

PART 2A OF FORM ADV:  
(the “Part 2A” or the “Brochure”)

SCIENCAST MANAGEMENT LP

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This Brochure provides information about the qualifications and business practices of ScienCast Management LP (“ScienCast”) and any relying advisors that have filed a single Form ADV with ScienCast Management LP (“ScienCast II” and, collectively with ScienCast, the “ScienCast Entities”). If you have any questions about the contents of this Brochure, please contact us at (609) 917-3296. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

## **Item 2: Material Changes**

Since our Brochure dated October 31, 2016, the following material changes were made to this Brochure:

- The amount of assets under management has been updated in Item 4.E.

This section of the Brochure addresses only those material changes that have been incorporated since our last delivery or posting of this document on the SEC's public disclosure website (IAPD) [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Other amendments were made to this Brochure, which are not discussed in our summary, and consequently, we encourage you to read the Brochure in its entirety.

### Item 3 – Table of Contents

Item 2: Material Changes.....	2
Item 3 – Table of Contents.....	3
Item 4 – Advisory Business .....	5
Item 4.A .....	5
Item 4.B.....	5
Item 4.C.....	6
Item 4.D .....	6
Item 4.E.....	6
Item 5: Fees and Compensation.....	7
Item 5.A .....	7
Item 5.B.....	7
Item 5.C.....	7
Item 5.D .....	9
Item 5.E.....	9
Item 6: Performance-Based Fees and Side-By-Side Management .....	10
Item 7: Type of Clients.....	13
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss .....	14
Item 8.A .....	14
Item 8.B.....	15
Item 8.C.....	20
Item 9: Disciplinary Information .....	21
Item 10: Other Financial Industry Activities and Affiliations .....	22
Item 10.A .....	22
Item 10.B.....	22
Item 10.C.....	22
Item 10.D .....	22
Item 11: Code of Ethics. Participation or Interest in Client Transactions and Personal Trading.....	23
Item 11.A .....	23
Item 11.B.....	23
Item 11.C.....	23
Item 11.D .....	24
Item 12: Brokerage Practices .....	25
Item 12.A .....	25
Item 12.B.....	26
Item 13: Review of Accounts.....	27
Item 13.A and 13.B .....	27
Item 13.C.....	27
Item 14: Client Referral and Other Compensation .....	28
Item 14.A .....	28

Item 14.B.....	28
Item 15: Custody.....	29
Item 16: Investment Discretion.....	30
Item 17: Voting Client Securities .....	31
Item 17.A and 17.B .....	31
Item 18: Financial Information .....	32
Item 19: Requirements for State-Registered Advisors.....	33

## **Item 4 – Advisory Business**

### *Item 4.A*

Sciencast is a Delaware limited partnership founded in March 2014 by Qing Li, who is the principal owner. Sciencast II is a Delaware limited partnership founded in January 2016 by Qing Li who is a principal owner. Green Okra Limited is also a principal owner of the Sciencast Entities. The Sciencast Entities are New Jersey based alternative asset management firms.

Sciencast manages Sciencast Fund L.P., Sciencast Offshore Fund Ltd. and Sciencast Master Fund L.P. (together, the “Initial Funds,” and each individually, an “Initial Fund”). Sciencast II manages Sciencast Fund II L.P., Sciencast Offshore Fund II Ltd. and Sciencast Master Fund II L.P. (together, the “Subsequent Funds,” each individually, a “Subsequent Fund” and, together with the Initial Funds, the “Funds”).

### *Item 4.B*

The Sciencast Entities’ investment objectives are to seek to generate superior risk-adjusted returns by using financial modeling along with sophisticated statistical testing, extract persistent patterns from complex characteristics.

The Sciencast Entities plan to invest in the U.S. stock market and may also invest in international equities and other assets. Specifically, only publicly traded companies with substantial market capitalization and considerable daily trading volume are candidates for investment. The Funds may, through a master fund, purchase or sell short a variety of financial instruments including, but not limited to, common and preferred stock, depository receipts, warrants, rights, debt securities (including senior, subordinated, secured, unsecured and defaulted debt securities), convertible debt securities, convertible preferred stock, bank loans, loan participations and trade claims, limited partnership interests, limited liability company membership interests, private placements and other restricted securities, securities of privately held companies, equity lines of credit, equity related convertible securities, interest-bearing or interest rate sensitive marketable securities (including those issued or guaranteed by the U.S. Government or agencies or instrumentalities of the U.S. Government), currencies, futures contracts, forward contracts, physical commodities, credit default and other swaps, put and call options on the foregoing and other derivatives and other instruments of U.S. and non-U.S. issuers and other securities and investments, in each case of every kind and character, traded or not traded on U.S. and non-U.S. markets (including over-the-counter markets) and exchanges.

The interests/shares of the Funds have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), or any state or other securities laws, and will be offered and sold for investment only to qualifying recipients of a private placement memorandum (the “Memorandum”) pursuant to the exemption from the registration requirements of the Securities Act provided by Regulation D promulgated thereunder, and in compliance with any applicable state or other securities laws. The Funds will not be registered as an investment company under the U.S. Investment Company Act of 1940, as amended (the “Investment Company Act”).

*Item 4.C*

Sciencast makes all investment decisions on behalf of the Initial Funds pursuant to the terms of an investment management agreement between each Initial Fund and Sciencast. Sciencast II makes all investment decisions on behalf of the Subsequent Funds pursuant to the terms of an investment management agreement between each Subsequent Fund and Sciencast II. The Sciencast Entities' primary responsibilities are to identify, review, and select investment opportunities that it believes will achieve the investment objectives of the Funds. This requires the Sciencast Entities to monitor investments and determine whether to modify investment allocations. The Sciencast Entities and their affiliates (identified in Item 10.C) also provide administrative and management services to the Funds.

