or the U.S. Government. These include political and economic considerations, such as greater risks of expropriation and nationalization, confiscatory taxation, the potential difficulty of repatriating funds, general social, political and economic instability and adverse diplomatic developments; the possibility of imposition of withholding or other taxes on dividends, interest, capital gains, other income, or gross sale or disposition proceeds; the 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; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict Magnitude's and the Portfolio Managers' investment opportunities. In addition, accounting and financial reporting standards that prevail in foreign countries generally are not equivalent to U.S. standards and, consequently, less information may be available to investors in companies located in such countries than is available to investors in companies located in the U.S. Moreover, 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. In addition, there is generally less regulation of the securities markets in foreign countries than there is in the U.S.

“Master-Feeder” Structure. The Investor Funds may indirectly invest all or part of their investable assets in the investment programs of the Master Funds. This “master-feeder” structure, and in particular the existence of multiple Investor Funds investing in the same portfolio, may pose certain risks to investors. The Master Funds may undertake, or refrain from undertaking, an investment that is more favorable to one Investor Fund than it is to another. A smaller Investor Fund investing in a Master Fund may be materially affected by the actions of a larger Investor Fund investing in a Master Fund. If a larger Investor Fund redeems all or a large portion of its capital from a Master Fund, the remaining Investor Funds may experience higher pro rata operating expenses, thereby producing lower returns. A Master Fund may become less diverse due to redemptions by a larger Investor Fund, resulting in increased portfolio risk. The Master Funds are separate entities and creditors of the Master Funds may enforce claims against all assets of the Master Funds. Further, additional administrative costs and expenses are associated with investing through the Master Funds. The foregoing risks may also apply to the Magnitude Funds’ investments in Portfolio Funds, which may also employ master-feeder structures.

THE FOREGOING LIST OF RISK FACTORS DOES NOT PURPORT TO BE A COMPLETE EXPLANATION OF THE RISKS INVOLVED IN PURCHASING AND HOLDING AN INTEREST IN ANY MAGNITUDE FUND. ACTUAL AND PROSPECTIVE INVESTORS SHOULD READ THE APPLICABLE MAGNITUDE FUND’S GOVERNING DOCUMENTS AND CONSULT WITH THEIR FINANCIAL, LEGAL, AND TAX ADVISORS BEFORE DETERMINING TO INVEST IN A MAGNITUDE FUND.

VII. DISCIPLINARY INFORMATION

There have been no legal or disciplinary findings against Magnitude or its principals in the past 10 years that would be material to an investor’s evaluation of Magnitude in deciding whether or not to make an investment in a Magnitude Fund.

VIII. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Magnitude believes that relationships with other financial industry firms and their representatives may pose potential conflicts of interest that Magnitude seeks to identify and address.

Some investors in the Magnitude Funds are persons associated with Portfolio Managers with which Magnitude Funds invest. In addition, Magnitude personnel may have personal relationships with personnel of such Portfolio Managers. Magnitude seeks to mitigate any potential conflicts of interest arising from these relationships by disclosing specific conflicts to its portfolio management team and by reasonably determining that investment decisions are made in the best interests of the Magnitude Funds without consideration of the noted relationships.

IX. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS, AND PERSONAL TRADING

Magnitude maintains and enforces a written code of ethics (the “**Code**”) that is applicable to all individuals who are considered “supervised persons” according to applicable regulations. The Code is designed to communicate Magnitude’s culture with respect to compliance and to address how potential conflicts of interest should be handled. The Code is also intended to guide Magnitude’s supervised persons in their efforts to comply with legal and regulatory requirements. Magnitude’s supervised persons are expected to hold themselves to high ethical standards and have a duty to act in the best interests of the Magnitude Funds.

