

PITON INVESTMENT MANAGEMENT, LP

**777 Third Avenue, 22nd Floor
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This brochure provides information about the qualifications and business practices of Piton Investment Management, L.P. If you have any questions about the contents of this brochure, please contact us at 646-518-2800 or email jslattery@pitonim.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. Registration as an investment adviser does not imply a certain level of skill or training.

Additional information about Piton Investment Management, L.P. is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Material Changes

Piton executed a master services agreement to provide administrative and back office consulting services to Natore Capital Management, LP, a Delaware limited partnership in May of 2017. Peter Chapman, a Piton partner, is the Chief Investment Officer of Natore Capital Management, LP.

On August, 7, 2017, Piton notified investors of plans to liquidate Piton Alpha Enhanced Income Fund LLC and the Piton Alpha Enhanced Income Offshore Fund Ltd.

Effective August 21, 2017, Piton executed an Investment Management Agreement and an Account Investment Advisory Agreement with Boothbay Absolute Return Strategies, LP, a Delaware limited partnership.

As of August 31, 2017, Piton managed \$49,109,809 in regulatory assets under management ("RAUM") all on a discretionary basis.

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Item 4: Advisory Business

Piton Investment Management, L.P. ("**Piton**" or the "**Firm**") is an investment adviser with its principal place of business in New York, NY. Piton is a limited partnership that was formed in July 2015, under the laws of the State of Delaware. Piton is owned by Piton Partners LP, a Delaware limited partnership, Piton Management LLC, a Delaware limited liability company, and GPS Opportunities I (IM), LP, a Delaware limited partnership.

Piton offers investment advisory services on a discretionary basis to private funds ("**Funds**") that are intended for sophisticated investors. The Funds are offered in a master-feeder structure. Piton Alpha Enhanced Income Fund LLC (the "**Onshore Fund**"), a Delaware limited liability company, and Piton Alpha Enhanced Income Offshore Fund Ltd. (the "**Offshore Fund**"), an exempted company incorporated under the Companies Law of the Cayman Islands, and together with the Onshore Fund, the "**Feeder Funds**" and each individually a "**Fund**"), invest all or substantially all of their assets in Piton Alpha Enhanced Income Master Fund L.P. a Cayman Islands exempted limited partnership (the "**Master Fund**"). The Funds are managed in accordance with their own objectives and are not tailored to any particular private fund investor (each an "**Investor**").

Piton has been appointed to act as agent with investment authority and discretion for two investment accounts (the "**Boothbay Fund Investment Accounts**") in the name of Boothbay Absolute Return Strategies, LP (the "**Boothbay Fund**"), a Delaware limited partnership. In one investment account, the Boothbay Fund has appointed Piton to act as agent (the "**Boothbay Fund Investment Account I**"). In the other investment account, the Boothbay Fund and Boothbay Fund Management LLC, a Delaware limited liability company, have appointed Piton to act as agent (the "**Boothbay Fund Investment Account II**"). The Boothbay Fund Investment Accounts are managed with a view of achieving a specific investment objective dedicated solely to these accounts.

Piton Partners LP, Piton Management LLC, GPS Opportunities I (IM), LP are owned by various persons, including certain management persons and employees of Piton, none of which have 25% or more ownership.

James Slattery is Piton's Chief Compliance Officer ("**CCO**").

As of August 31, 2017, the Firm managed \$49,109,809 in regulatory assets under management ("**RAUM**") all on a discretionary basis.

Item 5: Fees and Compensation

Management Fees

As the investment adviser to the Funds, Piton receives management fees at an annual rate of between 0% and 2.0%, depending upon the net asset value of the Master Fund and each particular series an Investor subscribed for of the Feeder Funds. These management fees are deducted from the Funds monthly, in arrears, and are prorated for any investment period that is less than a full calendar month.

While the management fee is generally not negotiable, Piton may waive or modify the fee for certain Investors that are members, employees or affiliates of Piton, relatives of such persons, or for certain early-stage, large, or strategic Investors.

Other Expenses

The Funds will bear all of their expenses and, through their investments in the Master Fund, their pro rata portion of the expenses of the Master Fund. Such expenses will include, without limitation, the Management Fee, offering and organizational expenses of the Funds, the Master Fund and any other vehicles through which the Funds or the Master Fund may invest (including costs relating to the preparation, modification and distribution of governing documents, counterparty agreements, offering memoranda, marketing materials, questionnaires, subscription agreements, side letters, or other agreements entered into with any investor, printing costs, and travel expenses in connection with marketing); fund administration expenses; professional fees, including without limitation external accounting (including middle and back office services), auditing, and tax preparation, consulting, expert, and legal fees; taxes and regulatory fees; expenses which the Board of Directors determines to be related to the investment of the assets of the Funds or the Master Fund; expenses which the Managing Member determines to be related to the investment of the assets of the Funds or the Master Fund, including, among others, research expenses, fees or commissions of any futures commission merchant, brokerage commissions, expenses relating to short sales, clearing and settlement charges, custodial fees and expenses, expenses relating to reorganizations, restructurings and workouts involving investments, costs and charges for equipment or services used in communicating information regarding the Funds' or the Master Fund's transactions between the Managing Member and the Funds' or the Master Fund's Custodian or other agents, and bank service fees, interest expenses, borrowing costs and extraordinary expenses; printing and mailing expenses; costs of investor communications; fees and out-of-pocket expenses of any service company retained to provide accounting and bookkeeping services to the Funds or the Master Fund; quotation or valuation expenses; expenses relating to making corporate and regulatory filings; proxy service provider fees; fees paid to third-party service providers to file class-action settlement claims (if such third-party service providers are used); the costs and expenses related to a reorganization, dissolution, winding-up, and termination; the costs and expenses associated with any claim, litigation, arbitration, mediation, government investigation or dispute in connection with the business of the Funds or the Master Fund; indemnification and contribution costs, and any software, hardware or systems that are purchased or used primarily on behalf of the Funds or the Master Fund.