*Item 4.D*

The Sciencast Entities currently do not provide investment advisory services to clients apart from their management of the Funds and do not participate in wrap fee programs. Sciencast or Sciencast II may, from time to time in the future, serve as the investment adviser or management company for additional funds or other accounts.

*Item 4.E*

As of March 10, 2017, the Sciencast Entities managed on a discretionary basis approximately \$450,000,000, which represents the collective regulatory assets under management of the Funds as of such date. The Sciencast Entities do not manage any assets on a non-discretionary basis.

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

### *Item 5.A*

#### Management Fees

Sciencast and Sciencast II are entitled to receive a management fee for its services to the Funds, calculated and payable quarterly in advance as of the beginning of each quarter, at an annual rate equal to two percent (2.00%) of each investor's capital account balance/or the net asset value of each investor's shares, as applicable.

Amounts accepted after the commencement of a calendar quarter will be subject to a pro-rated management fee.

The Sciencast Entities, in their sole discretion, may elect to reduce, waive or calculate differently the management fee with respect to any person. The management fee will be reduced by an amount equal to any placement fees incurred by the Funds that are charged to the common accounts.

### *Item 5.B*

#### Adviser Expenses

All management fees are deducted from the Funds' assets, as applicable, quarterly in advance as of the beginning of each quarter.

### *Item 5.C*

The Sciencast Entities will be responsible for all of their office overhead expenses including rent, supplies, secretarial expenses, stationary, furniture, employee insurance, payroll taxes and employee compensation.

#### Operational Expenses

The Funds will pay, or reimburse Sciencast or Sciencast II, as applicable, for all operating fees and expenses or out-of-pocket costs of the organization, administration and operation of the Funds, including, without limitation, ongoing offering fees and expenses, accounting (including expenses associated with the preparation of the Funds' financial statements and tax returns, costs associated with FATCA compliance and any other tax information relating to the Funds), audit, administration (including fees and reimbursable expenses of the administrator and the board of directors) and legal expenses, costs of any litigation or investigation involving Fund activities, indemnification payments, costs associated with meetings of investors, reporting, providing and mailing information to existing and prospective investors, costs associated with maintaining insurance to protect the Funds, the Sciencast Entities or any other covered person (as defined below) from liabilities to third persons in connection with the Funds' affairs (including liability premiums), taxes and other governmental charges, fees and duties payable by the Funds, damages incurred by the Funds or any covered person, extraordinary fees and expenses, if any, and costs of winding up and liquidating the Funds.

### Investment-Related Expenses

The Funds will pay, or reimburse the Sciencast Entities, as applicable, for all costs, fees and expenses related to portfolio investments or prospective investments (whether or not consummated) of the Funds, such as the research, evaluation, acquisition, holding and disposition thereof and all third-party expenses in connection therewith (including, without limitation, expenses relating to proxies, underwriting and private placements, brokerage commissions, price validation, dealer spreads, interest on, and fees and expenses arising out of, debit balances or borrowings, dividends payable with respect to securities sold short, exchange, clearing, give-up and intermediation fees, clearing and settlement charges and costs of middle office exchanges (whether paid or via administrator), as well as transaction fees and expenses relating to the foregoing, custodial fees, investment related travel expenses in connection with investment activity, legal fees and expenses incurred in connection with investment activity, asset verification, appraisal and valuation fees and expenses, investment banking expenses and professional investigatory services, fees and profit-sharing payments due to unaffiliated advisors, sub-advisors and consultants, specific expenses incurred in obtaining or maintaining technology and systems (including those relating to data storage and any backup facility), finders and service companies, risk monitoring expenses, any individual computer or software product that is needed with respect to a particular investment, trading software and hardware and data used for trading, research and other trading costs, information and information service subscriptions utilized with respect to the Funds' investment program, including phone and internet charges, the Funds' costs and expenses relating to its own regulatory compliance (*e.g.*, Form D) (but excluding, for the avoidance of doubt, any legal, regulatory or compliance fees and expenses which relate primarily to the business of the Sciencast Entities and any of its respective affiliates (*e.g.*, Form ADV)), any tax-related structuring or legal fees and expenses incurred, any withholding, transfer or other taxes imposed on the Funds or any of its partners, and expenses related to organizing any alternative investment vehicle or other investment subsidiaries through which investments may be made and other execution and transaction costs, to the extent that such costs, fees and expenses are not reimbursed by a third-party.

Notwithstanding the foregoing, trading and investment-related expenses of the Funds generally will be borne *pro rata* by the investors in accordance with their common account balances (as defined in the appropriate Memorandum) or in accordance with the applicable series or sub-series of shares. Generally, most other expenses will be borne *pro rata* by the investors. Furthermore, any fees or expenses incurred by the Sciencast Entities that are attributable to the Funds on the one hand and a new fund and/or other account on the other hand will be borne by the Funds on the one hand and the relevant new fund and/or other account on the other hand in a manner which the Sciencast Entities, as the case may be, determine is fair and equitable under the circumstances.

For more information on brokerage and transaction costs discussed above, please refer to *Item 12: Brokerage Practices*.



*Item 5.D*

The Funds must pay management fees quarterly in advance. Management fees will be prorated for any capital withdrawal/redemption by an investor that is effective other than as of the last day of a calendar quarter.

*Item 5.E*

The ScienCast Entities and their supervised persons do not accept any compensation (*e.g.*, brokerage commissions) for the sale of securities or other investment products, including interests in the Funds.

