

**Brochure**  
(Part 2A of Form ADV)

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This brochure provides information about the qualifications and business practices of Granite Point Capital Management, L.P. (“Granite Point”). If you have any questions about the contents of this brochure, please contact Chief Compliance Officer David Bushley at 617-587-7507 or david@granitepoint.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. Registration with the SEC as an investment adviser does not imply a certain level of skill or training.

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

October 29, 2015

## **Item 2: Material Changes**

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The Material Changes section of this brochure will be updated annually when material changes occur since the last annual update of the brochure.

This brochure is Granite Point's initial brochure and therefore this Item 2 is currently not applicable.

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#### **Item 4: Advisory Business**

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##### **A: Firm Description**

Granite Point Capital Management, L.P., a Delaware limited partnership formed on January 13, 2004 (“Granite Point”), currently provides discretionary investment advisory services to private pooled investment vehicles (each, a “Fund,” and collectively, the “Funds”) and individuals through managed accounts (collectively, with the “Funds,” the “Clients”). Warren Lammert is the founder and principal owner of Granite Point.

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##### **B: Types of Advisory Services**

Granite Point's investment objective is to maximize returns while seeking preservation of capital by pursuing a long/short strategy focused on equities, but also including other publicly traded corporate instruments, currency, interest rate, futures and commodity positions. From time to time certain Granite Point funds may acquire assets that Granite Point believes either lack a readily assessable market value or should be held until the resolution of a special event or circumstance (a “Special Investment”); investors have the opportunity to participate or not in such investments. Granite Point will have complete flexibility with respect to the types of securities or other instruments used in pursuing its investment objective and strategy

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##### **C: Tailored Services**

Granite Point does tailor its advisory services to the individual needs of its managed account Clients. Clients may impose restrictions on (i) investments in certain types of securities and (ii) maximum positions and exposure created by Clients' securities holdings.

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##### **D: Wrap Fee Programs**

Granite Point does not participate in any wrap fee programs.

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##### **E: Client Assets Under Management**

As of July 31, 2015, Granite Point managed approximately \$201,427,536 in regulatory assets under management for six (6) Clients, all of which are managed on a discretionary basis. Granite Point does not manage any assets on a non-discretionary basis.

## **Item 5: Fees and Compensation**

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### **A. Description**

Granite Point bases its fees upon a percentage of assets under management and upon performance. Most investors in Funds (“Investors”) or Clients typically pay Granite Point monthly management fees in arrears between 1.0% and 2.0% per annum of such Investor’s or Client’s net asset value. Most Investors in Funds or Clients also typically pay an affiliate of Granite Point a performance allocation on performance above the high water mark of between fifteen percent (15%) to twenty percent (20%) of such Investor’s or Client’s increase in net asset value (after calculation and accrual of management fees) determined as of the last business day of each year, subject to a high water mark. Such fees are currently negotiable.

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### **B. Fee Billing**

Management fees are typically deducted monthly from the assets of Investors in Funds and Clients in arrears. Any performance allocation is deducted annually in arrears from Investors in Funds and Clients' assets.

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### **C. Other Fees and Expenses**

Funds managed by Granite Point pay or reimburse Granite Point, as the case may be, for all costs and expenses related to the organization of each Fund and the costs incurred in connection with the initial issuance of the Fund’s interests, including legal and accounting fees, document production and printing costs, federal and state filing fees, and other related expenses (the “Organizational Expenses”). Each Fund will bear all costs and expenses related to its investments and its operations, including, without limitation, brokerage and other transaction costs, clearing and settlement charges, interest and commitment fees on debit balances or borrowings, borrowing charges on securities sold short, costs of any liability insurance obtained on behalf of a Client, custody fees, costs of any litigation or investigation involving Fund activities, indemnification expenses, the Management Fee, consulting expenses, the fees and expenses of professionals providing services to the Fund, including legal, audit, accounting, tax and administration, any issue or transfer taxes chargeable in connection with any securities transactions, any entity level taxes, regulatory costs, filing and license fees, research and research-related travel expenses, the costs of reporting and providing information to limited partners and any extraordinary expenses. Granite Point or one of its affiliates may elect from time to time to pay certain of the Clients' expenses in addition to the organizational expenses, including, but not limited to, other operating expenses. Please refer to Item 12 for more information about brokerage.

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#### D. Fees in Advance

Clients or Investors typically pay management fees monthly in arrears. Management fees are calculated based on the balance in each Client's or Investor's account as of the end of each calendar month. In addition, a managed account Client who terminates its investment management agreement with Granite Point shall be charged a pro rata portion of any management fees paid based upon the date of termination.

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#### E. Securities Compensation

Granite Point and its supervised persons do not accept compensation for the sale of securities or other investment products.

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

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### **Sharing of Capital Gains**

If applicable, unaffiliated Clients or Investors in each Fund typically pay an affiliate of Granite Point a performance allocation between fifteen (15%) and twenty percent (20%) of the excess net capital appreciation attributable to such Client's or Investor's capital account, subject to a high watermark. Performance allocations are generally paid in arrears at the end of each fiscal year. Some of Granite Point's unaffiliated Clients are not charged any performance-based fees. There may be a potential conflict of interest because Granite Point and its supervised persons may have an incentive to favor accounts that are charged performance fees over accounts that are not charged performance fees. Granite Point addresses this potential conflict by striving to treat each Client as fairly as possible and allocating securities among Clients to not favor any one particular Client.

## **Item 7: Types of Clients**

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### **Description**

Granite Point currently provides investment advisory services and portfolio management on a discretionary basis for high net worth individuals and pooled investment vehicles.

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### **Account Minimums**

Clients and Investors in Funds have minimum initial investments of \$1,000,000, although Granite Point or its affiliate may accept lesser amounts in its sole discretion.



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

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### **Methods of Analysis and Investment Strategies**

Granite Point's investment objective is to maximize returns while seeking preservation of capital by pursuing a long/short strategy-focused on equities, but also including other publicly traded corporate instruments, currency, interest rate, futures and commodity positions. Granite Point will have complete flexibility with respect to the types of securities or other instruments used in pursuing its investment objective and strategy.

Granite Point or its affiliate seeks to identify investment opportunities through a value driven analytical framework based on fundamental research on individual securities and the examination of macro-economic conditions and risks. At the individual stock level, Granite Point seeks to find companies selling at prices which Granite Point believes do not adequately reflect their future prospects. Granite Point engages in research that draws on a range of sources that may include: management, customer, supplier, competitor and distribution contacts; public information from Wall Street analysts and other research; industry consultants; analysis of income statements, cash flows, balance sheets and returns on investments; and competitive analysis and examination of the trading in related securities. The portfolio managers and analysts bring decades of investment experience and an extensive network of contacts to bear in this process. In addition to staking out core equity positions as outlined above, Granite Point will be opportunistic with respect to macro-economic developments. Futures and options in equities, currencies, interest rates and commodities may be used to control risk and to exploit profitable trends as observation and experience suggest.

