

Portsea Asset Management LLP

**17 Dominion Street
London
EC2M 2EF
UNITED KINGDOM**

June 2017

This Brochure provides information about the qualifications and business practices of Portsea Asset Management LLP. If you have any questions about the contents of this Brochure, please contact Chris Fincke, the Chief Compliance Officer (“**CCO**”) at +44 207 496 1900 or by email at chris.fincke@portsea-asset.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“**SEC**”) or by any state securities authority.

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

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

Item 2: Material Changes

We will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Item 3: Table of contents

Item 2: Material Changes.....	2
Item 3: Table of contents	3
Item 4: Advisory Business	4
Item 5: Fees and Compensation	4
Item 6: Performance-Based Fees	5
Item 7: Types of Clients.....	7
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss	7
Item 9: Disciplinary Information	11
Item 10: Other Financial Industry Activities and Affiliations.....	11
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	12
Item 12: Brokerage Practices	13
Item 13: Review of Accounts	15
Item 14: Client Referrals and Other Compensation	15
Item 15: Custody.....	15
Item 16: Investment Discretion	15
Item 17: Voting Client Securities.....	16
Item 18: Financial Information.....	16

Item 4: Advisory Business

Portsea Asset Management LLP (hereinafter “**Portsea**”, the “**Investment Manager**”, or the “**Firm**”) is a limited liability partnership incorporated in the United Kingdom. The Firm was founded on 06/05/2015.

Portsea has been delegated Portfolio Management from Portsea AIFM Malta Ltd, the Alternative Investment Fund Manager (“AIFM”) based in Malta. Portsea provides discretionary investment management services to accredited investors through its private pooled investment fund: Portsea Master Fund SICAV Ltd (the “**Master Fund**”). The Portsea Fund is the initial Sub-Fund of the Company. The Firm also have the requisite permissions to carry out ancillary activities such as managing segregated portfolios.

Portsea Master Fund SICAV Ltd is a multi-fund investment company with variable share capital of unlimited duration constituted as a limited liability company on 16 November 2015 under the provisions of the Maltese Companies Act with registration number CIS SV 387. The Master Fund has been licensed by the MFSA under the Investment Services Act as an AIF targeting Qualifying Investors and Professional Investors.

Portsea also provides subadvisory services on a discretionary basis to a segment of Boothbay Absolute Return Strategies, LP (“Segregated Account”). For more information on the Segregated Account, please see the Boothbay Fund Management LLC Form ADV (SEC File No. 801-80018).

Unless specified otherwise, from hereinafter the Partnership, Feeder Fund and Master Fund will be referred to collectively as the “**Fund**”; while the Fund and Segregated Account will be collectively referred to as the “**Clients**”.

The Fund is managed pursuant to the objectives specified in the materials by which the Fund offers its ownership interests to investors. Portsea does not tailor its services to individual investor needs and the Fund’s investors do not have the right to specify, restrict, or influence the Fund’s investment objectives or any investment or trading decisions.

As of March 31, 2017, Portsea had \$100 million of regulatory assets under management (“**RAUM**”).

Item 5: Fees and Compensation

The Manager receives a monthly management fee, payable in arrears, equal to:

- (i) in respect of the Class A Investor Shares and the Class B Investor Shares, 2 per cent. per annum; and
- (ii) in respect of the Investor Shares in Founder Class (USD dollar) and Founder Class (euro), 2 per cent. per annum, falling to 1 per cent. per annum effective as of the Valuation Day on which the aggregate net asset value of the Fund and the corresponding sub-fund of the U.S. Feeder Fund first exceeds \$250 million, of the net asset value of each relevant Class, calculated and accrued as at each relevant Valuation Day.

Item 6: Performance-Based Fees

The Manager will also receive a performance fee equivalent to the Relevant Percentage of the increase in the net asset value per Investor Share of the relevant Class after adding back any relevant distributions of the applicable Class outstanding in respect of each Performance Period, subject to a High Water Mark.

The use of a High Water Mark (as described below) ensures that the subscriber will not be charged a performance fee until any previous losses are recovered. The methodology used by the Company ensures each Investor Share is effectively charged a fee which equates precisely with its performance.

This method of calculation also ensures that any performance fee paid to the Manager is charged only to those Investor Shares which have appreciated in value.