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

Each investor will bear a performance based allocation, allocated to the general partner (the “General Partner”) of the master fund (the “Incentive Allocation”). The Incentive Allocation is calculated and charged separately with respect to each investor generally at a rate equal to twenty percent (20%) (as modified below) of the amount by which the investor’s Performance Change Amount, as defined below, (if positive) for the current Incentive Allocation period exceeds the Loss Recovery Account balance (as defined below).

The Incentive Allocation will be determined separately with respect to Capital Accounts and Capital Sub-Accounts established for each investor, either at the fund or master fund level, with different classes or series of interests/shares (including as a result of multiple capital contribution dates). Accordingly, it is possible that an Incentive Allocation may be made with respect to an investor’s Capital Account even though another Capital Account of the investor did not appreciate, or depreciate, in value during a particular calendar year or quarter, as applicable.

An investor’s “Performance Change Amount” for any calendar quarter or year, as applicable (or such shorter period, as set forth below), equals such investor’s allocation of net profit or net loss, plus or minus (a) the investor’s share of the following items that are allocated on an account-by-account basis: any interest, dividends or other current income (net of expenses) and any realized gain or loss attributable to Limited Participation Investments minus (b) the account’s share of Management Fees plus (c) any withholding taxes or other expenditures that are allocated on an account-by-account basis.

### **Initial Funds**

An Incentive Allocation will be calculated and charged with respect to any investor permitted or required to withdraw/redeem as of any time other than the last calendar day of a calendar quarter on the basis of the Performance Change Amount allocated to such investor’s account through the applicable withdrawal/redemption date. In the case of a partial withdrawal/redemption, the Incentive Allocation will only be charged with respect to the *pro rata* portion of the Performance Change Amount attributable to the amount being redeemed/withdrawn.

At the end of each 12-month anniversary of an investor’s initial capital contribution/subscription:

- (i) if the gross internal rate of return for a Capital Account or Capital Sub-Account during the previous 12 months exceeds twenty percent (20%) but is equal to or less than thirty five percent (35%), then an additional fifteen percent (15%) of that portion of the amount by which the account’s Performance Change Amount (if positive) for the applicable Capital Account or Capital Sub-Account for such 12 month period exceeds the Loss Recovery Account balance in excess of twenty percent (20%) will be allocated to the Capital Account of the General Partner; and
- (ii) if the gross internal rate of return for a Limited Partner’s Capital Account or Capital Sub-Account during the previous 12 months exceeds thirty five percent (35%), then (x) an additional fifteen percent (15%) of the portion of the amount by which the Performance Change Amount (if positive) for the applicable Capital Account or Capital Sub-Account for such 12 month period

exceeds the Loss Recovery Account balance in excess of twenty percent (20%), and (y) another fifteen percent (15%) of the portion of the amount by which the Performance Change Amount (if positive) for the applicable Capital Account or Capital Sub-Account for such 12 month period exceeds the Loss Recovery Account balance in excess of thirty five percent (35%) will be allocated to the Capital Account of the General Partner.

#### Subsequent Funds

An Incentive Allocation will also be calculated and charged with respect to any investor permitted or required to withdraw/redeem as of any time other than the last calendar day of the calendar year on the basis of the Performance Change Amount allocated to such investor's account through applicable withdrawal/redemption date. In the case of a partial redemption/withdrawal, the Incentive Allocation will only be charged with respect to the *pro rata* portion of the Performance Change Amount attributable to the amount being redeemed/withdrawn.

Additionally:

- (i) if the gross internal rate of return for a Capital Account or Capital Sub-Account during the previous calendar year exceeds fifteen percent (15%) but is equal to or less than twenty five percent (25%), then an additional ten percent (10%) of that portion of the amount by which the Performance Change Amount (if positive) for the applicable Capital Account/ Capital Sub-Account for such calendar year exceeds the Loss Recovery Account balance in excess of fifteen percent (15%) will be allocated to the Capital Account of the General Partner and certain portfolio managers; and
- (ii) if the gross internal rate of return for a Capital Account/ Capital Sub-Account during the previous calendar year exceeds twenty five percent (25%), then an additional twenty percent (20%) of the portion of the amount by which the Performance Change Amount (if positive) for the applicable Capital Account/ Capital Sub-Account for such calendar year exceeds the Loss Recovery Account balance in excess of twenty five percent (25%) will be allocated to the Capital Account of the General Partner and certain portfolio managers.

#### Loss Recovery Accounts

The Funds will maintain a loss recovery account attributable to the Capital Account or Capital Sub-Account (a "Loss Recovery Account"), the opening balance of which will be zero. At the end of each calendar quarter (or other Incentive Allocation period), the balance in the Loss Recovery Account attributable to a Capital Account or Capital Sub-Account will be adjusted as follows:

- (i) if, in the aggregate, there is a negative Performance Change Amount with respect to such Capital Account since the immediately preceding date as of which a calculation of an Incentive Allocation was made, or if no calculation has yet been made with respect to such Capital Account, since the creation of such Capital Account, the General Partner shall record an amount equal to 100% of such net loss in the related Loss Recovery Account; and
- (ii) if, in the aggregate, there is a positive Performance Change Amount with respect to such Capital Account since the immediately preceding date as of which a calculation of any Incentive

Allocation was made, or if no calculation has yet been made with respect to such Capital Account, since the creation of such Capital Account, an amount equal to such positive Performance Change Amount (before the Incentive Allocation) will be subtracted from and reduce any unrecovered balance in such Loss Recovery Account, but not below zero.

In the event that, with respect to any Capital Account or Capital Sub-Account, for any Incentive Allocation period, there exists a negative Performance Change Amount, the General Partner will not earn an Incentive Allocation for such period with respect to such account, and will not earn an Incentive Allocation for subsequent Incentive Allocation periods until such Incentive Allocation period as of which the applicable Loss Recovery Account balance is reduced to zero.