As economics would suggest and our experience confirms, Wall Street research coverage of small and mid-size companies tends to be less thorough than that devoted to larger companies. Mismatches between market expectations and Granite Point's forecasts of individual company prospects drive Granite Point's process. While Granite Point believes that these opportunities present themselves among companies large and small, Granite Point expects that many such opportunities will relate to smaller company stocks.

Granite Point will have complete flexibility with respect to the types of securities or other instruments used in pursuing its investment objective and strategy. Granite Point will invest primarily in U.S. dollar denominated securities traded on U.S. markets, but may invest its assets in investments denominated in other currencies. Granite Point may invest all or any portion of its assets in cash or cash equivalents.

The descriptions contained herein of specific strategies that are or may be engaged in by the Granite Point should not be understood as in any way limiting the Clients' investment activities. Granite Point may engage in investment strategies not described herein that Granite Point considers appropriate.

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### **C. Material Risks**

All investment programs have certain risks that are borne by Clients and Investors. Granite Point's investment approach constantly keeps the risk of loss in mind. Please

refer to the Confidential Offering Memorandum for the particular pooled investment vehicle managed by Granite Point for a more detailed discussion of risks.

Equity Securities. A Client's investment portfolio may include positions in common stocks, preferred stocks and convertible securities principally of U.S. issuers and, to a lesser extent, non-U.S. issuers. Equity securities fluctuate in value in response to many factors, including the activities and financial condition of individual companies, the business market in which individual companies compete and industry market conditions and general economic environments.

Currency Exchange Exposure. A Client may invest a portion of its assets in the securities of non-U.S. issuers and other instruments denominated in non-U.S. currencies, the prices of which are determined with reference to currencies other than the U.S. dollar. A Client, however, values its securities and other assets in U.S. dollars. To the extent unhedged, the value of a Client's positions in non-U.S. investments will fluctuate with U.S. dollar exchange rates as well as the price changes of the investments in the various local markets and currencies. In such cases, an increase in the value of the U.S. dollar compared to the other currencies in which a Client makes its investments will reduce the effect of any increases and magnify the effect of any decreases in the prices of a Client's securities in their local markets and may result in a loss to a Client. Conversely, a decrease in the value of the U.S. dollar will have the opposite effect on a Client's non-U.S. dollar investments.

Furthermore, a Client may incur costs in connection with conversions between various currencies. Non-U.S. currency exchange dealers realize a profit based on the difference between the prices at which they are buying and selling various currencies. Thus, a dealer normally will offer to sell currency to a Client at one rate, while offering a lesser rate of exchange should a Client desire immediately to resell that currency to the dealer. A Client conducts its currency exchange transactions either on a spot (i.e., cash) basis at the spot rate prevailing in the currency exchange market, or through entering into forward, futures or commodity options contracts to purchase or sell non-U.S. currencies. Most of a Client's currency exchange transactions occur at the time securities are purchased and are executed through the local broker or custodian acting for a Client.

Leverage and Borrowing Risks. A Client has the power to borrow funds and may do so when deemed appropriate by Granite Point or its affiliate, including to enhance a Client's returns and satisfy redemption requests that would otherwise result in the premature liquidation of investments. Each Series of a Client will limit its leverage exposure to 300% gross exposure, 200% net long exposure and 200% net short exposure. A Client may borrow funds from brokers, banks and other lenders to finance its trading operations, which borrowings may be secured by assets of a Client. The use of such leverage can, in certain circumstances, maximize the losses to which a Client's investment portfolio may be subject. Any event that adversely affects the value of an investment would be magnified to the extent that asset or a Client is leveraged. The cumulative effect of the use of leverage by a Client in a market that moves adversely to a Client's investments could result in a substantial loss to a Client, which would be greater than if a Client was not leveraged. Leverage may be

achieved through, among other methods, direct borrowing, purchases of securities on margin and the use of options, futures, forward contracts, repurchase and reverse repurchase agreements and swaps. The access to capital could be impaired by many factors, including market forces or regulatory changes. A Client has unrestricted borrowing powers.

The use of margin and short-term borrowings creates several risks for a Client. If the value of a Client's securities falls below the margin level required by a prime broker, additional margin deposits would be required. If a Client is unable to satisfy any margin call by a prime broker, then the prime broker could liquidate a Client's position in some or all of the financial instruments that are in a Client's accounts at the prime broker and cause a Client to incur significant losses. Furthermore, secured counterparties and lenders may have the right to sell, pledge, rehypothecate, assign, use or otherwise dispose of collateral posted by a Client. This could increase exposure to the risk of a counterparty default since, under such circumstances, a Client may be unable to recover the posted collateral promptly or may be unable to recover all of the posted collateral. The occurrence of defaults may trigger cross-defaults under a Client's agreements with other brokers, lenders, clearing firms or other counterparties, creating or increasing a material adverse effect on the performance of a Client.

The purchase of options, futures, forward contracts, repurchase agreements, reverse repurchase agreements and equity swaps generally involves little or no margin deposit and, therefore, will provide substantial leverage. Accordingly, relatively small price movements in these financial instruments may result in immediate and substantial losses to a Client.

Suspensions of Trading. A public exchange typically has the right to suspend or limit trading in all securities that it lists. Such a suspension could render it impossible for a Client to liquidate its positions and thereby expose it to losses. In addition, there is no guarantee that non-exchange markets will remain liquid enough for a Client to close out positions.

Investment and Trading Risks. All securities investments risk the loss of capital. No guarantee or representation is made that a Client's investment program will be successful. A Client's investment program may utilize such investment techniques as leverage, short sales, and forward and options contracts, which practices can, in certain circumstances, increase the adverse impact of market moves to which a Client may be subject. In addition, a Client's investment in securities may be materially affected by conditions in the financial markets and overall economic conditions occurring globally and in particular countries or markets where a Client invests its assets.

Short Selling. A Client's investment program may include short selling for certain purposes. Such practice can, in certain circumstances, substantially increase the impact of adverse price movements on a Client's portfolio. A short sale of equity securities involves the theoretical risk of an unlimited increase in the market price of securities sold short. A short sale of a debt instrument such as a bond involves the theoretical risk of an increase in the market price plus accrued interest. Moreover,

short selling is limited to securities that can be borrowed, and it may be necessary to cover short positions at an undesirable time and at undesirable prices because securities that were shorted can no longer be borrowed. In such cases, a Client can be "bought in" (i.e., forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out a short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

Put Options. There are risks associated with the sale and purchase of put options. The seller ("writer") of a put option which is covered (e.g., the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security, plus the premium received, and gives up the opportunity for gain on the underlying security if the market price falls 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.

Call Options. There are risks associated with the sale and purchase of call options. The seller (writer) of a call option which is covered (e.g., the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security, less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. 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 investment in the call option.

Fixed Income Securities. A Client may invest in bonds or other fixed income securities of U.S. and non-U.S. issuers. Fixed income securities pay fixed, variable or floating rates of interest. The value of fixed income securities in which a Client invests will change in response to fluctuations in interest rates. In addition, the value of certain fixed income securities can fluctuate in response to perceptions of credit worthiness, political stability or soundness of economic policies. Fixed income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (i.e., market risk).