The “Relevant Percentage” shall be:

- (i) in respect of the Class A Investor Shares and the Class B Investor Shares, 20 per cent.; and
- (ii) (ii) in respect of the Investor Shares in Founder Class (USD dollar) and Founder Class (euro), 20 per cent., falling to 10 per cent. with effect from (and including) the Performance Period in which the aggregate net asset value of the Fund and the corresponding sub-fund of the U.S. Feeder Fund first exceeds \$250 million.

The performance fee is payable annually in arrears in respect of each Performance Period. The performance fee will be accrued monthly and taken into account in the calculation of the net asset value per Investor Share on each Valuation Day. In the event that Investor Shares are redeemed prior to the end of a Performance Period, any accrued but unpaid performance fee in respect of such Investor Shares will crystallise and be paid to the Manager promptly thereafter.

The performance fee in respect of each Performance Period will be calculated by reference to the net asset value before the deduction of any accrued performance fees.

Adjustment Due to Deficit and Premium Subscriptions (Equalisation)**(a) Deficit Subscriptions**

Where the investor subscribes for Investor Shares in a Class at a time when the net asset value per Investor Share of that Class is less than the High Water Mark for the Class, then an adjustment is required to reduce inequalities that may otherwise result to the subscriber or to the Manager. The High Water Mark is the greater of:

- (i) the highest net asset value per Investor Share of the relevant Class on the last day of any Performance Period; and
- (ii) the Initial Issue Price;

in each case adjusted to take into account any relevant distributions made.

Where Investor Shares are subscribed for at a time when the net asset value per Investor Share is less than the High Water Mark for that Class, the investor will, in effect, be required to pay an equivalent performance fee with respect to any subsequent appreciation in the net asset value per Investor Share of those Investor Shares until the High Water Mark has been

reached. This will be achieved by the Company having the power to redeem for nil value such number of the shareholder's Investor Shares as have an aggregate net asset value equivalent to the performance fee at the end of each Performance Period. An amount equal to the aggregate net asset value of the Investor Shares so redeemed will be paid directly to the Manager as a performance fee. After the High Water Mark has been achieved, the performance fee will be calculated and levied in the same manner as for all other Investor Shares of the same Class.

(b) Premium Subscriptions

Where Investor Shares ("Premium Shares") are purchased at a time when the net asset value per Investor Share is greater than the High Water Mark for that Class (a "Premium Subscription"), the investor is required to pay an additional sum equal to the accrual then in place per Investor Share in respect of the performance fee (an "Equalisation Credit").

The Equalisation Credit will be at risk in the Fund and will therefore appreciate or depreciate based on the performance of the Class subsequent to the subscription. In the event of a decline in the net asset value per Investor Share, the Equalisation Credit due to the shareholder will reduce in line with the performance fee accrual for other Investor Shares namely by an amount equal to the Relevant Percentage of the amount of the loss on a per Investor Share basis until the Equalisation Credit is exhausted. Subsequent appreciation in the value of the Premium Shares will result in a recapture of any Equalisation Credit lost due to such reductions, but only to the extent of the previously lost Equalisation Credit up to the amount paid at subscription.

At the end of the Performance Period, an amount equal to the lower of either the Equalisation Credit paid at the time of the Premium Subscription (less any Equalisation Credit previously applied) or the Relevant Percentage of the excess of the asset value per Premium Share over the High Water Mark is applied in the subscription for additional Investor Shares for the shareholder. If Premium Shares are redeemed before the last day in any Performance Period, the shareholder will receive additional redemption proceeds equal to any Equalisation Credit then remaining multiplied by a fraction, the numerator of which is the number of Premium Shares being redeemed and the denominator of which is the number of Premium Shares owned by the shareholder immediately prior to the redemption.

The performance fee is subject to adjustment upon completion of the relevant audit for the Performance Period.

Upon the reduction in the Relevant Percentage from 20 per cent. to 10 per cent. for the purpose of calculating the performance fee payable in respect of the Founder Class (USD dollar) and the Founder Class (euro), an adjustment will be effected to any Equalisation Credit attributable to a shareholder in the Founder Class (USD dollar) and the Founder Class (euro), and any excess Equalisation Credit will be immediately applied by way of subscription for additional Investor Shares for the shareholder.

Both the management fee and the performance fee are payable by the Fund to the Manager within 10 days after the finalisation of the net asset value for the end of the relevant calculation period.

Segregated Account

The Investment Adviser of the Segregated Account pays an incentive fee based on the accumulated performance of the account, calculated and paid annually.