Incentive Allocations allocated with respect to a previous Incentive Allocation period do not reduce the cumulative Performance Change Amount for purposes of calculating Incentive Allocations due for subsequent Incentive Allocation periods (*i.e.*, Incentive Allocations previously allocated do not need to be earned back). The General Partner, in its sole discretion, may elect to reduce, waive or calculate differently the Incentive Allocation with respect to any investor.

If an investor makes a partial withdrawal/redemption impacting any Capital Account or Sub-Account at a time when there is an unrecovered balance in the corresponding Loss Recovery Account, such Loss Recovery Account will be reduced in the same proportion that the withdrawal/redemption amount bears to the total balance of such Capital Account or Sub-Account immediately prior to the withdrawal. (A similar adjustment will apply if capital is withdrawn where there have been cumulative losses prior to the initial Incentive Allocation.) When an investor causes the entire balance of any Capital Account or Sub-Account to be withdrawn, any unrecovered balance in the corresponding Loss Recovery Account will be extinguished.

**Item 7: Type of Clients**

The Sciencast Entities currently provide investment management services exclusively to the Funds, which are privately-offered, alternative investment funds.

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

### Item 8.A

The financial modeling involves all aspects of an investment's financial characteristics and will include analyzing general price and volume patterns, studying event driven phenomena, and examining the micro-structure of stock markets. These independent and diverse models yield multiple signals that cover a wide range of attributes of stock return forecasts. The forecasts are then combined into a consolidated portfolio for trading using a specialized and exceptionally fast interior-point optimization framework, which is based on years of academic research.

The Sciencast Entities employ several layers of risk management to attempt to attain superior and consistent risk-adjusted returns, while limiting potential downside. First, the Sciencast Entities use an in-house built risk model that is tailored for the specific investment universe. This model utilizes fundamental cross-sectional risk components such as value, size and industry factors, and also calculates additional statistical risk factors in order to capture abrupt market regime changes and sudden equity return co-movements. Secondly, a risk model is not complete if it doesn't have any forward-looking component that evaluates the risk in the next period. Therefore, predictive signals such as VIX are used to complement the risk model to better gauge the complete risk of the portfolio. Thirdly, the Sciencast Entities also adopt strict trading risk checks along various dimensions. These restrictions include instantaneous checks, rolling window checks, and grand total checks, and are applied to the individual order level, the individual position level, and at the portfolio level as well. Such restrictions, especially on how large a single position can be in both absolute term and in relative term as a percentage of a stock's liquidity, make certain that the final portfolio is extremely liquid and well diversified. Last but not least, the Sciencast Entities employ a systematic approach to control drawdown risk. Under extreme market conditions, the Sciencast Entities may prudently reduce book size using a methodical process without the interference of human emotions.

On the business operations side, the Sciencast Entities use multiple layers of redundancies including cloud computing and remote storage to facilitate disaster recovery procedures and ensure business continuity. In addition, the business has multiple reconciliations in place in order to ensure the trade lifecycle is completed from beginning to end.

*The investment objectives and methods summarized above represent the Sciencast Entities current intentions. Depending on conditions and trends in the securities markets and the economy in general, the Sciencast Entities may pursue any objectives, employ any investment techniques or purchase any type of security or instrument or make any investment that it considers appropriate and in the best interests of the Fund whether or not described in this section. The foregoing discussion includes and is based upon numerous assumptions and opinions of the Sciencast Entities concerning world financial markets and other matters, the accuracy of which cannot be assured. There can be no assurance that the Sciencast Entities' investment strategies will achieve profitable results. Past performance of the Sciencast Entities, the funds, their predecessors or any of their respective affiliates is not indicative of future results of the Funds. **Investors risk the loss of their entire investment.***

*Item 8.B*

***General Investment Risks.*** All of the Funds' investments risk the loss of capital. There can be no assurance that the Funds' investment programs will be successful or that investments made by the Funds will increase in value. An Investor in any of the Funds could lose its entire investment. All Investors in the Funds should consult their own legal, tax and financial advisors prior to investing in any of the Funds.

***Limited Withdrawal and Transfer Rights.*** Redemption, withdrawal and transfer of capital is limited, and subject to suspension or delay upon the sole and absolute discretion of the general partner of any of the Funds. Accordingly, the Interests should only be acquired by investors willing and able to commit their assets for an appreciable period of time.

***Possible Effect of Substantial Withdrawals.*** A substantial withdrawal of an investor's capital poses an investment risk to the remaining investors and may adversely impact any of the Funds' positions and net asset value. The Funds may be required to liquidate positions, borrow cash and pledge portfolio assets as collateral as a result of the substantial withdrawal.

***Incentive Allocation.*** The allocation of a percentage of the Funds' net profits to the Funds' general partner creates an incentive for the Sciencast Entities, as applicable, each an affiliate of the general partner, to make investments on behalf of the Funds that are riskier or more speculative than would be the case if this allocation was not made.

***Dependence on Key Management Personnel.*** Continued service of key individuals of the Sciencast Entities are not guaranteed and their loss could have a material adverse effect on the performance of the Funds. The Sciencast Entities may engage in a broad spectrum of activities, including financial advisory services, brokerage services and principal investments.

***Lack of Management Rights; Reliance on Third Party Advisors.*** The investors will have no opportunity to control or evaluate information relating to the day-to-day operation, including investment and disposition decisions. Neither the Funds nor the Sciencast Entities will have any liability to investors for any reliance upon third-party advice.

***Limitations on Actions and Indemnification.*** Clients have a limited right of action in certain cases and in certain cases will be required to indemnify the Sciencast Entities, the general partners, as applicable, and their agents for liabilities incurred in connection with their activities on behalf of the Funds.