Non-U.S. Investments. A Client may invest in securities of non-U.S. companies and non-U.S. countries. Investing in the securities of companies (and, from time to time, governments) of non-U.S. countries involves certain considerations not usually associated with investing in securities of U.S. companies or the U.S. Government, including possible adverse political and economic developments, possible seizure or nationalization of non-U.S. deposits and possible adoption of governmental restrictions that might adversely affect the payment of principal and interest to

investors located outside the country of the issuer, whether from currency blockage or otherwise. In addition, there may be less publicly available information about issuers in non-U.S. countries which are generally not subject to uniform accounting, auditing and financial reporting standards and other disclosure requirements comparable to those applicable to U.S. issuers. Furthermore, some of the securities may be subject to brokerage taxes levied by governments, which has the effect of increasing the cost of such investment and reducing the realized gain or increasing the realized loss on such securities at the time of sale. Income received by a Client from sources within some countries may be reduced by withholding and other taxes imposed by such countries on interest, dividends, capital gains or other income. Any such taxes paid by a Client will reduce its net income or return from such investments. While Granite Point or its affiliate will take these factors into consideration in making investment decisions for a Client, no assurance can be given that Granite Point or its affiliate will be able to fully avoid these risks.

Additional costs could be incurred in connection with a Client's international investment activities. Non-U.S. brokerage commissions generally are higher than in the United States. Expenses also may be incurred on currency exchanges when Granite Point or its affiliate changes investments from one country to another. Increased custodian costs as well as administrative difficulties (such as the applicability of non-U.S. laws to non-U.S. custodians in various circumstances, including bankruptcy, ability to recover lost assets, expropriation, nationalization and record access) may be associated with the maintenance of assets in non-U.S. jurisdictions.

Investments in non-U.S. securities also involve risks relating to currency exchange matters (as noted above under "Currency Risk."). A Client's portfolio may consist of non-U.S. securities, financial instruments and other assets. Such investments require consideration of certain risks typically not associated with investing in the U.S. Such risks include, among other things, trade balances and imbalances and related economic policies, unfavorable currency exchange rate fluctuations, imposition of exchange control regulation by the U.S. or non-U.S. governments, limitations on the removal of funds or other assets, policies of governments with respect to possible nationalization of their industries, political difficulties, including expropriation of assets, confiscatory taxation and economic or political instability in foreign nations.

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 of a Client, 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 markets of different countries, and their associated risks, are expected to change independently of each other.

There may be less publicly available information about certain non-U.S. companies than would be the case for comparable companies in the U.S., and certain non-U.S. companies may not be subject to accounting, auditing and financial reporting

standards and requirements comparable to or as uniform as those of U.S. companies. Securities markets outside the U.S., while growing in volume, have for the most part substantially less volume than U.S. markets, and many securities traded on these foreign markets are less liquid and their prices more volatile than securities of comparable U.S. companies. In addition, settlement of trades in some non-U.S. markets is much slower and more subject to failure than in U.S. markets. There also may be less extensive regulation of the securities markets in particular countries than in the U.S.

Additional costs could be incurred in connection with a Client's international investment activities. Brokerage commissions outside the U.S. generally are higher than in the U.S. Expenses also may be incurred on currency exchanges when investments are changed from one country to another. Increased custodian costs as well as administrative difficulties (such as the applicability of foreign laws to foreign custodians in various circumstances, including bankruptcy, ability to recover lost assets, expropriation, nationalization and record access) may be associated with the maintenance of assets in foreign jurisdictions.

Investments denominated in currencies other than the U.S. dollar have a price determined by reference to currencies other than the U.S. dollar. A Client values its securities and other assets in U.S. dollars. The value of certain of a Client's assets fluctuates with U.S. dollar exchange rates as well as with price changes of a Client's investments in the various local markets and currencies. Thus, an increase in the value of the U.S. dollar compared to the other currencies in which a Client makes its investments will reduce the effect of increases and magnify the U.S. dollar equivalent of the effect of decreases in the prices of a Client's investments in their local markets. Conversely, a decrease in the value of the U.S. dollar will have the opposite effect of magnifying the effect of increases and reducing the effect of decreases in the prices of a Client's non-U.S. dollar investments.

Purchasing Securities of Initial Public Offering. From time to time a Client may purchase securities that are part of initial public offerings. The prices of these securities may be very volatile. The issuers of these securities may be undercapitalized, have a limited operating history, and lack revenues or operating income without any prospects of achieving them in the near future. Some of these issuers may only make available a limited number of shares for trading and therefore it may be difficult for a Client to trade these securities without unfavorably impacting their prices. In addition, investors may lack extensive knowledge of the issuers of these securities. A Client may invest in securities that are "new issues," as defined by Rule 5130. Rule 5130 and Rule 5131 restrict certain persons from participating in "new issues." As a result, certain Limited Partners may be restricted from participating in profits and losses attributable to such investments. A Client Agreement will provide a mechanism for the purchase of new issues that excludes participation in such investment by any Partner that is deemed restricted.

PIPES. Each Series of a Client may invest up to 5% of its assets in private investments in public equities ("PIPEs"). Most PIPEs transactions involve the purchase of securities in a private offering where either (i) the closing of the private

transaction is conditioned upon the effectiveness of a registration statement covering the resale of such securities or (ii) the issuer covenants at the time of the closing of the private offering to obtain an effective registration statement covering the resale of such securities within a certain period of time. As securities sold in a PIPE transaction will generally be restricted only for the period from the private sale until the issuer's registration statement with the SEC covering resale of such securities becomes effective, a Client may pay more for such securities than for other private placement securities. If the issuer is unable to obtain an effective resale registration statement for a PIPE, the PIPE will remain restricted under U.S. securities laws (subject to the availability of some other exemption) and a Client may be unable to recover from the issuer an amount sufficient to compensate a Client for the loss of liquidity of such security.

Partnership Interests are Illiquid. Because of the limitations on withdrawals and the fact that Interests are not tradable, an investment in a Client is relatively illiquid and involves a high degree of risk. A subscription for Interests should be considered only by sophisticated investors financially able to maintain their investment and who can afford to lose all or a substantial part of such investment. There is no public market for Interests.

Investments in Emerging Markets. Investing in emerging markets involves additional risks and special considerations not typically associated with investing in other more established economies or markets. Such risks may include (i) increased risk of nationalization or expropriation of assets or confiscatory taxation; (ii) greater social, economic and political uncertainty, including war; (iii) higher dependence on exports and the corresponding importance of international trade; (iv) greater volatility, less liquidity and smaller capitalization of markets; (v) greater volatility in currency exchange rates; (vi) greater risk of inflation; (vii) greater controls on foreign investment and limitations on realization of investments, repatriation of invested capital and on the ability to exchange local currencies for U.S. dollars; (viii) increased likelihood of governmental involvement in and control over the economy; (ix) governmental decisions to cease support of economic reform programs or to impose centrally planned economies; (x) differences in auditing and financial reporting standards which may result in the unavailability of material information about issuers; (xi) less extensive regulation of the markets; (xii) longer settlement periods for transactions and less reliable clearance and custody arrangements; (xiii) less developed corporate laws regarding fiduciary duties of officers and directors and the protection of investors; and (xiv) certain considerations regarding the maintenance of a Client's financial instruments with non-U.S. brokers and securities depositories.