Item 7: Types of Clients

The Firm's clients are the Fund and the Segregated Account.

The minimum initial investment is \$1,000,000 or €1,000,000 (as the case may be) payable in full (net of any bank charges), unless waived by the Directors.

Further applications by existing shareholders can be made for any amount.

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

The investment objective of the Fund and Segregated Account is to seek excess returns relative to the European equity market through investing in a concentrated portfolio of individual equity and equity linked securities (e.g., common and preferred stocks, options, warrants and financial instruments and derivatives, of companies) across a diversified range of industries. The Clients may also invest in cash and cash equivalents.

Strategy

The Directors have overall responsibility for the investment approach of the Master Sub-Fund and authority to select managers and investment managers. Pursuant to that authority, the Directors have caused the Company (on behalf of the Fund) and the Master Fund (on behalf of the Master Sub-Fund) to enter into the Management Agreement. Pursuant to the Management Agreement and the Investment Management Agreement, day-to-day portfolio management activities have been delegated to the Investment Manager. Risk management activities have been retained by the Manager.

The Investment Manager will seek to pursue a fundamental multi-asset investment approach to identify and exploit mis-valuations and arbitrage opportunities resulting from its perception of company and security valuations, market liquidity, lack of transparency and/or price dislocations. The Investment Manager believes that it can achieve its investment objective by following a high conviction strategy and focusing time and capital on a limited number of investment opportunities in sectors in which it believes it has particular knowledge as a result of its research and the experience of its principals. As such, the Investment Manager will typically seek to concentrate the Master Sub-Fund's investments in approximately 10 to 20 strategies with each strategy comprising of long or short positions of one or more investments with hedging applied where deemed appropriate by it. Given the high-conviction strategy, it is the Investment Manager's intention that there will be generally a low turnover of the Master Sub-Fund's investments with typical holding periods expected of 6-24 months. While the Master Sub-Fund's investments will typically have holding periods of 6-24 months, individual positions will likely be increased and reduced actively.

In seeking an absolute return, the Master Sub-Fund will hold both long and short positions and may invest in the full spectrum of markets, asset classes and financial instruments. Whilst the Investment Manager will generally seek to pursue a low-beta strategy through the cycle, investment decisions may take into account macro-economic, political and other developments which may mean a market correlation at given points in the cycle.

The geographical focus of the Master Sub-Fund's investments will be primarily companies registered in Europe, listed on a European stock exchange and/or active in Europe to seek to take advantage of dislocations rising from the (compared to the United States) less sophisticated, less liquid and less transparent Europe markets and, for this purpose, "Europe" should be given its widest possible definition. However, the Investment Manager may invest in other regions which the Investment Manager expects to arise due to the Master Sub-Fund's sector focus.

The Master Sub-Fund has maximum flexibility to invest in global financial markets, including but not limited to, spot currencies and forward foreign exchange contracts, government and corporate debt securities, loans, interest rate instruments, equity securities, convertibles, stock indices, precious metals and traditional and base industrial commodities through the use of cash-settled spot transactions, forwards, futures, options and swap markets, as well as in hybrid securities and other derivative instruments, including warrants, American Depositary Receipts ("ADRs"), contracts for differences, credit derivatives (including credit default swaps) or other tradable rights and investable entitlements. The Master Sub-Fund may invest in certificates and other collective investment vehicles, including unit trusts, mutual funds, investment companies and exchange traded funds ("ETFs").

The instruments in which the Master Sub-Fund invests may be listed or unlisted and rated or unrated. Derivative instruments may be exchange traded or over-the-counter. Collective investment vehicles may be established within or outside of the EEA and may not be subject to regulatory review or discipline. The Master Sub-Fund will not originate loans and in no circumstances will the Master Sub-Fund have a direct relationship as a lender to a borrower. However, the Master Sub-Fund may (i) have

The Segregated Account has the ability to borrow for cash management, trade on margin and utilize derivatives (including options) however it is primarily for the facilitation of taking advantage of special market situations rather than to create leverage. Exposure is strictly monitored by the Firm.

The investment program of the Clients is speculative and may entail substantial risks. Market risks are inherent in all securities investments to varying degrees. There can be no assurance that the investment objective will be achieved. In fact, certain investment practices described above can, in some circumstances, potentially increase the adverse impact on the Clients' investment portfolio.