***Valuation of the Assets and Liabilities of the Fund.*** Valuation of client's assets is final. The valuation may be difficult to determine, may not represent the value that will be realized by the Funds on the immediate or eventual disposition of the investment, and may affect the diversification and risk management of the Funds' portfolios.

***Recent Developments in Financial Markets.*** Unforeseen developments in the global financial markets, such as legal, regulatory, reputational, and other unforeseen risks, may adversely affect the clients, the Sciencast Entities and the Funds' business and operations.

***Financial Markets and Regulatory Change.*** Laws and regulations applicable to the Funds' activities can change quickly and unpredictably, and may at any time be amended, modified, repealed or replaced in a manner adverse to the interests of the Funds.

***Enhanced Regulation of the OTC Derivatives Markets.*** The U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act, has imposed regulation on OTC derivatives transactions that could negatively impact the Fund, increasing costs, and limiting the Funds' ability to engage in such transactions.

***Financial Market Fluctuations.*** General fluctuations in interest rates and the market prices of securities and other assets may adversely affect the value of the Funds' investments.

***Market Conditions.*** Market conditions are uncertain and create risk that the Sciencast Entities may not be able to plan for or mitigate.

***Counterparty Risk.*** The Sciencast Entities may enter into counterparty transactions that expose the parties to the risk of counterparty default that is unpredictable and may not be anticipated or otherwise adequately addressed.

***Bankruptcy of Broker-Dealers.*** While, in the event of the bankruptcy of a broker-dealer, some assets may be protected to the extent available under the assets' jurisdiction, subject to the applicable limit, the Funds could be at risk of loss for any amounts to the extent that the broker-dealer does not maintain insurance sufficient to cover any amounts owed.

***Confirmation, Settlement, and Operational Risks.*** The Funds may enter into "over the counter" or otherwise non-standard transactions that may burden the Sciencast Entities' abilities to manage the Funds' portfolios and incur the risk of system failure, error, loss due the failure of the counterparty to confirm the trade, and litigation expenses with no guarantee of recovery.

***Systems Risk.*** The Sciencast Entities and the Funds rely on computer programs, the Sciencast Entities' internal infrastructure and services, and data provided by third parties in its investment operations. Any defect or failure of such services could have a material adverse effect on the Funds.

***Risk Control Framework.*** No risk control system is fail safe, and no assurance can be given that any risk control framework designed or used by the Funds or the Sciencast Entities will achieve its objective.

***Execution Risks and Investment Manager Error.*** Slippage, errors and miscommunications with brokers and counterparties are possible and may result in losses to the Funds. Investors and the Funds waive potential claims for damages arising from the operation of the Funds, and expect some execution losses to the Funds.

***Use of Special Purpose Entities; Co-Investments.*** The Funds may use special purpose entities to purchase, hold or dispose of investments, enter into joint venture arrangements, co-invest with third parties and otherwise participate in pooled investment vehicles with others, thus incurring additional costs, risks, liabilities and possible conflicts of interest.



***Absence of Investment Company Act Registration.*** While the Funds do not intend to register under the Investment Company Act, new legislation or regulations could require registration of the Funds or affiliated entities under the Investment Company Act or similar regulations which could negatively impact the Funds' investment strategy, expenses and performance.

***Modification of Terms.*** The Sciencast Entities may waive or modify the application of any provision to certain investors. Special transparency and liquidity rights for certain investors may have an adverse impact on the remaining investors' ability to withdraw/redeem their interests or shares. Certain investors may have rights to receive information about the Funds that are not furnished to all investors.

***Master-Feeder Structure.*** The "master-feeder" structure of the Funds creates a risk of conflicts of interest and that certain Funds will be materially and disproportionately affected by the actions of the other Funds. Further, a creditor of the Funds may enforce legal claims against all assets of the Funds.

## **Risks Relating to Fund's Investment Program**

***Nature of Investments.*** There can be no assurance that the Sciencast Entities will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on investments or that the Funds will achieve its investment objective.

***Discretion of the Investment Manager.*** The Funds' portfolios may be altered at any time in the sole and absolute discretion of the Sciencast Entities and without the approval of any investor.

***Non-U.S. Securities.*** Investments made outside the United States will be subject to the risks, brokerage taxation and other regulations of the country of investment that may be different from those in United States.

***Currency Risks.*** The Funds invest in highly volatile, specialized markets with investments denominated in non-U.S. currency and in other financial instruments. Dramatic fluctuations in the value of a country's currency could have an adverse impact on the profitability of the Funds.

***Public Market Illiquidity; Illiquidity of Investments Made by the Fund.*** The Funds may invest in instruments issued, as well as assets of, privately held companies and individuals in emerging markets. Such investments may be more illiquid than investments in more established markets, and the Funds may be required to establish special custodial or other arrangements before making certain investments in those countries.

***High Yield Securities.*** The Funds may invest in preferred securities which are rated in the lower rating categories by the various credit rating agencies that are subject to higher risk of loss of principal and interest and are considered speculative.

***Investments in Undervalued Assets.*** The Funds may invest in undervalued assets. These investments involve a high degree of financial risk and can result in substantial losses. An investor should be aware that it may lose all or part of its investment in the Funds.

***Derivative Instruments.*** The Funds may use various derivative instruments which may be volatile and speculative, and which may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses.

Use of derivative instruments presents various risks, including the following:

***Tracking*** – When used for hedging purposes, an imperfect or variable degree of correlation between price movements of the derivative instrument and the underlying investment sought to be hedged may prevent the Sciencast Entities from achieving the intended hedging effect or expose the Funds to the risk of loss.