Repatriation of investment income, assets and the proceeds of sales by foreign investors may require governmental registration and/or approval in some emerging countries. A Client could be adversely affected by delays in or a refusal to grant any required governmental registration or approval for such repatriation or by withholding taxes imposed by emerging market countries on interest or dividends paid on financial instruments held by a Client or gains from the disposition of such financial instruments.

In emerging markets, there is often less government supervision and regulation of business and industry practices, stock exchanges, over-the-counter markets, brokers, dealers, counterparties and issuers than in other more established markets. Any regulatory supervision which is in place may be subject to manipulation or control. Some emerging market countries do not have mature legal systems comparable to those of more developed countries. Moreover, the process of legal and regulatory reform may not be proceeding at the same pace as market developments, which could result in investment risk. Legislation to safeguard the rights of private ownership may not yet be in place in certain areas, and there may be the risk of conflict among local, regional and national requirements. In certain cases, the laws and regulations governing investments in securities may not exist or may be subject to inconsistent or arbitrary appreciation or interpretation. Both the independence of judicial systems and their immunity from economic, political or nationalistic influences remain largely untested in many countries. A Client may also encounter difficulties in pursuing legal remedies or in obtaining and enforcing judgments in non-U.S. courts.

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

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



Forward Trading. Forward contracts, and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade, and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to continue to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which it is prepared to sell. Disruptions can occur in forward markets due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward (and futures) trading to less than that which Granite Point or its affiliate would otherwise recommend, to the possible detriment of a Client. Market illiquidity or disruption could result in significant losses to a Client.

Futures Contracts. The value of futures depends upon the price of the financial instruments, such as commodities, underlying them. The prices of futures 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, and national and international political and economic events and policies. In addition, investments in futures are also subject to the risk of the failure of any of the exchanges on which a Client's positions trade or of its clearing houses or counterparties.

Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in that contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent a Client from promptly liquidating unfavorable positions and subject a Client to substantial losses or prevent it from entering into desired trades. In extraordinary circumstances, a futures exchange or the CFTC could suspend trading in a particular futures contract, or order or settlement of all open positions in such contract.

Derivative Instruments Generally. A Client may enter into swaps and other derivative instruments such as credit derivatives. 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. In addition, a Client may, in the future, take advantage of opportunities with respect to certain other derivative instruments that are not presently contemplated for use or that are currently not available. Special risks may

apply in the future that cannot be determined at this time. The regulatory and tax environment for derivative instruments in which a Client may participate is evolving, and changes in the regulation or taxation of such financial instruments may have a material adverse effect on a Client.

Business and Regulatory Risks. The financial services industry generally, and the activities of alternative investment funds and their managers in particular, have been subject to intense and increasing regulatory scrutiny. Such scrutiny may increase a Client's exposure to potential liabilities and to legal, compliance and other related costs. Increased regulatory oversight may also impose additional administrative burdens on Granite Point or its affiliate, including responding to examinations and investigations, implementing new policies and procedures and complying with recordkeeping and reporting obligations. Such burdens may divert Granite Point or its affiliate's time, attention and resources from portfolio management activities.

With the passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), the U.S. Government has undertaken extensive rulemaking and regulatory changes that will affect private fund managers, the funds that they manage and the financial industry as a whole. In particular, under the Dodd-Frank Act, the SEC is expected to mandate new recordkeeping and reporting requirements for investment advisers, which will add costs to the legal, operations and compliance obligations of a Client, Granite Point or its affiliate and Granite Point and increase the amount of time that Granite Point or its affiliate and Granite Point spend on non-investment related activities. The Dodd-Frank Act will affect a broad range of market participants with whom a Client interacts or may interact, including banks, non-bank financial institutions, rating agencies, mortgage brokers, credit unions, insurance companies, payday lenders and broker-dealers. Regulatory changes that will affect other market participants may change the way in which Granite Point conducts business with its counterparties. Parts of the Dodd-Frank Act, such as the "Volker Rule" and the "Push-Out Provision," may change the landscape of the financial industry. It may take years to understand the impact of the Dodd-Frank Act on the financial industry as a whole, and therefore, continued uncertainty may make it more difficult for Granite Point to execute the investment strategy of a Client.

The regulatory environment for private funds is evolving, and changes in the regulation of private funds and their trading activities may adversely affect the ability of a Client to pursue its investment strategy, its ability to obtain leverage and financing and the value of investments held by a Client. There has been an increase in governmental, as well as self-regulatory, scrutiny of the alternative investment industry in general. It is impossible to predict what, if any, changes in regulations may occur, but any regulations that restrict a Client's activities could have a material adverse impact on a Client's portfolio.

While a Client may be considered similar to an investment company, it is not required and is not registered as such under the U.S. Investment Company Act of 1940, as amended (the "1940 Act") or pursuant to the laws of any jurisdiction. Accordingly, the provisions of such statutes (which may provide certain regulatory safeguards to investors) are not applicable.

This Offering Memorandum cannot address or anticipate every possible current or future regulation that may affect Granite Point, a Client or their businesses. Such regulations may have a significant impact on a Client or the operations of a Client, including restricting the types of investments a Client may make, preventing a Client from exercising its voting rights with regard to certain financial instruments, requiring a Client to disclose the identity of its investors or otherwise. The General Partner may, in its sole discretion, cause a Client to be subject to such regulations if it believes that an investment or business activity is in a Client's interest, even if such regulations may have a detrimental effect on one or more Limited Partners. Prospective Limited Partners are encouraged to consult their own advisors regarding an investment in a Client.

General Economic and Market Conditions. The success of a Client's activities will be affected by general economic and market conditions, such as changes in interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of a Client's investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of securities prices and the liquidity of a Client's investments. Volatility and/or illiquidity could impair a Client's profitability or result in losses. A Client could incur material losses even if Granite Point or its affiliate reacts quickly to difficult market conditions, and there can be no assurance that a Client will not suffer material losses and other adverse effects from broad and rapid changes in market conditions in the future. Limited Partners should realize that markets for the financial instruments in which a Client seeks to invest can correlate strongly with each other at times or in ways that are difficult for Granite Point or its affiliate to predict. Even a well-analyzed approach may not protect a Client from significant losses under certain market conditions.

Current Market Conditions and Governmental Actions. Beginning in the fall of 2008, world financial markets experienced extraordinary market conditions, including among other things, extreme losses and volatility in securities markets and the failure of credit markets to function. In reaction to these events, regulators in the U.S. and several other countries undertook unprecedented regulatory actions.