The initial offering and organizational expenses of the Funds will be amortized over each of the Fund's first 60 months of operations, or such other period as the Managing Member or Board of Directors may determine. The effect of this accounting treatment is not expected to be material to the financial statements of the Funds. If the effect of this accounting treatment becomes material to the financial statements of the Funds in the future, the Funds may write off the unamortized balance of such offering and organizational expenses, which will be reflected in the Funds' net asset value at the time of such write-off.

Piton may allocate one or more specific types of the expenses incurred on behalf of all or certain of its Funds among such funds or the investors therein in a manner that it deems equitable.

In connection with its duties pursuant to the Boothbay Fund Investment Account I, Piton will bear all expenses incurred by it (including, without limitation, expenses of its personnel and its overhead). The Boothbay Fund shall bear all of its operating and other expenses, including all trading costs, including commissions incurred.

In connection with its duties pursuant to the Boothbay Fund Investment Account II, payment of expenses relating to the organization and maintenance of the investment account and to the investment of the assets of the investment account are the sole responsibility of the Boothbay Fund and Boothbay Fund Management LLC and will be payable from the investment account. Account Expenses shall include, but are not limited to, trading expenses, brokerage commissions and other transaction charges, fees and expenses incurred in the borrowing and lending of securities, interest, margin expense and other financing charges charged to the investment account attributable to the acquisition of securities by the investment account and the acquisition by the Boothbay Fund of financing to fund the investment account (equal to the market value of the long positions in the investment account multiplied by the rate that the Boothbay Fund is charged on its debit balances by its prime broker or custodian), custodial fees, bank service fees, transfer taxes, withholding taxes, and other fees and expenses directly related to the purchase, sale or other disposition of investment account assets, and other out-of-pocket charges or expenses paid by the client on behalf of or for the benefit of the Investment Advisor.

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

At the end of each fiscal year or at the time of withdrawal of an Investor, Piton GP LLC (an affiliate of Piton) will be entitled to receive an annual incentive allocation between 0% and 20% of the net profits attributable to each Investor's account, if any, depending on the particular series of each Investor. The incentive allocations are charged in compliance with Rule 205-3 of the Investment Advisers Act of 1940, as amended.

Piton GP LLC may waive or modify the incentive allocation for certain Investors that are members, employees or affiliates of Piton, relatives of such persons, and for certain early-stage, large or strategic Investors.

Because all Funds' assets are expected to be managed in the Master Fund, there are no side-by-side conflict of interest issues, such as allocation decisions which may be impacted by performance-based fee differentials. Piton has developed procedures designed and implemented to ensure that all clients are treated fairly and equally, and to prevent conflicts from influencing the allocation of investment opportunities among clients.

For a more detailed discussion on incentive allocations, please see the relevant Fund's private placement memorandum.

In connection with its duties pursuant to the Boothbay Fund Investment Account I, at the end of each calendar month during the agreed upon term, Piton shall receive an annual fee between 0% and 20% of the Boothbay Fund's Investment Account's Net Profits, if any, earned for that calendar month.

In connection with its duties pursuant to the Boothbay Fund Investment Account II, the Boothbay Fund shall pay Piton a performance fee for each calculation period between 0% and 20% of the investment account's net profit for such calculation period, reduced for any unrecovered carryforward loss.

Piton has developed procedures designed and implemented to ensure that all clients are treated fairly and equally, and to prevent conflicts from influencing the allocation of investment opportunities among clients.

Item 7: Types of Clients

Piton provides investment advice to the Funds. Each Fund's offering memorandum and subscription documents provide the eligibility criteria and minimum investment requirements. Initial and additional subscription minimums are disclosed in the offering memorandum for each Fund, which may be waived at the discretion of the Firm.

In general, each Investor in the Funds must be an "accredited investor" as defined in Regulation D under the Securities Act of 1933, as amended, and a "qualified purchaser" as defined in Section 2(a)(51) of the Investment Company Act of 1940. With respect to the Boothbay Fund Investment Accounts, each investor meets the standard of an "accredited investor".

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

Investment Strategy – Master Fund and Feeder Funds

Piton will seek to leverage its portfolio managers' experience in the mortgage backed securities issued by government-sponsored entities ("**Agency MBS**") and sovereign debt markets, to take advantage of opportunities created by increased market regulation and global central bank asset purchases that have impacted global interest rates and fixed-income markets. The trading objective of Piton is to target attractive performance returns and to seek to produce long-term capital appreciation. The Firm will seek to achieve performance that is uncorrelated to the general debt and equity markets, although no assurance can be provided in this regard. Piton will seek to achieve its trading objective by investing all or substantially all of the Funds' assets in the Master Fund, which has the same investment objective as the Funds. Copies of the Master Fund's limited partnership agreement are available to prospective investors upon request. The Master Fund will primarily focus on trading opportunities in Agency MBS, U.S. Treasury securities, sovereign debt securities of the United States, Germany, Great Britain, Japan, and Canada, equity securities related to the U.S. mortgage and interest rate markets, and derivative securities thereof.