***Liquidity*** – Derivative instruments may not be liquid in all circumstances, so that the Sciencast Entities may not be able to close out a position without incurring a loss. Daily limits on price fluctuations and speculative positions limits on exchanges may prevent prompt liquidation of positions, subjecting the Funds to the potential of greater losses.

***Leverage*** – The leverage offered by trading in derivative instruments may magnify the gains and losses experienced by the Fund and could cause the Funds' net asset value to be subject to wider fluctuations.

***Over-the-Counter-Trading*** – The risk of nonperformance by the obligor on Over-the-counter options may be greater, while disposing of or entering into closing transactions with respect to such an instrument may be harder than in the case of an exchange-traded instrument. Many of the protections afforded to participants in a regulated environment may not be available in connection with such transactions.

***Futures Trading Is Speculative.*** The Funds may engage in highly speculative futures trading, subject to the traditional volatility and rapid fluctuation in the market prices. The effects of governmental intervention may cause these markets to move rapidly, upsetting the prediction of fluctuations in market prices, adversely affecting the Funds.

***Futures Trading Is Highly Leveraged.*** The low margin deposits normally required in futures trading permit an extremely high degree of leverage. Accordingly, a relatively small price movement in a futures contract may result in immediate and substantial loss or gain to the investors.

***Options.*** Options are highly speculative, and if the right conditions are not met, the Funds may lose part or all of its investment in the option, or in the event of the bankruptcy of a broker, may experience delays and/or losses in liquidating open positions purchased or sold through the broker.

***Availability of Suitable Investment Opportunities.*** Certain of the Funds' competitors may have greater financial and other resources and may have better access to suitable investment opportunities, preventing the Funds from entering into suitable investment opportunities.

***Non-Controlling Investments.*** If the Funds make non-controlling investments, the Funds may have a limited ability to protect its investments.

***Lack of Diversification.*** The Funds' portfolio is not as diversified as other investment vehicles, and so subject to more rapid change in value than would be the case if the Funds were required to maintain a wider diversification.

***Hedging.*** The Funds attempt to hedge some of the market and credit risks inherent in its strategy, but may not be successful.

***Leverage.*** The Funds may engage in various leveraging techniques that will also increase the risk of loss on such investments.

***Projections.*** The Funds may make investments relying upon projections that are inherently uncertain and subject to factors beyond the control of the Sciencast Entities, the failure of which could impair the ability of the Funds to realize projected values and/or cash flow.

***Contingent Liabilities.*** The Funds may incur contingent liabilities, such as purchasing from a lender a revolving credit facility, assuming responsibility for default risk presented by a third party or contracting for default protection to the Funds, and issuing guarantees of indebtedness for special purpose vehicles or other entities in connection with investments made by the Fund.

***Limited Liquidity of the Fund's Assets / Uncertain Exit Strategies.*** The Funds' assets may include illiquid securities and other financial instruments or obligations, the liquidation of which at distressed prices could result in significant losses to the Funds. Thus, the Sciencast Entities will be unable to predict with absolute confidence what the exit strategy ultimately will be for any given position, or that one definitely will be available.

***Distributions in Kind / Liquidating Interest.*** The in kind distributions an investor may receive upon withdrawing may be illiquid and subject to the risk of depreciation. An investor may not be able to dispose of such investments and their value determined by the Sciencast Entities for purposes of the determination of distributions may not be realized.

***Increased Regulatory Oversight.*** Increasing regulatory oversight, foreign and domestic, may increase the Funds' and the Sciencast Entities' exposure to potential liabilities, legal, compliance and other related costs, and may divert the Sciencast Entities' time, attention and resources from portfolio management activities.

***Transactions with Affiliates.*** The Sciencast Entities may engage in transactions with affiliated parties where the Fund and the affiliated party may have divergent interests. Investors will have no opportunity to participate in the evaluation of the terms or merits or valuation of any

such transactions. Affiliates in the future may earn commissions, spreads or other compensation from the Funds.

*Item 8.C*

*Item 8.B* of this brochure contains details on the material risks involved in the investment strategy employed for the Funds. Please see *Item 8.B* for this information.

**Item 9: Disciplinary Information**

The Sciencast Entities are not aware of any legal or disciplinary events that are material to a client's or prospective client's evaluation of the Sciencast Entities' advisory business or the integrity the Sciencast Entities' management.

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

### *Item 10.A*

Not Applicable

### *Item 10.B*

Not Applicable

### *Item 10.C*

Sciencast Fund GP LLC is an affiliate of Sciencast and Sciencast Fund GP II LLC is an affiliate of Sciencast II. Sciencast Fund GP LLC and Sciencast Fund GP II LLC serve as the general partner to certain of the Funds managed by the Sciencast Entities. Sciencast Fund GP LLC and Sciencast Fund GP II LLC are responsible for the management, operations and investment decisions made on behalf of the Funds and has delegated investment management authority to the Sciencast Entities.

We do not believe our relationship with these entities causes any conflicts of interest.

### *Item 10.D*

We do not recommend or select other advisers for clients.

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

### *Item 11.A*

The Sciencast Entities have adopted a Code of Ethics (“Code”) that governs a number of potential conflicts of interest the Sciencast Entities may have when providing advisory services to the Funds. The Code is designed to encourage a culture of compliance within the Sciencast Entities through ethical practices and conduct. The Code covers a variety of guidelines and requirements concerning, among other topics:

- the prohibition of trading of securities while in possession of material non-public information;
- pre-clearance and reporting of securities transactions by employees;
- restrictions or prohibitions on acquisitions of certain kinds of securities;
- the monitoring of employee outside business affiliations;
- tracking the giving and receiving of gifts and entertainment;
- monitoring and restricting political contributions, when and as required; and
- the maintenance of confidentiality of investment, investor, and employee information.