Magnitude’s Code requires Magnitude and its supervised persons to:

- (i) Comply with the spirit and the letter of the U.S. federal securities laws and the rules governing the capital markets;
- (ii) Act with competence, dignity, integrity, and in an ethical manner when dealing with the Magnitude Funds, their investors, the public, prospects, third-party service providers, fellow supervised persons, and other persons with whom Magnitude does business;
- (iii) Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, making investments on behalf of clients, promoting Magnitude’s services, and engaging in other professional activities;
- (iv) Adhere to the highest standards with respect to potential conflicts of interest with the Magnitude Funds;
- (v) Act in the best interests of the Magnitude Funds subject to appropriate disclosure standards; and
- (vi) Report violations of the Code to appropriate supervisory personnel.

Magnitude’s supervised persons are also required to follow certain rules regarding trading in their personal securities accounts. These rules include:

- (i) A requirement to obtain pre-clearance of certain transactions in securities or commodity futures (including those involving private placements, public equities, and certain other financial instruments);
- (ii) An expectation to avoid frequent trading in personal securities accounts; and
- (iii) A requirement to provide initial, quarterly, and annual personal securities reports of holdings and transactions to Magnitude’s Chief Compliance Officer (“**CCO**”), Andrew H. Messinger.

Magnitude reviews personal trading to monitor for potentially improper transactions.

Conflicts of interest may exist among various individuals and entities, including Magnitude, employees and/or supervised persons, the Magnitude Funds, and current or prospective investors. Magnitude’s policies and procedures have been reasonably designed to identify and properly disclose, mitigate, or eliminate applicable conflicts of interest as appropriate. However, written policies and procedures cannot address every potential conflict, so supervised persons must use good judgment in identifying and responding appropriately to actual or potential conflicts. Conflicts of interest that involve Magnitude (or its supervised persons) and the Magnitude Funds or investors will generally be resolved in a way that

favors the interests of the Magnitude Funds or investors over the interests of Magnitude or its supervised persons, unless subject to appropriate considerations and disclosure.

Magnitude has additional policies and procedures designed to address other potential regulatory and conflict of interest issues supervised persons might face. These topics include:

- (i) Insider trading laws;
- (ii) Political contributions;
- (iii) Gifts and entertainment; and
- (iv) Outside business activities.

X. BROKERAGE PRACTICES

A. FOFs and SOF Funds

Many of the Magnitude Funds invest a substantial portion of their assets directly or indirectly in privately-offered Portfolio Funds through direct transactions with such funds (or their Portfolio Managers) without using a broker. However, Magnitude may engage in direct investment transactions using brokers on behalf of the Magnitude Funds. For example, the Magnitude Funds may use brokers to (i) purchase interests in Portfolio Funds in the secondary market, and (ii) to purchase treasury securities for cash management purposes. Magnitude also processes conversion and hedging foreign exchange transactions with counterparties on behalf of investors in non-U.S. dollar denominated share classes of MI and MPI.

In the instances where Magnitude uses a broker to effect a transaction in a privately-offered Portfolio Fund, Magnitude considers financial stability and reputation of the broker and the broker's execution capabilities and may consider services that would enhance Magnitude's investment research and portfolio management capability. If the amount of commission or fee charged by a broker is reasonable in relation to the value of the brokerage functions and services provided by such broker, Magnitude may effect brokerage transactions with such broker notwithstanding the fact that such broker may charge higher commissions or fees than another broker. It is Magnitude's policy, consistent with investment considerations, to seek the most favorable execution for brokerage orders, taking into account the price and levels of the services provided.

Due to the limited trading activity of Magnitude and the fact that Magnitude invests a substantial portion of the Magnitude Funds' assets in primary transactions with Portfolio Funds, Magnitude does not frequently have the opportunity to aggregate orders for securities on behalf of the Magnitude Funds. Magnitude aggregates orders when it has the opportunity to do so and aggregation would provide materially better terms for the Magnitude Funds.

B. FOF Managed Account Vehicles

The FOF Managed Account Vehicles collectively have prime brokerage and futures account relationships with Morgan Stanley & Co., LLC and certain of its affiliates ("**Morgan Stanley**") and BNP Paribas Prime Brokerage, Inc. and certain of its affiliates ("**BNP**"). In addition, Magnitude conducts hedging activity in the FOF Managed Account Vehicles through accounts with Morgan Stanley and BNP. Magnitude has determined that the compensation paid by the FOF Managed Account Vehicles to Morgan Stanley and BNP for prime brokerage, futures account services, and direct hedging transactions is reasonable in light of the overall quality of the services provided.