The U.S. Government and securities regulators of many other jurisdictions continue to consider and implement other measures to stabilize U.S. and global financial markets. It is uncertain whether regulatory actions taken by regulators or any other regulatory actions will be able to prevent further losses and volatility in securities markets, or stimulate the credit markets. The General Partner believes that a Client may be materially adversely affected by the foregoing events, or by similar or other events in the future. In the longer term, there may be significant new regulations that could limit a Client's activities and investment opportunities or change the functioning of capital markets, and there is the possibility the severe worldwide economic downturn could continue for a period of years. Consequently, a Client may not be capable of, or successful at, preserving the value of its assets, generating positive investment returns or effectively managing its risks.

Systemic Risk. Credit risk may also arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution causes 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 agencies, clearing houses, banks, securities firms and exchanges, with which a Client interacts on a daily basis.

Necessity for Counterparty Trading Relationships; Counterparty Risk. A Client expects to establish relationships to obtain financing, engage in derivative transactions and obtain prime brokerage services all of which permit a Client to trade in any variety of markets or asset classes over time; however, there can be no assurance that a Client will be able to maintain such relationships or establish such relationships. An inability to establish or maintain such relationships would limit a Client's trading activities and could create losses, preclude a Client from engaging in certain transactions, financing, derivative intermediation and prime brokerage services and prevent a Client from trading at optimal rates and terms. Moreover, a disruption in the financing, derivative and prime brokerage services provided by any such relationships before a Client establishes additional relationships could have a significant impact on a Client's business due to a Client's reliance on such counterparties.

Some of the markets in which a Client may effect its transactions are "over-the-counter" or "inter-dealer" markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange-based" markets. This exposes a Client to the risk that a counterparty will not settle a transaction due to a credit or liquidity problem, thus causing a Client to suffer a loss. In addition, in the case of a default, a Client could become subject to adverse market movements while replacement transactions are executed. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where a Client has concentrated its transactions with a single counterparty or small group of counterparties.

Furthermore, there is a risk that any of a Client's counterparties could become insolvent and/or the subject of insolvency proceedings. If one or more of a Client's counterparties were to become insolvent or the subject of insolvency proceedings, there exists the risk that the recovery of a Client's securities and other assets from a Client's prime brokers or broker-dealers will be delayed or be of a value less than the value of the securities or assets originally entrusted to such prime broker or broker-dealer.

A Client may use counterparties located in jurisdictions outside the United States. Such counterparties are subject to the laws and regulations in non-U.S. jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to a Client's assets are subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a counterparty, it is impossible to generalize about the effect of their insolvency on a Client and its assets.

A Client is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. Moreover, Granite Point or its affiliate's internal credit function which evaluates the creditworthiness of its counterparties may prove insufficient. The ability of a Client to transact business with any one or more counterparties, the lack of complete and "foolproof" evaluation of the financial capabilities of a Client's counterparties and the absence of a regulated market to facilitate settlement may increase the potential for losses by a Client.

Terrorist Action. There is a risk of terrorist attacks on the United States and elsewhere causing significant loss of life and property damage and disruptions in the global market. Economic and diplomatic sanctions may be in place or imposed on certain states and military action may be commenced. The impact of such events is unclear, but could have a material effect on general economic conditions and market liquidity.

Systems and Operational Risks. A Client depends on Granite Point to develop and implement appropriate systems for a Client's activities. A Client relies heavily and on a daily basis on financial, accounting and other data processing systems to execute, clear and settle transactions 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 a Client's activities. In addition, a Client relies on information systems to store sensitive information about a Client, Granite Point, their affiliates and the Limited Partners. Certain of a Client's and Granite Point's activities will be dependent upon systems operated by third parties, including prime brokers, the Administrator, market counterparties and other service providers, and Granite Point may not be in a position to adequately verify the risks or reliability of such third-party systems. Failures in the systems employed by Granite Point, prime brokers, the 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 a Client's operations or breach of a Client's information systems may cause a Client to suffer, among other things, financial loss, the disruption of its business, liability to third parties, regulatory penalties or reputational damage. Any of the foregoing failures or disruptions could have a material adverse effect on a Client and the Limited Partners' investments therein.

Possible Withholding Taxes on Certain Payments. Unless a Client enters into an agreement with the United States Treasury to perform diligence regarding its investors and reports certain information to the IRS, and meets certain other conditions, then (i) payments to a Client of dividends, interest, and certain other categories of income from sources within the United States that are made (other than such payments made with respect to certain "preexisting" obligations), and (ii) payments to a Client of gross proceeds from sales or other dispositions of property that can produce U.S.-source interest or dividends that are made on, may be subject to a 30% U.S. federal withholding tax.

THE FOREGOING LIST OF RISK FACTORS DOES NOT PURPORT TO BE A COMPLETE ENUMERATION OR EXPLANATION OF THE RISKS INVOLVED

IN AN INVESTMENT WITH GRANITE POINT. PROSPECTIVE INVESTORS SHOULD READ THE ENTIRE OFFERING MEMORANDUM AND CONSULT WITH THEIR OWN ADVISERS BEFORE DECIDING TO SUBSCRIBE FOR AN INTEREST IN A FUND MANAGED BY GRANITE POINT. IN ADDITION, AS A FUND'S INVESTMENT PROGRAM DEVELOPS AND CHANGES OVER TIME, AN INVESTMENT IN THE FUND MAY BE SUBJECT TO ADDITIONAL AND DIFFERENT RISK FACTORS. NO ASSURANCE CAN BE MADE THAT PROFITS WILL BE ACHIEVED OR THAT SUBSTANTIAL LOSSES WILL NOT BE INCURRED.

## **Item 9: Disciplinary Information**

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### **Legal and Disciplinary**

In July 2006, the SEC Division of Enforcement alleged that Warren Lammert violated certain provisions of the federal securities laws by allowing or facilitating improper undisclosed frequent trading arrangements at Janus Capital Management LLC (“JCM”), a registered investment adviser based in Denver, Colorado. The Division alleged that the frequent trading arrangements were contrary to the prospectuses governing the funds in which frequent trading was permitted. The Division alleged that that Lammert willfully violated, or, in the alternative, willfully aided and abetted and caused violations of Section 17(A) of the Securities Act and Section 10(B) of the Exchange Act and Rule 10B-5 thereunder, and willfully aided and abetted and caused violations of Section 206(1) and 206(2) of the Advisers Act; Lammert willfully aided and abetted and caused violations of Section 34(B) of the Investment Company Act, 17D-1 thereunder. The Division sought a cease-and-desist order, remedial sanctions and civil money penalties.

In May 2008, the administrative law judge of the SEC issued an initial decision that exonerated Warren Lammert of intentional wrongdoing in the matter of frequent trading by outside investors during his tenure at Janus. The ALJ imposed a “cease and desist” order from future violations of securities laws relating to negligence but denied other monetary fines and sanctions sought by the SEC staff. The Decision is final: neither the SEC Staff/Commission nor Warren Lammert chose to enter an appeals process.

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

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### **A. Broker-Dealer**

Not applicable.

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### **B. Financial Industry Activities**

Not applicable.