The Code is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with the Sciencast Entities making decisions in the best interest of its clients. The Code requires pre-clearance of non-exempt transactions and personal securities transactions of the Sciencast Entities’ employees. Employee trading is monitored under the Code.

New employees receive training in the policies of the Code upon their arrival at the Sciencast Entities, and all employees must acknowledge the terms of the Code and update their personal trading account information and other required disclosures on an annual basis or as required by law.

The Sciencast Entities will provide a copy of the code of ethics to any client or prospective client upon request by contacting us at (609) 917-3296.

### *Item 11.B*

Not Applicable

### *Item 11.C*

Employees of the Sciencast Entities are prohibited from trading on behalf of their personal accounts or any client account on the basis of any material, non-public information.

The Sciencast Entities have implemented policies and procedures designed to prohibit trading while in possession of material, non-public information.

#### *Item 11.D*

The Sciencast Entities currently does not expect to have “cross-trades” (*i.e.*, a sale of positions from one client account to another). However, the Sciencast Entities may in the future determine that a cross-trade is in the best interests of both client accounts. The Sciencast Entities do not believe that effecting cross-trades on behalf of its client funds will give rise to a conflict of interest. Although it does not expect to do so, the Sciencast Entities may also effect agency cross transactions on behalf of the Funds or one or more other accounts and may charge fees in connection therewith. Where required by applicable law or in other appropriate circumstances as determined by the Sciencast Entities in their sole discretion, the Sciencast Entities may decide to use independent representatives of the Funds to approve any such transaction in which participating accounts may have divergent interests.

Section 206(3) of the Advisers Act makes it unlawful for the Sciencast Entities to act as principals on the other side of a transaction with a client (a “Principal Transaction”) without first disclosing in writing to the client the fact that the Sciencast Entities will be acting as principals on the other side of the transaction, and obtaining the consent of the client to the transaction. The Sciencast Entities will seek the required consent before engaging in any Principal Transaction.



## **Item 12: Brokerage Practices**

### *Item 12.A*

It is the policy of the Sciencast Entities to seek to obtain best execution when effecting transactions on behalf of clients. In determining which broker-dealer generally provides the best available price and most favorable execution, Sciencast considers a totality of circumstances, including the broker-dealer's research capabilities and the success of prior research recommendations, ability to execute difficult trades (possible market impact, size of the order and market liquidity), commitment of capital, access to new issues, nature and frequency of sales coverage, depth of services provided, including economic or political coverage, arbitrage and option operations, back office and processing capabilities, financial stability and responsibility, reputation, access to markets, confidentiality, commission rate and responsiveness to the Sciencast Entities and the value of research and brokerage and research products and services provided by such broker-dealers. In addition, the Sciencast Entities have the authority to execute trades with brokers and dealers with whom the Funds or the Sciencast Entities have other business relationships, including prime brokerage, credit relationships and capital introduction or investments by affiliates of the broker-dealers in the Funds or other entities managed by the Sciencast Entities. However, the Sciencast Entities do not intend for these other relationships to influence the choice of brokers and dealers who execute trades for the Funds.

The Sciencast Entities have the option to use soft dollars generated by the Fund to pay for investment research and brokerage services. The Sciencast Entities intend to limit the use of such soft dollar credits to obtain products and services that fall within the safe harbor afforded by Section 28(e) of the Exchange Act.

The use of brokerage commissions to obtain investment research services and to pay for the administrative costs and expenses of the Sciencast Entities creates a conflict of interest between the Sciencast Entities and the Funds, because the Funds pay for such products and services that are not exclusively for the benefit of the Funds and that may be primarily or exclusively for the benefit of the Sciencast Entities. To the extent that the Sciencast Entities are able to acquire these products and services without expending its own resources (including Management Fees paid by the Funds), the Sciencast Entities' use of "soft dollars" would tend to increase the Sciencast Entities' profitability. In addition, the availability of these non-monetary benefits may influence Sciencast to select one broker rather than another to perform services for the Funds.

The Sciencast Entities have established policies to mitigate conflicts of interest which arise in connection with the selection of brokers and the use of soft dollars, including:

- (a) establishing a policy relating to client order placement, selection of broker-dealers, order allocation, trading practices, and other brokerage-related topics that may arise;
- (b) monitoring client order placement to ensure that the Sciencast Entities' policies on client order placement are observed;
- (c) conducting periodic reviews of trading activity to better understand and monitor best execution;

- (d) establishing appropriate guidelines for reviewing and approving broker-dealers;
- (e) reviewing exceptions to established guidelines, policy or dollar limits;
- (f) conducting a periodic review of any errors made in client order placement;
- (g) overseeing implementation of the brokerage policies adopted; and
- (h) recommending action to be taken to resolve client account errors.

The Sciencast Entities do not have any “directed brokerage” relationships.

### **Trade Errors**

From time to time, a trade error may occur in connection with the investment activities of the Funds. In case of a trade error caused by the broker executing a particular trade, the Sciencast Entities will use commercially reasonable efforts to hold the particular broker responsible. In the case of a trade error caused by the Sciencast Entities, the Sciencast Entities will determine whether to have any costs or losses arising from the trade error borne by a particular Fund, or by the Sciencast Entities, by applying the relevant standard of liability (as set forth in the applicable agreement with the Fund) for the Sciencast Entities in their management of the applicable Fund. The Sciencast Entities will generally be obligated to reimburse a fund for any trade error resulting from the Sciencast Entities’ gross negligence. The Sciencast Entities will determine in good faith whether or not a given trade error is required to be reimbursed under the general standard of liability applicable to such Fund. The Sciencast Entities will have a conflict of interest in determining the resolution of any trade error and it will attempt to resolve any such conflict by making a good faith, objective determination of the status of any trade error under the applicable liability standard. Trade error costs may be significant, including market losses resulting from the position incorrectly acquired as well as the additional brokerage costs of closing out or reversing the error. The opportunity cost (lost profits) of not having made a trade intended to be made is not considered a trade error cost. Any gains recognized on a trade error will be for the benefit of the affected Fund and none will be retained by the Sciencast Entities (other than any incentive allocation as set forth in that Fund’s governing documents).