Risk Factors

An investment in the Fund, or a Separately Managed Account (an "**Account**") implementing the above-mentioned strategy, involves a high degree of risk, including the risk that the entire amount invested may be lost. No guarantee or representation is made that the investment program will be successful, or that its returns will exhibit low correlation with an investor's traditional securities portfolio. Investment techniques may be utilized which can involve substantial volatility and can, in certain circumstances, substantially increase any potential

adverse impact to which the investment portfolio may be subject. Prospective investors should consider the following additional factors in determining whether an investment in the Fund or an Account is a suitable investment.

There are significant risks associated with an investment in the Fund. Investment may not be suitable for all investors. It is intended for sophisticated investors who can accept the risks associated with such investment including a substantial or complete loss of their investment. There can be no assurance that the Fund will achieve its investment objective and losses may be incurred. Each prospective investor should carefully review this Information Memorandum and carefully consider the risks before deciding to invest.

Risks Related to Certain Investment Strategies

Certain Securities Markets

Stock markets in certain countries may have a relatively low volume of trading. Securities of companies in such markets may also be less liquid and more volatile than securities of comparable companies elsewhere. There may be low levels of government regulation of stock exchanges, brokers and listed companies in certain countries. In addition settlements of trades in some markets is slow and subject to failure.

Co-Investment

The Master Sub-Fund may co-invest with one or more Co-Investment Vehicles, which may or may not be managed or advised by the Manager or the Investment Manager. There can be no assurance that any Co-Investment Vehicle will agree with the Manager and the Investment Manager on all matters and the Master Sub-Fund or any Co-Investment Vehicle could take actions that are disadvantageous to the other.

Commodity Pool Operator

“De Minimis Exemption” – While the Master Sub-Fund may trade commodity interests (commodity futures contracts, commodity options contracts and/or swaps), including security futures products, the Manager and the Investment Manager are each exempt from registration with the CFTC as a CPO pursuant to CFTC Rule 4.13(a)(3). Therefore, unlike a registered CPO, the Manager and the Investment Manager are not required to deliver a CFTC disclosure document to prospective investors, nor are they required to provide investors with certified annual reports that satisfy the requirements of CFTC rules applicable to registered CPOs.

The potential consequence of this exemption, the so-called “de minimis exemption”, includes a limitation on the Master Sub-Fund’s exposure to the commodity markets. CFTC Rule 4.13(a)(3) requires that a pool for which such exemption is filed must meet one or the other of the following tests with respect to its commodity interest positions, including positions in security futures products, whether entered into for bona fide hedging purposes or otherwise: (a) the aggregate initial margin, premiums, and required minimum security deposit for retail forex transactions, will not exceed 5 per cent. of the liquidation value of the pool’s portfolio, after taking into account unrealised profits and unrealised losses on any such positions it has entered into; or (b) the aggregate net notional value of such positions does not exceed 100 per cent. of the liquidation value of the pool’s portfolio, after taking into account unrealised profits and unrealised losses on any such positions it has entered into.

Concentration of Investments/Lack of Asset Diversification

The Master Sub-Fund is subject to limited diversification requirements and will likely invest a significant portion of its assets in a relatively small number of investments. As a result, the Master Sub-Fund may be more susceptible to risks associated with a single economic, political or regulatory occurrence than would be the case with a more diversified portfolio and the Master Sub-Fund may be subject to significant losses in the event that it holds a large position in a particular investment that declines in value or is otherwise adversely affected, including by default of the issuer.

Risks Related to Certain Financial Instruments*Convertible Arbitrage Transactions*

The Master Sub-Fund may engage in convertible arbitrage transactions. Convertible arbitrage transactions are designed to be relatively market neutral, i.e. they hedge out the directional risks generally associated with unhedged investments in the underlying instruments. However, should the credit status of an issuer weaken, losses may result from decreases in the market conversion premium or a loss of liquidity with respect to the security. These losses will be limited by the short hedge on the underlying security, but may be substantial in relation to the Master Sub-Fund's net asset value. The Master Sub-Fund and, indirectly, the Fund may also suffer losses if an issuer is acquired for cash or debt securities at a price that does not generate profits on the unhedged portion of a position sufficient to recover the premium paid to acquire the convertible security and any unpaid accrued interest that would be lost should conversion become necessary. Losses may result when securities are called for redemption at prices below the current market prices. Frequently, these losses will include interest accrued but not paid upon conversion of the called securities. In addition, losses may occur if an issuer declares a special dividend or spin-off which causes a reduction in the conversion premium or the Master Sub-Fund is forced to convert a security earlier than anticipated.