The Master Fund may trade in any debt or equity investments related to the strategies described above, including without limitation, sovereign debt, interest rate futures (Treasury bill, Treasury bond, and Eurodollar), interest rate caps and floors, fixed rate and adjustable rate pools of single-family mortgage-backed securities issued by government-sponsored entities, "to-be-announced" pools of single-family mortgage-backed securities issued by government-sponsored entities, fixed and floating rate collateralized mortgage obligations backed by government-sponsored mortgage-backed securities as well as IOs and POs thereof, debt issued directly by government-sponsored entities, asset-backed securities, non-agency mortgage-backed securities, whole loans, notes, warrants, general collateral financing agreements, equity securities of publicly-traded companies related to the U.S. mortgage market and equity options thereof, exchange-traded funds and notes, equity index futures, volatility index futures, and such other assets as Piton determines appropriate from time to time.

Piton believes it is well positioned to meet the investment objective of the Funds by leveraging the experience and knowledge of its principals in the Agency MBS and sovereign debt markets. However, there can be no assurance that the investment objectives of the Funds will be achieved or that the Funds' investment strategies will be successful.

Investment Strategy – Boothbay Fund Investment Accounts

Piton's investment strategy for the Boothbay Fund Investment Accounts is to define a thesis by conducting extensive fundamental and technical analysis, and to generate profits by trading duration, curve and spread relationships across U.S. and other highly liquid sovereign rate markets. The investment strategy concentrates on trading opportunities in U.S.

Treasury securities, G7 sovereign debt securities, and derivative securities (exchange-traded futures and options) thereof. Activity and investments will predominately center on the U.S. interest rates market, with varying exposure to the German rates market. The strategy may participate in U.S. Treasury auctions in order to initiate or unwind positions based on Piton's prevailing market outlook. In certain cases, options strategies may be used to express a conditional view on duration, spreads or the yield curve. The strategy has the ability to be long, short, or neutral net duration at any given time. Similarly, the strategy has the ability to be long, short, or neutral both yield curve and sovereign spread relationships.

Risk of Loss

The Funds and investment accounts may be deemed to be highly speculative investments and are designed only for sophisticated persons who are able to bear the economic risk of the loss of their entire investment and who have a limited need for liquidity in their investment. The following risks should be carefully evaluated before making an investment in the Funds and/or the investment accounts. The list of risks below does not purport to be an exhaustive list of the risks relating to an investment in the Funds or the investment accounts.

Limited Operating History. The Firm, the Funds and the investment accounts have a limited operating history for prospective investors to evaluate prior to making an investment.

Fixed Income Securities. The Funds and the investment accounts may invest in fixed income securities. Fixed income securities are obligations of the issuer to make payments of principal or interest on future dates. Fixed income securities are subject to interest rate, market, credit, and currency risk. Interest rate risk relates to changes in a security's value as a result of changes in interest rates generally. Even though such investments may promise a stable stream of income, the prices of such securities generally are inversely affected by changes in interest rates and, therefore, are subject to the risk of market price fluctuations. In general, the values of fixed income securities increase when prevailing interest rates fall and decrease when interest rates rise. Because of the resetting of interest rates, adjustable rate securities are less likely than non-adjustable rate securities of comparable quality and maturity to increase or decrease significantly in value when market interest rates fall or rise, respectively. Market risk relates to the changes in the risk or perceived risk of an issuer, country, or region. Credit risk relates to the ability of the issuer to make payments of principal and interest. The values of fixed income securities may be affected by changes in the credit rating or financial condition of the issuer of those securities.

Agency Mortgage-Backed Securities. The investment characteristics of agency mortgage-backed securities ("**Agency MBS**") differ from traditional debt securities. Among the major differences are that interest and principal payments are made more frequently, usually monthly, and that principal may be prepaid at any time because the underlying mortgage loans generally may be prepaid at any time. Agency MBS are securities backed by obligations (including certificates of participation in obligations) that are principally secured by interests in real estate and guaranteed by government-sponsored enterprises ("**GSEs**") Fannie Mae, Freddie Mac, and Ginnie Mae.

Most single-family mortgage loans underlying mortgage-backed securities are effectively non-recourse obligations of the borrower, meaning there is no recourse against the borrower's assets other than the collateral. If borrowers are not able to pay the principal and interest owed on such mortgage loans, payments of the related Agency MBS to the security holder will be made by the respective GSE. Buying out a delinquent loan from the respective Agency MBS pool will result in an unscheduled principal prepayment to the security holder. Any unscheduled principal payments by the underlying borrowers of the pool, either voluntary or involuntary, may adversely affect the level of return experienced on the Agency MBS. This is because principal payments are made to the security holder at face value (\$1.00

or par value). If the Agency MBS were purchased at a premium to par value, the security holder may experience a loss on the difference between the acquisition price and par value on any principal payment made. This will affect the yield associated with the Agency MBS investment. Similarly, the security holder of the Agency MBS will be positively affected if the Agency MBS was purchased at a discount to par value.