Portfolio Managers who trade in accounts held by FOF Managed Account Vehicles are typically permitted to select executing brokers or other counterparties. Magnitude believes that these Portfolio Managers are fiduciaries with obligations to obtain best execution in the accounts that they manage for the FOF Managed Account Vehicles. Magnitude may attempt to obtain contractual covenants from Portfolio Managers to seek to obtain best execution or perform independent reviews of execution quality obtained by Portfolio Managers if it believes such steps are necessary.

C. MPR Funds

MTPM invests a substantial portion of its assets in publicly-traded ETFs. MTPM has a prime brokerage relationship with BNP.

Magnitude typically selects executing brokers for MTPM. Magnitude considers a number of factors when selecting executing brokers for transactions by MTPM, including brokerage commissions, ability to execute in a timely manner, and execution quality.

XI. REVIEW OF ACCOUNTS

A. Portfolio Management

Magnitude Fund portfolios are reviewed on at least a monthly basis. The portfolio reviews for the FOFs take into account many factors, including without limitation, the capacity of specific Portfolio Managers and the Portfolio Funds they manage to accept additional capital; future flows of investor capital into and out of each Magnitude Fund; the liquidity of each Magnitude Fund's portfolio; the quality of the opportunity set for each Portfolio Fund and/or Portfolio Manager relative to other investment opportunities; the ability of each Portfolio Manager to add value going forward; and the current disposition of the portfolio relative to a hypothetically optimal allocation. In addition, the portfolio management team uses an optimization tool and other tools to help evaluate the portfolio.

The portfolio reviews for the SOF Funds are more limited in scope because the SOF Funds only hold a single investment, which is completely illiquid. However, such portfolio reviews may take into account many of the same factors described above for the FOFs.

Magnitude's primary investment committee (the "**Investment Committee**") is responsible for managing the portfolios of the FOFs and the SOF Funds. The Investment Committee consists of five partners, Benjamin S. Appen, James M. Hall, Henry Hawes Bostic, Eric D. Stiles, and Richard O. Lodewick. Final investment decisions for the FOFs and the SOF Funds are determined by a majority vote of the Investment Committee.

The portfolio reviews for MTP include both quantitative and qualitative components. The Magnitude Portfolio Research team ("**MPR Team**"), which is responsible for the management of MTP in conjunction with the MPR Investment Committee (defined below), uses a proprietary portfolio optimization tool to help evaluate MTP's portfolio and recommend changes to the portfolio. In addition, the MPR Team generally conducts qualitative assessment of components of the MTP portfolio and considers changes to the portfolio based on such assessment. Such qualitative assessments may include

some or all of the factors described in Section VI.B with respect to the methods of analysis and investment strategies used for MTP.

A separate investment committee is responsible for managing the portfolios of the MPR Funds, including MTP (the “**MPR Investment Committee**”). The MPR Investment Committee consists of two partners, Benjamin S. Appen and James M. Hall, and one managing director, Joshua L. Distler. Final investment decisions for the MPR Funds are determined by a majority vote of the MPR Investment Committee.

Mr. Hall and Mr. Appen each retain the right to veto a proposed new investment or reduce risk in any existing investment in any Magnitude Fund portfolio. In addition, the partner with oversight of the operational due diligence process has the right to override Investment Committee and MPR Investment Committee (as applicable) decisions in the event of substantive unaddressed operational due diligence concerns.

B. Reporting to Investors

The administrator of the Investor Funds, the SOF Feeder, and MTPF sends each investor a monthly statement showing the net asset value or capital balance of such investor’s Interests. The administrator also sends confirmation of subscriptions for new Interests and redemptions of existing Interests.