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### **C. Affiliations**

Granite Point and its management persons have relationships and arrangements that are material to its advisory business or its Clients with various related persons as described below. None of these relationships or arrangements creates a material conflict of interest with Clients.

1. Not applicable.
2. Granite Point serves as investment manager to the following pooled investment vehicles: Granite Point Capital, L.P., a Delaware limited partnership, Granite Point Capital Offshore Fund, Ltd., a Cayman Islands exempted company, Granite Point Capital Master Fund, L.P., a Cayman Islands exempted limited partnership, as well the following series of Granite Point Capital Focused Opportunities Series Fund, L.P., a Delaware limited partnership: 8 Dragons China Opportunities Fund, Panacea Global Healthcare Fund, and Scorpion Focused Ideas Fund.
3. Granite Point and Granite Point's related person Granite Point Capital, L.L.C., a Delaware limited liability company, are both investment advisers.
4. Not applicable.
5. Not applicable.
6. Not applicable.
7. Not applicable.
8. Not applicable.
9. Not applicable.
10. Not applicable.
11. Granite Point and its affiliate Granite Point Capital, L.L.C., are sponsors/syndicators of the following entities: Granite Point Capital, L.P., a Delaware limited partnership, Granite Point Capital Offshore Fund, Ltd., a Cayman Islands exempted company, Granite Point Capital Master Fund, L.P., a Cayman Islands exempted limited partnership, as well the following series of Granite Point Capital Focused Opportunities Series Fund, L.P., a Delaware limited partnership: 8 Dragons China Opportunities Fund, Panacea Global Healthcare Fund, and Scorpion Focused Ideas Fund.

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### **D. Compensation for Referrals.**

Not applicable.



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

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### **A. Code of Ethics**

The Access Persons of Granite Point have committed to a Code of Ethics that is available for review by Clients and prospective Clients upon request. The Code of Ethics has been adopted in accordance with Section 204A and Rule 204A-1 under the Investment Advisers Act of 1940, as amended. Each Access Person must read, sign and deliver a certificate of compliance with the Code of Ethics. In accordance with Rule 204A-1, Access Persons also must provide initial securities holdings reports and annual securities holding reports. In addition, all Access Persons must also have copies of all brokerage account statements related to personal securities transactions regarding reportable securities in which the Access Person has direct or indirect beneficial ownership sent directly to the Granite Point. Finally, all Access Persons must pre-clear all reportable securities prior to investment.

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### **B. Participation or Interest in Client Transactions**

Granite Point's related person, Granite Point Capital, L.L.C., serves as the general partner of several pooled investment vehicles managed by Granite Point. This general partner maintains capital accounts in each pooled investment vehicle managed by Granite Point. Warren Lammert is the manager of the general partner and owns all or substantially all of the equity interests in the general partner. Mr. Lammert also has significant investments in these pooled investment vehicles as a limited partner. There is a potential conflict of interest in this arrangement since each general partner is typically entitled to an allocation of between 15% and 20% of the net profits of each pooled investment vehicle, which could encourage Granite Point to invest more aggressively in riskier securities than in the absence of this performance allocation.

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### **C. Participation or Interest in Client Transactions**

See response to Item 11.B above.

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### **D. Participation or Interest in Client Transactions**

See response to Item 11.B above.

## **Item 12: Brokerage Practices**

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### **A. Selecting Brokerage Firms**

Granite Point is responsible for selecting broker-dealers to execute trades and negotiating any commissions paid on such transactions. Granite Point's primary consideration in placing transactions with particular broker-dealers is to obtain best execution in the most effective manner possible. Granite Point also takes into account a variety of other factors, including the financial strength, integrity and stability of the broker-dealer and the commissions to be paid. Granite Point may also consider the quality comprehensiveness and frequency of available research and other products and services considered to be of value. The products and services furnished by broker-dealers may include, among other things, written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; and statistics and pricing or appraisal services, discussion with research personnel, special execution capabilities, order of call and the availability of stocks to borrow for short trades.

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#### **1. Research and Other Soft Dollar Benefits.**

Granite Point is authorized to pay higher prices for the purchase of securities from, or accept lower prices for the sale of securities to, brokerage firms that provide it with such research and trading relating products and services or to pay higher commissions to such firms if Granite Point determines such prices or commissions are reasonable in relation to the overall services provided. Accordingly, Clients may be deemed to be paying for research and other products and services with "soft" or commission dollars. It is anticipated that the use of commissions or "soft dollars" to pay for research products or services will fall within the safe harbor created by Section 28(e) of the Securities Exchange Act of 1934, as amended. Under Section 28(e), research obtained with soft dollars generated by a Client may be used by Granite Point to service accounts other than such Client. Where a product or service obtained with soft dollars provides both research and non-research assistance to Granite Point, Granite Point will make a reasonable allocation of the cost that may be paid for with soft dollars. Although Granite Point believes that Clients benefit from many of the products and services obtained with soft dollars generated by Clients' trades, Clients may not benefit exclusively or at all.

When Granite Point uses Client brokerage commissions (or markups or markdowns) to obtain research or other products or services, Granite Point receives a benefit because it does not have to produce or pay for the research, products or services. Granite Point may have an incentive to select or recommend a broker-dealer based on its interest in receiving the research or other products or services, rather than on Granite Point's Clients interest in receiving most favorable execution.

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#### **2. Brokerage for Client Referrals. Not applicable.**

- a. Not applicable.
- b. Not applicable.

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3. Directed Brokerage.

- a. Not applicable.
  - b. Not applicable.
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B. Aggregation.

Unless a Client has imposed a particular restriction that is applicable to an investment or Granite Point is rebalancing assets among its Clients, Granite Point invests Clients' assets proportionately based upon the respective net assets of each Client and the securities to be purchased or sold may be aggregated in order to obtain superior execution and/or lower brokerage expenses. Execution prices for identical securities purchased or sold on behalf of multiple Clients in any one business day may be averaged. In such instances, allocation of prices, as well as expenses incurred in the transaction, shall be made in a manner that Granite Point considers to be equally as favorable to each Client.

### **Item 13: Review of Accounts**

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#### **A. Periodic Reviews**

Account reviews are periodically performed by Warren Lammert, Granite Point's founder, and David Bushley, Granite Point's Chief Operating Officer, when appropriate.

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#### **B. Review Triggers**

Other conditions that may trigger a review are changes in applicable laws, new investment information, and changes in a particular Client's circumstances.

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#### **C. Regular Reports**

Audited annual financial statements of pooled investment vehicles managed by Granite Point will be prepared and sent as soon as practicable following the close of the fiscal year. Granite Point also will provide each investor in each pooled investment vehicle with unaudited performance information at least quarterly; provided, however, that Granite Point anticipates providing such information monthly as well. Granite Point will provide each partner in each pooled investment vehicle that is taxed as a partnership with a Schedule K-1 for tax purposes. If Granite Point is unable to deliver such Schedule K-1 by April 15, Granite Point will provide such limited partners with estimates of the taxable income or loss allocated to their investment. Unless otherwise restricted by law, all reports, financial statements, and other information may be delivered electronically.