Agency MBS may pay fixed or floating rates of interest. Fixed-rate Agency MBS, like all fixed income securities, generally decline in value as rates rise. Moreover, although generally the value of fixed income securities increases during periods of falling interest rates, the inverse relationship may not be as marked in the case of Agency MBS due to the increased likelihood of prepayments during periods of falling interest rates.

Prepayment Risk. The frequency at which prepayments (including voluntary prepayments by the obligors and liquidations due to defaults and foreclosures) occur on loans underlying Agency MBS will be affected by a variety of factors, including the prevailing level of interest rates, as well as economic, demographic, tax, social, legal and other factors and have fluctuated considerably in recent years. Generally, mortgage obligors tend to prepay their mortgages when prevailing mortgage rates fall below the interest rates on their existing mortgage loans. However, due to recent market events, it is impossible to reliably and consistently predict the rate at which any pool of mortgage loans will prepay.

In general, “premium” securities (securities whose market values exceed their principal or par amounts) are adversely affected by faster than anticipated prepayments, and “discount” securities (securities whose principal or par amounts exceed their market values) are adversely affected by slower than anticipated prepayments. Since many Agency MBS will be discount securities when interest rates are high, and will be premium securities when interest rates are low, these Agency MBS may be adversely affected by changes in prepayments in any interest rate environment. The adverse effects of prepayments may impact investments in Agency MBS in two ways. First, particular investments may experience outright losses, as in the case of an interest-only security in an environment of faster actual or anticipated prepayments. Second, particular investments may underperform relative to hedges that the Funds may have constructed for these investments, resulting in a loss to the Funds’ overall portfolio. In particular, prepayments (at par) may limit the potential upside of many Agency MBS to their principal or par amounts, whereas their corresponding hedges often have the potential for unlimited loss. This effect is mitigated to some degree for Agency MBS in which the underlying mortgage loans have certain characteristics that deter borrowers from making prepayments or refinancing their entire mortgage. These characteristics are generally referred to as “call protection.”

Changes to the Legal and Regulatory Environment for Agency MBS. The payments of principal and interest the Funds receive on the Agency MBS in which they may invest will be guaranteed by Fannie Mae, Freddie Mac or Ginnie Mae. Ginnie Mae is part of a U.S. government agency and its guarantees are backed by the full faith and credit of the United States. Fannie Mae and Freddie Mac are GSEs, but their guarantees are not backed by the full faith and credit of the United States. Although the U.S. government has committed to support the positive net worth of Fannie Mae and Freddie Mac, the two GSEs could default on their guarantee obligations, which could materially and adversely affect the value of the Funds’ Agency MBS. In addition, the future roles of Fannie Mae and Freddie Mac could be significantly reduced and the nature of their guarantee obligations could be considerably limited relative to historical measurements. Any such changes to the nature of their guarantee obligations could re-define what constitutes an Agency MBS and could have broad adverse implications for the market and the Funds’ business, operations and financial condition.

To the extent that the Funds rely on Agency MBS as collateral for their financings, any decline in the value of agency securities, or perceived market uncertainty about their value,

could make it more difficult for the Funds to obtain financing on favorable terms or at all, or to maintain their compliance with the terms of any financing transactions for such investments. Further, the current support provided by the U.S. Department of the Treasury to Fannie Mae and Freddie Mac, and any additional support it may provide in the future, could have the effect of lowering (or increasing) the interest rates the Funds expect to receive from agency securities, thereby tightening (or expanding) the spread between the interest the Funds can earn on Agency MBS investments and the cost of financing those assets. A reduction in the supply of agency securities could also negatively affect the Funds by reducing the spread between the interest they are able to earn on investments in Agency MBS and their cost of financing that portfolio.

Future legislation could change the relationship between Fannie Mae and Freddie Mac and the U.S. government, and could also nationalize, privatize, or eliminate these entities entirely. Any law affecting these GSEs may create market uncertainty and have the effect of reducing the actual or perceived credit quality of securities issued or guaranteed by Fannie Mae or Freddie Mac. Moreover, if the guarantee obligations of Freddie Mac or Fannie Mae were repudiated by the Federal Housing Finance Agency, payments of principal and/or interest to holders of Agency MBS issued by Freddie Mac or Fannie Mae would be reduced in the event of any borrower's late payments or failure to pay or a servicer's failure to remit borrower payments to the trust. In that case, trust administration and servicing fees could be paid from mortgage payments prior to distributions to holders of Agency MBS such as the Funds. Any actual direct compensatory damages owed due to the repudiation of Freddie Mac or Fannie Mae's guarantee obligations may not be sufficient to offset any shortfalls experienced by holders of Agency MBS such as the Funds. As a result, such laws or changes could increase the risk of loss on the Funds' investments in Agency MBS guaranteed by Fannie Mae and/or Freddie Mac and could adversely impact the market for such securities and spreads at which they trade. All of the foregoing could materially and adversely affect the Funds' financial condition and results of operations.