Convertible Securities

The Master Sub-Fund may invest in convertible securities. Convertible securities are bonds, debentures, notes, preferred stocks or other securities that may be converted into or exchanged for a specified amount of common stock of the same or different issuer within a particular period of time at a specified price or formula. A convertible security entitles the holder to receive interest that is generally paid or accrued on debt or a dividend that is paid or accrued on preferred stock until the convertible security matures or is redeemed, converted or exchanged. Convertible securities have unique investment characteristics in that they generally:

- (i) have higher yields than common stocks, but lower yields than comparable non-convertible securities;
- (ii) are less subject to fluctuation in value than the underlying common stock due to their fixed-income characteristics; and (iii) provide the potential for capital appreciation if the market price of the underlying common stock increases.

Credit Default Swaps

The Master Sub-Fund may enter into credit default swap agreements. The "buyer" in a credit default contract is obligated to pay the "seller" a periodic stream of payments over the term of the contract provided that no event of default on an underlying reference obligation has

occurred. If an event of default occurs, the seller must pay the buyer the full notional value, or “par value”, of the reference obligation in exchange for the reference obligation. The Master Sub-Fund may be either the buyer or seller in a credit default swap transaction. If the Master Sub-Fund is a buyer and no event of default occurs, the Master Sub-Fund will lose its investment and recover nothing. However, if an event of default occurs, the Master Sub-Fund (if the buyer) will receive the full notional value of the reference obligation that may have little or no value. As a seller, the Master Sub-Fund receives a fixed rate of income throughout the term of the contract, which typically is between six months and three years, provided that there is no default event. If an event of default occurs, the seller must pay the buyer the full notional value of the reference obligation. Credit default swap transactions involve greater risks than if the Master Sub-Fund had invested in the reference obligation directly. These contracts are typically marked-to-market and the Master Sub-Fund may be obliged to pay amounts into a margin account whether or not a default occurs. Much of the settlement in CDS contracts is manual and there is a general settlement risk if backlogs arise and counterparties are not able to meet their obligations. This may be part of a broader crisis in markets.

Credit Risk

The Master Sub-Fund is also subject to credit risk, i.e. the risk that an issuer of securities will be unable to pay principal and interest when due, or that the value of the security will suffer because investors believe the issuer is less able to pay. This is broadly gauged by the credit ratings of the securities in which the Master Sub-Fund invests. However, ratings are only the opinions of the agencies issuing them, may change less quickly than the relevant circumstances and are not absolute guarantees of the quality of the securities. Furthermore, the investments of the Master Sub-Fund may not be rated by any rating agency or may be below investment grade. The Master Sub-Fund will be more dependent upon the judgment of the Investment Manager as to the credit quality of such unrated securities. A default, downgrade or credit impairment of any of its investments could result in a significant or even total loss of the investment.

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in either the Fund or an Account. Prospective investors should read the entire relevant Memorandum and consult with their own advisers before deciding whether to invest. In addition, as the investment program develops and changes over time, an investment in either the Fund or an Account may be subject to additional and different risk factors.

Item 9: Disciplinary Information

The Firm has not been subject to any disciplinary action, whether criminal, civil or administrative (including regulatory) in any jurisdiction. Likewise, no persons involved in the management of the Firm have been subject to such action.

Item 10: Other Financial Industry Activities and Affiliations

The management and employees of Portsea plan to substantially dedicate all of their professional efforts to the Firm and its affiliates.

The Firm and its employees do not have any relationships or arrangements with other financial services companies that pose material conflicts of interest.

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

Portsea serves as the investment adviser to the Clients. Employees, affiliates of the employees, and relatives of the employees may make investments in the Fund.

Portsea maintains an employee personal trading policy which is restrictive and aimed at mitigating any potential conflict of interest between the Clients' investments and those of employees. In general, employees are very limited in the extent to which they are permitted to engage in personal trading.

Additionally, the Firm's principals and employees do not purchase any securities for their own accounts from the Fund.

Code of Ethics and Personal Trading

The Firm has adopted a Code of Ethics that establishes various procedures with respect to investment transactions in accounts in which Portsea employees or related persons have a beneficial interest or accounts over which an employee has investment discretion.