### *Item 12.B*

### **Trade Aggregation and Allocation**

In some circumstances, it may be appropriate to buy or sell an investment on behalf of more than one client account at one time or over a period of time. In these circumstances, and as a general matter, the Sciencast Entities believe that the aggregation of orders for multiple advisory clients is consistent with its duty to seek best execution for its clients. Aggregation of trades generally facilitates more efficient and less costly execution by enabling us to negotiate transactions on a consolidated basis rather than dealing with multiple smaller lots in investment types that normally trade in significant and/or pre-set blocks. The Sciencast Entities will consider various criteria in the future in deciding when trades for more than one client should be aggregated, should the need to do so arise.

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

#### *Item 13.A and 13.B*

All accounts are reviewed on a regular basis to determine their conformity with risk parameters, investment objectives, and guidelines. The administrator of the Funds and portfolio manager receive frequent updates of portfolio positions and transactions. The Board of Directors of each of the offshore feeder funds periodically reviews the performance of the Sciencast Entities.

#### *Item 13.C*

The Funds will furnish to investors, as soon as practicable after the end of each fiscal year, audited annual reports containing financial statements examined by the Funds' independent auditors.

Additionally, the Funds will furnish unaudited monthly reports showing the investor's account value, and other periodic reports providing fund and market commentary.

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

### *Item 14.A*

The Sciencast Entities do not receive any economic benefit from anyone other than its clients as a result of the provision of investment advice or other advisory services to the Funds.

### *Item 14.B*

The Sciencast Entities do not currently use services of a placement agent to offer interests in the Funds. However, the Sciencast Entities in the future may enter into arrangements with placement agents where, in return for a referral, the Sciencast Entities may pay the placement agent a one-time or ongoing fee based upon the value of the referral's investment into one of the Funds (or a similar arrangement) or may deduct related charges from the subscription amount of relevant investor(s). Any such arrangement with a placement agent will be disclosed to relevant investors.

**Item 15: Custody**

The ScienCast Entities are deemed to have custody of client assets by virtue of being able to debit management fees. Physical custody of the assets of the Funds is maintained with a qualified custodian.

The Funds contract with third-party custodians and prime brokers to serve as custodian for securities owned by the Funds and certain private securities and assets. Currently, the Funds use JPMorgan as prime broker and custodian.

The investors receive monthly statements, which should be carefully reviewed. On an annual basis, the ScienCast Entities deliver audited financial statements to investors in the Funds. The audit of the Funds is conducted in accordance with U.S. generally accepted accounting principles or other appropriately recognized accounting standards or such other method as required by applicable law.

**Item 16: Investment Discretion**

The Sciencast Entities have discretionary authority to manage the assets of the Funds in a manner that is consistent with the objectives and strategies set forth in the Memorandum. This authority is granted by each Fund to one or more of the Sciencast Entities pursuant to the investment management agreement between the applicable Fund and the appropriate Sciencast Entities.

Except as set forth in the investment management agreement, in the Memorandum, and herein, there are no limitations placed on this authority.

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

### *Item 17.A and 17.B*

The Sciencast Entities follow a proxy voting policy to ensure that the proxies that the Sciencast Entities vote, on behalf of each client, are voted to further the best interest of that client. The proxy voting policy establishes a mechanism to address any conflicts of interests between the Sciencast Entities and the client. Further, the proxy voting policy establishes how clients may obtain information on how the proxies have been voted.

#### Determination of Vote

The Sciencast Entities determine how to vote after studying the proxy materials and any other materials that may be necessary or beneficial to voting. The Sciencast Entities vote in a manner that the Sciencast Entities believe reasonably furthers the best interests of the client and is consistent with the investment philosophy as set forth in the relevant investment management documents.

The major proxy-related issues generally fall within six categories: corporate governance, takeover defenses, mergers/acquisitions, compensation plans, capital structure, and appointment of outside directors. The Sciencast Entities will cast votes for these matters on a case-by-case basis. The Sciencast Entities will generally vote in favor of matters which follow an agreeable corporate strategic direction, support an ownership structure that enhances shareholder value without diluting management's accountability to shareholders and/or present compensation plans that are commensurate with enhanced manager performance and market practices.

#### Resolution of any Conflicts of Interest

If a proxy vote creates a material conflict between the interests of the Sciencast Entities and a client, the Sciencast Entities will resolve the conflict before voting the proxies. If the conflict is deemed material, the Sciencast Entities will engage a third party to vote the proxy on its behalf or may utilize any other method deemed appropriate by the Sciencast Entities.

#### Records

The Sciencast Entities may or may not vote proxies depending on the prudence of each proxy vote. Investors that wish to obtain a record of the Sciencast Entities' proxy voting policy or proxy voting history can contact the Chief Compliance Officer at (609) 917-3296.

**Item 18: Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about the adviser's financial condition. The Sciencast Entities do not charge or solicit prepayment of fees six months or more in advance. The Sciencast Entities are not required to include a balance sheet for its most recent fiscal year. The Sciencast Entities have no financial commitment that is reasonably likely to impair its ability to meet contractual commitments to its clients, and has not been the subject of a bankruptcy proceeding at any time during the past ten years.



**Item 19: Requirements for State-Registered Advisors**

The Sciencast Entities are not registered with any state as an investment adviser.