Mortgage Loan Modification and Refinancing Programs. The U.S. Government, through the U.S. Federal Reserve, the Federal Housing Administration, and the Federal Deposit Insurance Corporation, has implemented a number of federal programs designed to assist homeowners in managing their mortgages. Such programs and other loss mitigation programs may involve, among other things, the modification of mortgage loans to reduce the principal amount of the loans (through forbearance and/or forgiveness) and/or the rate of interest payable on the loans, or the extension of payment terms of the loans. These loan modification programs, future legislative or regulatory actions, including possible amendments to the bankruptcy laws, which result in the modification of outstanding residential mortgage loans, as well as changes in the requirements necessary to qualify for refinancing mortgage loans with Fannie Mae, Freddie Mac or Ginnie Mae, may adversely affect the value of, and the returns on, Agency MBS that the Funds may purchase.

Sovereign Debt Risk. Investments in sovereign debt securities involve special risks. The governmental authority that controls the repayment of the debt may be unwilling or unable to repay the principal and/or interest when due in accordance with the terms of such securities due to the extent of its foreign reserves, the availability of sufficient foreign exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, or the government debtor's policy towards the International Monetary Fund and the political constraints to which a government debtor may be subject. If an issuer of sovereign debt defaults on payments of principal and/or interest, the Funds and the investment accounts may have limited legal recourse against the issuer and/or guarantor. In certain cases, remedies must be pursued in the courts of the defaulting party itself, and the Funds' and/or the investment accounts' ability to obtain recourse may be limited.

Equity Securities and Equity-Related Securities. The Funds and the investment accounts may invest in equity securities and equity-related instruments. The value of equity securities varies in response to many factors. Factors specific to an issuer, such as certain decisions by management, lower demand for its products or services, or even loss of a key executive, could result in a decrease in the value of the issuer's securities. Factors specific to the industry in which the issuer participates, such as increased competition, costs of production or consumer or investor perception, can have a similar effect. The value of an issuer's stock can also be adversely affected by changes in financial markets generally, such as an increase in interest rates, or a decrease in investor confidence, that are unrelated to the issuer itself or its industry. These factors and others can cause significant fluctuations in the prices of the securities in which the Funds and the investment accounts invest and can result in significant losses.

Real Estate Investment Trusts. From time to time, Piton may invest on behalf of the Funds, directly or indirectly in the securities of real estate investment trusts or "REITs." This may be in the form of common stock shares, preferred stock shares, debt, or convertible debt. REITs can be subject to extreme volatility due to fluctuations in equity markets, demand for yield based investments, real estate or mortgages, changes in interest rates, and adverse economic conditions. Additionally, the failure of a REIT to continue to qualify as a REIT for tax purposes can materially affect its value.

Preferred Stock, Convertible Securities, and Warrants. The Funds and the investment accounts may trade preferred stock, convertible securities, or warrants. The value of preferred stocks, convertible securities, and warrants will vary with the movements in the equity market and the performance of the underlying common stock, in particular. Their value is also affected by adverse issuer or market information. Thus, for example, as the value of the underlying common stock of an issuer fluctuates, the value of the preferred stock of such issuer would also be expected to fluctuate. Furthermore, warrants will have little to no value if the exercise price is greater than the value of the underlying securities.

With respect to convertible securities, as with all fixed income securities, the market value of such securities tends to decline as interest rates increase and, conversely, to increase as interest rates decline. However, when the market price of the common stock underlying a convertible security exceeds the conversion price, the convertible security tends to reflect the market price of the underlying common stock. As the market price of the underlying common stock declines, the convertible security tends to trade increasingly on a yield basis and thus, may not decline in price to the same extent as the underlying common stock. Convertible securities rank senior to common stock in an issuer's capital structure and consequently entail less risk than the issuer's common stock. If a convertible security held by the Funds and/or the investment accounts is called for redemption, the Funds and/or the investment accounts will be required to permit the issuer to redeem the security or convert

it into the underlying common stock. These actions could have an adverse effect on the Funds' and/or the investment accounts ability to achieve their investment objective.

Foreign Investments. The Funds and/or the investment accounts may invest in non-U.S. securities and derivatives. International investing and trading involves special risks not typically associated with investing and trading U.S. securities and derivatives for the Funds and/or the investment accounts, including changes in exchange rate and exchange control regulation; the imposition of non-U.S. withholding or other taxes; political, social, or economic instability; possibility of government intervention; less liquid markets; less rigorous (or no) accounting and financial reporting standards; higher transaction costs; greater difficulty in enforcing contractual rights; and more uncertain procedures (if any) for bankruptcy or other reorganization or liquidation proceeding. In addition, in many non-U.S. markets, there is less government supervision of exchanges, brokers, dealers, and issuers than in the United States, which may make such entities more likely to fail or experience substantial outages than their U.S. counterparts. In the case of emerging market securities and derivatives, the foregoing risks are likely to be more pronounced.

Currencies. The Funds and/or the investment accounts may trade foreign currency spot trades, forward contracts, and/or other derivatives thereon for hedging and/or speculative purposes. In addition, the Funds and/or the investment accounts may have exposure to currencies through non-U.S. dollar denominated securities, derivatives, and other instruments that they choose not to hedge against the U.S. dollar. To the extent the Funds' and/or the investment accounts' assets are unhedged, the value of those assets will fluctuate with U.S. dollar exchange rates as well as the price changes of the Funds' and/or the investment accounts' investments in the various local markets and currencies. Thus, an increase in the value of the U.S. dollar compared to the other currencies in which the Funds and/or the investment accounts make their investments will reduce the effect of increases and magnify the effect of decreases in the prices of the Funds' and/or the investment accounts' securities in their local markets. Conversely, a decrease in the value of the U.S. dollar will have the opposite effect on the Funds' and/or the investment accounts' non-U.S. dollar securities. Exchange rates can change dramatically over short periods of time, particularly during times of political or economic unrest or as a result of actions taken by central banks, which may be intended directly to affect prevailing exchange rates.