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

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### **A. Referrals**

Granite Point does not receive any economic benefits from anyone who is not a client for providing investment advice or other advisory services to its clients.

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### **B. Other Compensation**

Granite Point has retained Lyster Watson Securities Inc. (“Lyster Watson”), an SEC-registered broker-dealer and member of FINRA, to help make introductions to potential Clients and Investors in Funds. Granite Point pays Lyster Watson compensation for investors who become limited partners of a Fund managed by Granite Point or Granite Point Clients. Lyster Watson has agreed to comply with Rule 206(4)-3 under the Advisers Act and follow the rule’s requirements, including providing disclosure statements to investor prospects when applicable

### **Item 15: Custody**

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Granite Point's affiliate Granite Point Capital, L.L.C. serves as the general partner of each of the Funds that are limited partnerships that Granite Point manages. As a result, Granite Point will be deemed to have "custody" of each Fund that Granite Point manages. Investor assets are held by Granite Point's custodian, Credit Suisse Securities, (USA) LLC. Each Fund will satisfy custody requirements by having audited financial statements prepared in accordance with generally accepted accounting principles sent to Investors within 120 days of the Fund's fiscal year end, depending on the structure of the Fund.

All Clients' assets are held by qualified custodians. Each managed account Client should receive at least quarterly statements from the broker-dealer, bank or other qualified custodian that holds and maintains the Client's assets. We urge clients to carefully review such statements and compare such official custodial records to the account statements that we may provide. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. For tax and other purposes, the custodial statement is the official record of the Client's account(s) and assets.

## **Item 16: Investment Discretion**

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### **Discretionary Authority for Trading**

Granite Point accepts discretionary authority to manage securities on behalf of its Clients. Granite Point has the authority to determine, without obtaining specific Client consent, the investments to be bought or sold, and the amount of the investments to be bought or sold on behalf of Clients.

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### **Limited Power of Attorney**

Before Granite Point assumes discretionary authority, clients sign a limited power of attorney by execution of the limited partnership agreement or subscription agreement for the applicable pooled investment vehicle or enter into an investment management agreement that delegates discretionary authority to Granite Point.

## **Item 17: Voting Client Securities**

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### **A. Proxy Voting**

Granite Point's general proxy voting policy is to vote proxy proposals, amendments, consents or resolutions relating to client securities, including interests in private investment funds, if any (collectively, "proxies"), in a manner that serves the best interests of the Funds managed by Granite Point, as determined by Granite Point in its discretion, and taking into account relevant factors, including, but not limited to:

- the impact on the value of the securities;
- the anticipated costs and benefits associated with the proposal;
- the effect on liquidity; and
- customary industry and business practices.

### **II. Specific Policies**

#### **A. Routine Matters**

Routine matters are typically proposed by Management (as defined below) of a company and meet the following criteria: (i) they do not measurably change the structure, management, control or operation of the company; (ii) they do not measurably change the terms of, or fees or expenses associated with, an investment in the company; and (iii) they are consistent with customary industry standards and practices, as well as the laws of the state of incorporation applicable to the company.

For routine matters, Granite Point will vote in accordance with the recommendation of the company's management, directors, general partners, managing members or trustees (collectively, the "Management"), as applicable, unless, in Granite Point's opinion, such recommendation is not in the best interests of the investing Funds .

#### **1. General Matters**

Granite Point will generally vote for proposals:

- to set time and location of annual meeting;
- to change the fiscal year of the company; and
- to change the name of a company.

#### **2. Board Members**

a. **Election or Re-Election.** Granite Point will generally vote for Management proposals to elect or re-elect Board members.

b. **Fees to Board Members.** Granite Point will generally vote for proposals to increase fees paid to Board members, unless it determines that the compensation exceeds market standards.



### 3. Capital Structure

Granite Point will generally vote for proposals to change capitalization, including to increase authorized common shares or to increase authorized preferred shares, as long as the proposal does not either: (i) establish a class or classes of shares or interests with terms that may disadvantage the class held by the investing Funds or (ii) result in disproportionate voting rights for preferred shares or other classes of shares or interests.

### 4. Appointment of Auditors

Granite Point will generally vote for the approval of auditors and proposals authorizing the Board to fix auditor fees, unless:

- Granite Point has serious concerns about the accountants presented, including their independence, or the audit procedures used; or
- the auditors are being changed without explanation.

### B. Non-Routine Matters

Non-routine matters involve a variety of issues and may be proposed by a company's Management or beneficial owners (i.e., shareholders, members, partners, etc. (collectively, the "Owners")). These proxies may involve one or more of the following: (i) a measurable change in the structure, management, control or operation of the company; (ii) a measurable change in the terms of, or fees or expenses associated with, an investment in the company; or (iii) a change that is inconsistent with industry standards and/or the laws of the state of incorporation applicable to the company.

#### 1. Board Members

a. **Term Limits.** Granite Point will generally vote for proposals to require a reasonable retirement age (e.g., 72) for Board members, and will vote on a case-by-case basis on proposals to attempt to limit tenure.

b. **Replacement.** Granite Point will generally vote against proposals that make it more difficult to replace Board members, including proposals:

- to stagger the Board;
- to overweight Management representation on the Board;
- to introduce cumulative voting (cumulative voting allows the Owners to "stack" votes behind one or a few individuals for a position on the Board, thereby giving minority Owners a greater chance of electing the Board member(s));
- to introduce unequal voting rights;
- to create supermajority voting; or
- to establish pre-emptive rights.

c. **Liability and Indemnification.** In order to promote accountability, Granite Point will generally vote against proposals to limit the personal liability of Board members for any breach of fiduciary duty or failure to act in good faith.

d. **Ownership Issues.** Granite Point will generally vote for proposals that require Management to own a minimum interest in the company. The purpose of this policy is to encourage the alignment of Management's interests with the interests of the company's Owners. However, Granite Point will generally vote against proposals for stock options or other compensation that grant an ownership interest for Management if such proposals offer greater than 15% of the outstanding securities of a company because such options may dilute the voting rights of other Owners of the company.

## 2. **Compensation, Fees and Expenses**

In general, Granite Point will vote against proposals to increase compensation, fees or expenses to be paid to the company's Owners, unless Granite Point determines that the benefits resulting to the company and its Owners justifies the increased compensation, fees or expenses.

## 3. **Voting Rights**

Granite Point will generally vote against proposals:

- to introduce unequal voting or dividend rights among the classes;
- to change the amendment provisions of a company's charter documents by removing Owner approval requirements;
- to require supermajority approval for votes rather than a simple majority (1/2);
- to restrict the Owners' right to act by written consent; or
- to restrict the Owners' right to call meetings, propose amendments to the articles of incorporation or other governing documents of the company or nominate Board members.

Granite Point will generally vote for proposals that eliminate any of the foregoing rights or requirements.