The foundation of the Code of Ethics is based upon the following underlying fiduciary principles:

- Employees must at all times place the interests of the Clients first;
- Employees must make sure that all personal securities transactions are conducted consistent with the Code of Ethics; and
- Employees should not take inappropriate advantage of their position at Portsea.

All Portsea employees are deemed to be "Access Persons" and are required to adhere to a comprehensive Code of Ethics, which cover the duty of confidentiality as well as personal trading. All employees are required to certify their adherence to the terms set forth in the Code of Ethics upon commencement of employment and quarterly thereafter.

All Portsea employees must direct their brokers to send duplicate copies of personal discretionary brokerage account statements to the CCO. These records are used to monitor compliance with the Firm's employee personal trading policies.

Employees must also obtain pre-approval from the CCO before engaging in any outside business activities or private investments, or receiving an allocation of an Initial Public Offering ("IPO").

Insider Trading Policies and Procedures

Portsea maintains insider trading policies and procedures that are designed to prevent the misuse of material, non-public information. Among other things, such policies seek to control and monitor the flow of inside information to and within Portsea, as well as prevent trading based on inside information. On a periodic basis, Portsea employees are required to attest to

their compliance with the insider trading policies which are set forth in the Compliance Manual and Code of Ethics.

Portsea's Code of Ethics is available to investors upon request.

Item 12: Brokerage Practices

Portsea's Prime Brokers are Morgan Stanley & Co. International plc and UBS AG, London Branch. The Master Fund may appoint one or more prime brokers to provide execution, clearing and settlement, stock borrowing, margin financing and foreign exchange services. As at the date hereof, the Master Fund has appointed Morgan Stanley and UBS to provide it with such services, in respect of the Master Sub-Fund as described in more detail below.

The allocation of assets between the Prime Brokers is determined by the nature and type of the particular trades undertaken and by the jurisdiction in which the trade is made.

The Prime Brokers will not participate in the investment decision making process and therefore have no discretion regarding the investment of the assets of the Master Sub-Fund.

The Prime Brokers are not responsible for the preparation of this document or the activities of the Master Fund and therefore accept no responsibility for any information contained in this Information Memorandum.

The Master Fund reserves the right to change the prime brokerage arrangements described below by agreement with each of the Prime Brokers, in its discretion, without notice, including but not limited to appointing additional or alternative broker(s).

Morgan Stanley

Under the terms of the Morgan Stanley Sub-Custody Agreement, the Depositary has appointed and authorised Morgan Stanley to act as sub-custodian in respect of the Master Sub-Fund's property which is delivered to it. Morgan Stanley will identify, record and hold the Master Sub-Fund's property held with Morgan Stanley in such a manner that (a) the identity and location of such investments can be ascertained at any time, and (b) such investments are readily available as investments belonging to a customer of Morgan Stanley and are separately identifiable from any investments of Morgan Stanley.

Morgan Stanley will arrange for any of the Master Sub-Fund's investments that are in registered form to be registered in accordance with the FCA Rules. Morgan Stanley may register or record the Master Sub-Fund's investments in the name of a third party or in Morgan Stanley's name where the Master Sub-Fund's investments are subject to the law or market practice of a jurisdiction outside of the U.K. and Morgan Stanley has reasonably determined that it is in the Master Fund's best interests or it is not feasible to do otherwise. In the case of registration in the name of Morgan Stanley or a third party, the Master Sub-Fund's investments may not be segregated from Morgan Stanley's or the third party's investments and, in the event of their default, the Master Fund may not be as well protected.

UBS

Under the terms of the UBS Sub-Custody Agreement, the Depositary has appointed UBS as custodian of all of the Master Sub-Fund's investments deposited with UBS. On its books and records, UBS will identify, record and maintain the Master Sub-Fund's investments separate and apart from the assets belonging to any other client of the Depositary, separate and apart

from any assets maintained by UBS on its own behalf and separate and apart from the assets of any other entity so as to ensure that it is readily apparent that such investments are held solely on behalf of, and belong to the Depositary in respect of the Master Sub-Fund and do not belong to the Depositary for its own account or UBS.

Unless the laws or market practice in any particular jurisdiction outside of the U.K. may require otherwise, investments held by UBS on behalf of the Depositary for the benefit of the Master Sub Fund other than cash will be held and identified and recorded in such a manner that: (i) the identity, location and amount of the investments can be identified at any time; and (ii) the investments shall be readily identifiable and legally separate in an account as being for the exclusive benefit of UBS's customers and not the proprietary assets of UBS, provided however, that where due to local law or market practice it is necessary for investments held by UBS on behalf of the Depositary for the benefit of the Master Sub-Fund to be registered in the name of UBS or its sub-custodian, that assets may not be segregated from UBS's or the sub-custodian's own assets and, if UBS or the relevant sub custodian defaults, may not be as well protected from claims made on behalf of the general creditors of UBS or the relevant sub-custodian.