Issuer Risks and Risk of Loss of Certain Investments. The issuers of securities acquired by the Funds and/or the investment accounts will sometimes involve a high degree of business and financial risk. These companies may be operating at a loss or have significant variations in operating results, may be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence, may require substantial additional capital to support their operations, to finance expansion, or to maintain their competitive position, or may otherwise have a weak financial condition. These companies may also face intense competition, including competition from companies with greater financial resources, more extensive development, marketing, and other capabilities, and a larger number of qualified managerial and technical personnel.

Issuers of securities acquired by the Funds and/or the investment accounts may be highly leveraged. Leverage may have important adverse consequences to these companies and the Funds and/or the investment accounts as an investor. These companies may be subject to restrictive financial and operating covenants. The leverage may impair these companies' ability to finance their future operations and capital needs. As a result, these companies' flexibility to respond to changing business and economic conditions and to business opportunities may be limited. A leveraged company's income and net assets will tend to increase or decrease at a greater rate than if borrowed money were not used.

Liquid Strategies as a Source of Investor Liquidity. A number of liquid strategies have incurred material losses in the past, in part during times when private investment funds were forced to raise cash to fund redemptions, to meet margin calls and for other purposes, and the assets traded by such strategies became a source of cash for investors which were unable to redeem from other funds. The Funds and/or the investment accounts may from time to time incur losses due to similar circumstances.

Hedging Transactions. The Funds and/or the investment accounts may seek to limit exposure to certain risks by employing hedging techniques, including by using a variety of derivative transactions. There can be no assurance regarding the effectiveness of these techniques or that they will result in increased or more stable returns than would have been the case had they not been employed. Hedging techniques involve risks different from those associated with underlying investments. In particular, the variable degree of correlation between price movements of hedging instruments and price movements of the position being hedged creates the possibility that losses on the hedge may be greater than gains in the value of the Funds' and/or the investment accounts' positions. If Piton incorrectly assesses the degree of correlation between the positions in the Funds and/or the investment accounts and the instruments used to hedge such positions or fails to recalculate or readjust the hedges as markets change or time passes and the characteristics of the Funds' and/or the investment accounts' positions change, the Funds and/or the investment accounts may suffer losses.

Hedging techniques may also increase risk through the unintended market impact of hedging transactions, leverage effects associated with hedging positions, the general risks related to the use of derivative instruments, lower liquidity of the hedged and hedging positions relative to an unhedged position, or other factors. In addition, even where Piton seeks to hedge a particular risk, a suitable hedging instrument might not be available, might not be identified by Piton, and/or might not be successfully executed. Hedging instruments are intended only to reduce exposure to certain risks and not to reduce all forms of investment risks.

Although the use of hedging instruments is intended to minimize the risk of loss resulting from a decline in the value of the hedged position, the use of such instruments may limit any potential gain which might result from an increase in the value of such position. In addition, Piton is not obliged to hedge any particular form of risk in any particular situation and may change its investment policies and practices in any manner without notice to or the consent of Investors.

Short Sale Transactions. The Funds and/or the investment accounts may engage in short selling as part of their investment strategy. Short selling involves selling securities that may or may not be owned by the seller and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from declines in the value of securities. In addition, positions that are economically similar to short sales may be established through derivatives trading.

Derivative Instruments Generally. The Funds and/or the investment accounts may trade derivative instruments, or "derivatives". Derivatives are financial instruments that derive their value from, and are valued in relation to, one or more underlying securities, assets, financial benchmarks, indices or interest rates. (Examples include swaps, credit derivatives, futures contracts, index futures, forward contracts, and options). Derivatives typically allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark, or index at a fraction of the cost of acquiring, borrowing, or selling short the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to trading the respective derivative. However, there are a number of additional risks associated with derivatives trading. Transactions in certain derivatives are subject to clearance on a U.S. national exchange and to regulatory oversight, while other

derivatives are subject to risks of trading in the over-the-counter markets or on non-U.S. exchanges.

Derivatives may entail investment exposures that are greater than their initial margins or option premiums would suggest, meaning that a small investment in derivatives could have a large potential impact on the Funds' and/or the investment accounts' performance.

The Funds and/or the investment accounts may enter into derivative agreements with non-U.S. counterparties. Such agreements are subject to increasingly restrictive local regulations similar to the Dodd-Frank Act, and would require the Funds and/or the investment accounts to follow such local regulations or help the non-U.S. counterparties comply with such local regulations.

Swap Agreements. The Funds and/or the investment accounts may enter into swap agreements. Swap agreements are privately negotiated over-the-counter derivative products in which two parties agree to exchange payment streams that may be calculated in relation to a rate, index, instrument, or certain securities and a particular "notional amount."