## 4. **Takeover Defenses and Related Actions**

Granite Point will generally vote against any proposal to create any plan or procedure designed primarily to discourage a takeover or other similar action, including "poison pills". Examples of "poison pills" include:

- large increases in the amount of stock authorized but not issued;
- blank check preferred stock (stock with a fixed dividend and a preferential claim on company assets relative to common shares, the terms of which are set by the Board at a future date without further action by the Owners);
- compensation that would act to reward Management as a result of a takeover attempt, whether successful or not, such as revaluing purchase price of stock options, or "golden parachutes";
- fixed price amendments that require a certain price to be offered to all Owners based on a fixed formula; and

- greenmail provisions that allow a company to make payments to a bidder in order to persuade the bidder to abandon its takeover plans.

Granite Point will generally vote for proposals that eliminate any of the foregoing rights or requirements, as well as proposals to:

- require that golden parachutes or golden handcuffs be submitted for ratification by the Owners; and

- to opt out of state anti-takeover laws deemed by the Firm to be detrimental.

Granite Point will generally vote on a case-by-case basis regarding other proposals that may be used to prevent takeovers, such as the establishment of employee stock purchase or ownership plans.

#### 5. Reincorporation

Granite Point will generally vote for a change in the state of incorporation if the change is for valid business reasons (such as reincorporating in the same state as the headquarters of any controlling company).

#### 6. Debt Issuance and Pledging of Assets for Debt

Granite Point will generally vote proxies relating to the issuance of debt, the pledging of assets for debt, and an increase in borrowing powers on a case-by-case basis, taking into consideration relevant factors, including, for example:

- the potential increase in the company's outstanding interests or shares, if any (e.g., convertible bonds); and

- the potential increase in the company's capital, if any, over the current outstanding capital.

#### 7. Mergers or Acquisitions

Granite Point will vote proxies relating to mergers or acquisitions on a case-by-case basis, but will generally vote for any proposals that Granite Point believes will offer fair value to its clients.

#### 8. Termination or Liquidation of the Company

Granite Point will vote proxies relating to the termination or liquidation of a company on a case-by-case basis, taking into consideration one or more of the following factors:

- terms of liquidation;
- past performance of the company; and
- strategies employed to save the company.

#### 9. All Other Matters

All other decisions regarding proxies will be determined on a case-by-case basis taking into account the general policy, as set forth above.

### C. Abstaining from Voting or Affirmatively Not Voting

Granite Point will abstain from voting (which generally requires submission of a proxy voting card) or affirmatively decide not to vote if Granite Point determines that abstaining or not voting is in the best interests of the Fund. In making such a determination, Granite Point will consider various factors, including, but not limited to: (i) the costs associated with exercising the proxy (e.g., translation or travel costs); and (ii) any legal restrictions on trading resulting from the exercise of a proxy. Granite Point will not abstain from voting or affirmatively decide not to vote a proxy if the Fund is a plan asset fund subject to the requirements of the Employee Retirement Income Security Act of 1974, as amended. Furthermore, Granite Point will not abstain from voting or affirmatively decide not to vote merely to avoid a conflict of interest.

### III. Conflicts of Interest

At times, conflicts may arise between the interests of the investing Funds on the one hand, and the interests of Granite Point or its affiliates, on the other hand. If Granite Point determines that it has, or may be perceived to have, a conflict of interest when voting a proxy, Granite Point will address matters involving such conflicts of interest as follows:

A. If a proposal is addressed by the specific policies herein, Granite Point will vote in accordance with such policies;

B. If Granite Point believes it is in the best interest of the investing Funds to depart from the specific policies provided for herein, Granite Point will be subject to the requirements of C or D below, as applicable;

C. If the proxy proposal is (1) not addressed by the specific policies or (2) requires a case-by-case determination by Granite Point, Granite Point may vote such proxy as it determines to be in the best interest of the investing Funds, without taking any action described in D below, provided that such vote would be against Granite Point's own interest in the matter (i.e., against the perceived or actual conflict). Granite Point will memorialize the rationale of such vote in writing; and

D. If the proxy proposal is (1) not addressed by the specific policies or (2) requires a case-by-case determination by Granite Point, and Granite Point believes it should vote in a way that may also benefit, or be perceived to benefit, its own interest, then Granite Point must take one of the following actions in voting such proxy: (a) delegate the voting decision for such proxy proposal to an independent third party; (b) delegate the voting decision to an independent committee of partners, members, directors or other representatives of the Funds, as applicable; (c) inform the investors in the investing Funds of the conflict of interest and obtain consent to (majority consent in the case of a Fund) vote the proxy as recommended by Granite Point; or (d) obtain approval of the decision from Granite Point's Chief Compliance Officer and third party Legal Advisors.

### IV. Procedures for Proxies

The Chief Operating Officer will be responsible for determining whether each proxy or corporate action is for a "routine" matter or not, as described above. All proxies

identified as "routine" will be voted by the Operations Manager/Head Trader in accordance with the Policies.

Any proxies and corporate actions that are not clearly "routine" will be submitted to the Chief Investment Officer, who will determine how to vote each such proxy by applying the Policies. Upon making a decision, the proxy will be executed and returned to the Head Trader for submission to the company. Upon receipt of an executed proxy, the Head Trader will update the investing Funds' proxy voting record. The Head Trader is responsible for the actual voting of all proxies in a timely manner. The Chief Compliance Officer is responsible for monitoring the effectiveness of the Policies.

In the event Granite Point determines that the investing Funds should rely on the advice of an independent third party or a committee regarding the voting of a proxy, Granite Point will submit the proxy to such third party or committee for a decision. The Head Trader will execute the proxy in accordance with such third party's or committee's decision.

#### V. Record of Proxy Voting

The Chief Compliance Officer (or a designated operations staff member on his behalf) also will maintain, or have available, written or electronic copies of each proxy statement received and of each executed proxy.

The Chief Compliance Officer will also maintain records relating to each proxy, including (i) the determination as to whether the proxy was routine or not, (ii) the voting decision with regard to each proxy; and (iii) any documents created by the Chief Investment Officer, or others, that were material to making the voting decision.

Granite Point will maintain a record of each written request from an investor in a Fund for proxy voting information and Granite Point's written response to any request (oral or written) from an investor in a Fund for proxy voting information.

The Chief Compliance Officer will maintain such records in its offices for two years from the end of the fiscal year during which the record was created, and for an additional three years in an easily accessible place. Clients or Investors in Funds may obtain information about how Granite Point voted proxies or a copy of Granite Point's proxy voting policies and procedures by contacting Granite Point's Chief Compliance Officer David Bushley at his contact information provided on the cover page of this Brochure.

## **Item 18: Financial Information**

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### **A. Balance Sheet**

Granite Point has not included a balance sheet for its most recent fiscal year because Granite Point does not require prepayment of fees of more than \$1,200 for any Client, six (6) months or more in advance.

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### **B. Financial Condition**

Granite Point does not have any financial condition that is reasonably likely to impair its ability to meet contractual commitments to Clients.

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### **C. Bankruptcy Petition**

Granite Point has not been the subject of a bankruptcy petition at any time during the past ten years.