In addition, Magnitude generally expects to provide investors in Investor Funds, the SOF Feeder, and MTPF with the following reporting:

- (i) Monthly performance estimates;
- (ii) Monthly investor reports with performance statistics, historical monthly performance, and strategy profit attribution;
- (iii) Quarterly investor reports with portfolio reviews, statistical analysis, and manager commentary;
- (iv) Annual audited financial statements;
- (v) Tax reporting information for U.S. taxable investors; and
- (vi) Periodic investor letters.

XII. CLIENT REFERRALS AND OTHER COMPENSATION

Other than the management fees and performance compensation disclosed herein, Magnitude does not receive any material compensation or economic benefits in connection with the provision of investment services to the Magnitude Funds.

Magnitude has formal arrangements with placement agents that Magnitude compensates for marketing and investor service functions, including investor referrals, which are paid out of Magnitude’s own fees. Magnitude discloses such arrangements to investors who invest in applicable Investor Funds.

XIII. CUSTODY

Magnitude is deemed to have custody of Magnitude Fund assets by virtue of the general power of attorney provided to Magnitude in the investment management agreements it enters into with the Magnitude Funds and, in certain cases, by virtue of an affiliate serving as general partner or managing

member to certain Magnitude Funds. Magnitude complies with the SEC's rules regarding custody of the assets owned by the Magnitude Funds by:

- (i) Verifying that Magnitude Fund assets are maintained by "qualified custodians," as defined in Rule 206(4)-2 under the Advisers Act (unless an exemption is available);
- (ii) Providing information about its custodial arrangements in its Form ADV;
- (iii) Arranging for annual audits of the financial statements of the Magnitude Funds and preparation of such statements in accordance with U.S. generally accepted accounting principles; and
- (iv) Arranging for the distribution of the audited financial statements to investors in the Magnitude Funds within applicable time frames.

In limited circumstances (e.g., with respect to MTPF), Magnitude may be deemed to have custody of certain privately-offered uncertificated securities that are owned by Magnitude Funds and are not held by "qualified custodians," as defined in Rule 206(4)-2 under the Advisers Act.

XIV. INVESTMENT DISCRETION

Magnitude has full discretion over the assets of the Magnitude Funds. However, Magnitude delegates a substantial portion of the investment and trading discretion for each FOF Managed Account Vehicle to one or more third-party Portfolio Managers, subject to the agreements among Magnitude, the relevant FOF Managed Account Vehicle, and the relevant Portfolio Manager. The foregoing is subject to, and qualified in its entirety by, the investment objectives, policies, and restrictions of each Magnitude Fund as set forth in its Governing Documents.

XV. VOTING CLIENT SECURITIES

Magnitude evaluates and takes action on proxy ballots and corporate action notices it receives that are associated with Magnitude Fund investments in Portfolio Funds and, as applicable, direct investments in ETFs, in accordance with the best interests of the Magnitude Fund, its fiduciary duties to other clients, relevant rules under the Advisers Act, and its written proxy voting policies and procedures.

Magnitude has the authority and responsibility to evaluate potential changes to the investment terms and structure associated with the Magnitude Funds' underlying investments in Portfolio Funds. The relevant investment personnel considers the best interests of each affected Magnitude Fund when approving or rejecting proposed changes in the investment terms of Portfolio Funds.

Magnitude may abstain from voting any proxy ballot received if it deems that abstinence is in the best interests of the Magnitude Funds.

A copy of Magnitude's written proxy voting policies and procedures is available upon request, as is information about how Magnitude has voted.

Each Portfolio Manager that trades in a managed account held by FOF Managed Account Vehicles is delegated the responsibility of making proxy votes for securities held in the account that such Portfolio Manager is trading. Magnitude believes that such Portfolio Managers are fiduciaries with obligations to vote proxies in the best interests of the accounts they manage. In its discretion, Magnitude may also attempt to obtain contractual covenants from the Portfolio Manager that the Portfolio Manager will vote proxies in the best interests of the FOF Managed Account Vehicle account that it manages.

Magnitude has established proxy voting policies and procedures for the MPR Equities Strategy, which currently only consists of proprietary capital.

XVI. FINANCIAL INFORMATION

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