While there are many benefits to trading via swap, there are also costs. In some markets (most notably, the United States), there may be more latency with trading equity securities via swap, since Piton cannot directly access trading markets when trading via swap. Therefore, the reference price for the swap may be less favorable than it would have been had the Funds and/or the investment accounts been able to access trading markets directly. In addition, because swap counterparties may be unwilling to provide exposure to specific securities when unable to hedge their resulting exposure, the Funds and/or the investment accounts may not be able to gain exposure to certain issuers when trading via swap. Further, in many markets, swap counterparties will not accept for "give up" hedges executed by other counterparties. In those markets (which include the United States), the Funds and/or the investment accounts will not be able to execute positions with a different counterparty than the one that provides financing to the Funds and/or the investment accounts.

Swaps may be subject to various types of risks, including market risk, liquidity risk, structuring risk, tax risk, and the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty. Swaps can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, swaps may increase or decrease the Funds' and/or the investment accounts' exposure to equity securities, long-term or short-term interest rates, non-U.S. currency values, corporate borrowing rates, or other factors such as security prices, baskets of securities, or inflation rates and may increase or decrease the overall volatility of the Funds' and/or the investment accounts' portfolio.

Swap agreements can take many different forms and are known by a variety of names. The Funds and/or the investment accounts are not limited to any particular form of swap agreement if Piton determines that other forms are consistent with the Funds' and/or the investment accounts' investment objective and policies. The most significant factor in the performance of swaps is the change in individual equity values, specific interest rate, currency, or other factors that determine the amounts of payments due to and from the counterparties. If a swap calls for payments by the Funds and/or the investment accounts, the Funds and/or the investment accounts must have sufficient cash availability to make such payments when due.

Title VII of the Dodd-Frank Act and the rules and regulations adopted and to be adopted by the CFTC introduces a comprehensive regulatory regime for swaps (as defined in the

Commodity Exchange Act, as amended). The new laws and regulations subject certain swaps to clearing and exchange trading requirements, and impose margin requirements, reporting, record keeping and business conduct rules. The final rules under Title VII, including those rules that have already been adopted, for both cleared and non-cleared swap transactions could impose increased margin requirements and require additional operational and compliance costs that will likely affect the Funds' and/or the investment accounts' business and returns.

Futures Contracts. Piton may trade futures contracts for the Funds and/or the investment accounts. Futures prices can be highly volatile. Because of the low margin deposits normally required in futures and options trading, an extremely high degree of leverage is typical of a futures trading account. As a result, a relatively small price movement in a futures contract may result in substantial losses to the investor. Thus, a futures transaction may result in substantial losses.

Certain futures positions at times may be less liquid than at other times because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in that contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. In addition, the CFTC and various exchanges may impose speculative position limits on the number of positions that the Funds and/or the investment accounts may indirectly hold or control in particular commodities.

It is also possible that an exchange or the CFTC may suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract, or order that trading in a particular contract be conducted for liquidation only. The above-described circumstances could prevent Piton from liquidating unfavorable positions promptly and could subject the Funds and/or the investment accounts to substantial losses.

The successful use of futures for speculative purposes is subject to the ability to predict correctly movements in the direction of the relevant market, and, to the extent the transaction is entered into for hedging purposes, to ascertain the appropriate correlation between the transaction being hedged and the price movements of the futures contract.

Foreign futures transactions involve executing and clearing trades on a foreign exchange. No domestic organization regulates the activities of a foreign exchange, including the execution, delivery, and clearing of transactions on such an exchange, and no domestic regulator has the power to compel enforcement of the rules of the foreign exchange or the laws of the foreign country. Moreover, such laws or regulations will vary depending on the foreign country in which the transaction occurs. For these reasons, the Funds and/or the investment accounts may not be afforded certain protections which apply to domestic transactions, including the right to use domestic alternative dispute resolution procedures.

Repurchase Agreements. Piton may enter into repurchase agreements with a number of financial institutions to finance the assets for the Funds and/or the investment accounts. Pursuant to these repurchase agreements, the Funds and/or the investment accounts would initially transfer securities or loans (the "collateral") to a financial institution in exchange for cash, and the Funds' and/or the investment accounts' counterparty is obligated to resell such assets to the Funds and/or the investment accounts at the end of the term of the transaction. When they initially sell the collateral, the Funds and/or the investment accounts receive cash in an amount that is less than the value of that collateral (the "haircut"). If the Funds' and/or the investment accounts' counterparty defaults on its obligation to resell collateral to the Funds and/or the investment accounts, the Funds and/or the investment accounts would incur a loss on the transaction equal to the amount of the haircut (assuming

there was no change in the value of the securities). Any losses incurred by the Funds and/or the investment accounts on repurchase transactions could materially and adversely affect their financial condition and results of operations. If the Funds and/or the investment accounts default on one of their obligations under a repurchase transaction, the counterparty can terminate the transaction and cease entering into any other repurchase transactions with the Funds and/or the investment accounts. In that case, the Funds and/or the investment accounts would likely need to establish a replacement repurchase facility with another financial institution in order to continue to leverage their investment portfolio and carry out their investment strategy. The Funds and/or the investment accounts may not be able to secure a suitable replacement facility on acceptable terms or at all.