Aggregation

In general, the Firm aggregates trade orders for the Fund to achieve more efficient execution or to provide for equitable treatment among the Client accounts. The Fund will be allocated securities based on the average price achieved for such trades.

The Firm reserves the right, in its sole discretion, to change brokerage and custodial arrangements for the Fund without further notice to investors.

The Firm does not trade for its own account. All trades are executed as agents on behalf of Clients.

Allocation

The Firm's policy prohibits any allocation of trades in a manner that results in more favorable treatment for Portsea's proprietary accounts (should it ever establish such accounts), affiliated accounts, or any fund.

The Firm has adopted a policy for the fair and equitable allocation of transactions that generally analyses each trade, taking into consideration the specifics of each trade and the characteristics of the Clients.

Soft Dollars

The Firm may use "soft dollars" generated by the Clients' trading activities to purchase research services or products that would otherwise have been an expense of Portsea. Portsea intends to keep any such arrangements within the parameters of Section 28(e) of the United States Securities Exchange Act of 1934, as amended.

Item 13: Review of Accounts

Review of Accounts

The Firm's portfolio managers and investment professionals continuously monitor and analyze the transactions, positions, and investment levels of the Clients to ensure that they conform with the investment objectives and guidelines that are stated in the investment advisory agreements and the Fund offering documents. In these reviews, the Firm pays particular attention to any changes in the investment's fundamentals, overall risk management and changes in the markets that may affect price levels. Portsea engages in active management for the Fund and reviews transactions, positions and cash balances on a daily basis.

Reporting

The Firm will distribute annual audited financial statements to the investors in the Fund within 120 days of the Firm's fiscal year-end. In addition, the Firm distributes reports to investors in the Fund, which include monthly investor statements from the fund administrator, monthly performance and risk reports and quarterly/annual investment letters. The Firm distributes a monthly performance and risk report to the Segregated Account holder, in a similar format to the reports for the Fund investors.

Item 14: Client Referrals and Other Compensation

Portsea does not currently use third parties for client referrals though it may do later in the future, if deemed appropriate. Should an investor then be introduced to the Fund or an Account through a placement agent, the arrangement with such placement agent will be disclosed to and acknowledged by the investor.

The Firm may compensate employees for investor referrals so long as such arrangements comply with the Advisers Act and its rules, and any applicable state securities laws. Investors will not be charged a higher fee as a result of these arrangements.

Item 15: Custody

With respect to The Morgan Stanley Prime Brokerage Agreement, Morgan Stanley Sub-Custody Agreement, UBS Prime Brokerage Agreement and UBS Sub-Custody Agreement.

The CCO shall ensure that the Fund's audited financials are delivered to all investors within 120 days of the fiscal year end in accordance with the Custody Rule.

The Segregated Account is audited separately by the account holder and as such the Firm is not required to do anything further.

Item 16: Investment Discretion

Portsea has full discretionary authority over the Clients including authority to make decisions with respect to which securities to be bought and sold as well as the amount and price of those securities. Additionally, Portsea has full discretion over the brokers or dealers to be used

for transactions and the commissions to be paid. These terms are established in the offering documents of the Fund and Investment Management agreement for the Segregated Account.

Item 17: Voting Client Securities

The Firm intends to vote proxies on a case-by-case basis. Prior to voting a proxy, the relevant employees of Portsea will make a determination, in their opinion, as to what vote if any, is in the best interest of the Clients. The Firm maintains written records of the proxy vote on each occasion a proxy is voted.

Investors in the Fund or an Account may not direct the voting of proxies.

If a material conflict of interest between the Firm and the Clients should arise, the Firm will determine whether voting in accordance with the guidelines set forth in the proxy voting policies and procedures is in the best interests of the Clients or take another appropriate action.

Investors may request a copy of the Firm's proxy voting policy, as well as the records of any proxy votes for the respective Fund in which they have an investment.

Item 18: Financial Information

Registered investment advisers are required in this Item to provide certain financial information or disclosures about the Firm's financial condition.

Portsea has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.