In addition, pursuant to the terms of borrowings under such repurchase agreements, a decline in the value of the collateral may result in their lenders initiating margin calls, in which case the Funds and/or the investment accounts would be required to pledge additional collateral to re-establish the ratio of the value of the collateral to the amount of the borrowing. The specific collateral value to borrowing ratio that would trigger a margin call is generally not set in master repurchase agreements and is not determined until the Funds and/or the investment accounts engage in a repurchase transaction under these agreements. The Funds' and/or the investment accounts' fixed-rate collateral generally may be more susceptible to margin calls, as increases in interest rates tend to affect more negatively the market value of fixed-rate securities. In addition, some collateral may be more illiquid than other instruments in which the Funds and/or the investment accounts invest, which could cause such collateral to be more susceptible to margin calls in a volatile market environment. Moreover, collateral that prepays more quickly increases the frequency and magnitude of potential margin calls as there is a significant time lag between when the prepayment is reported (which reduces the market value of the security) and when the principal payment is actually received. If the Funds and/or the investment accounts are unable to satisfy margin calls, their lenders may foreclose on the Funds' and/or the investment accounts' collateral. The threat of, or occurrence of, a margin call could force the Funds and/or the investment accounts to sell, either directly or through a foreclosure, their collateral under adverse market conditions. Because of the leverage the Funds and/or the investment accounts expect to have, they may incur substantial losses upon the threat or occurrence of a margin call.

Further, financial institutions providing the repurchase agreements may require the Funds and/or the investment accounts to maintain a certain amount of unencumbered cash or to set aside non-pledged assets sufficient to maintain a specified liquidity position in order to allow the Funds and/or the investment accounts to satisfy their collateral obligations. As a result, the Funds and/or the investment accounts may not be able to leverage their assets as fully as they would choose, which could reduce their return on equity. If the Funds and/or the investment accounts are unable to meet these collateral obligations, their financial condition could deteriorate rapidly. Additionally, the Funds' and/or the investment accounts' counterparties may unilaterally determine to cease entering into any further repurchase transactions with the Fund and/or the investment account. Failure to procure adequate repurchase agreement financing or to renew or replace existing repurchase agreement financing as it matures (to which risk we are specifically exposed due to the short-term nature of the repurchase agreement financing we employ) would adversely affect the Funds' and/or the investment accounts' financial condition and returns.

In the event of the insolvency or bankruptcy of a lender during the term of a repurchase agreement, the lender may be permitted, under applicable insolvency laws, to repudiate the contract, and the Funds' and/or the investment accounts' claim against the lender for damages may be treated simply as an unsecured creditor. In addition, if the lender is a broker or dealer subject to the Securities Investor Protection Act of 1970, or an insured

depository institution subject to the Federal Deposit Insurance Act, the Funds' and/or the investment accounts' ability to exercise its rights to recover its assets under a repurchase agreement or to be compensated for any damages resulting from the lender's insolvency may be further limited by those statutes. These claims would be subject to significant delay and, if and when received, may be substantially less than the damages the Funds and/or the investment accounts actually incur.

Leverage. Repurchase agreements will be a primary source of leverage for the Funds and/or the investment accounts. In addition, the Funds and/or the investment accounts may engage in any other type of leverage or borrowing as is determined in Piton's sole discretion. The Funds and/or the investment accounts agreement imposes no limit on the amount that the Funds and/or the investment accounts may borrow. Such borrowing may be made in the course of purchasing securities on margin or otherwise, and will increase the volatility of the Funds and/or the investment accounts. The amount of leverage or borrowings which the Funds and/or the investment accounts may have outstanding at any time may be large in relation to their capital. Consequently, the level of interest rates generally, and the rates at which the Funds and/or the investment accounts can borrow in particular, will affect the operating results of the Funds and/or the investment accounts.

In addition, such borrowing may be collateralized by the assets of the Funds and/or the investment accounts, and applicable margin regulations may require the liquidation of positions to satisfy margin requirements. Leveraging through borrowing will exaggerate the effect on the value of interests in the Funds and/or the investment accounts of any increase or decrease in the market value of the Funds' and/or the investment accounts' securities. Monies borrowed will be subject to interest costs that may or may not be recovered through appreciation of the securities purchased or the yield from such securities. Because the Funds and/or the investment accounts may invest in a wide range of fixed income and equity securities, the amount they are able to borrow on margin may differ materially based on the assets used to collateralize the borrowings of the Funds and/or the investment accounts. This in turn may limit the Funds' and/or the investment accounts' ability to leverage.

The Funds and/or the investment accounts may enter into any type of financing arrangement Piton considers appropriate. If the Funds and/or the investment accounts utilize leverage, the possibilities for profit and the risk of loss are increased and the debt the Funds and/or the investment accounts may have outstanding at any time might be large in relation to their capital. Furthermore, if the Funds' and/or the investment accounts' revenues are not sufficient to pay the principal of, and interest on, the Funds' and/or the investment accounts' debt when due, the Funds and/or the investment accounts could sustain a total loss of their assets.

The Funds and/or the investment accounts may, to the extent permitted by applicable law, borrow funds, and the Funds Agreement imposes no limit on the amount that the Funds may borrow.

Interest Rate Risk. Piton may rely on short-term and/or variable rate borrowings to acquire investments for the Funds and/or the investment accounts, some of which have long-term maturities. In addition, the Funds and/or the investment accounts may have adjustable rate assets with interest rates that vary over time based upon changes in a particular index, such as LIBOR or a short-term U.S. Treasury rate. If short-term interest rates rise disproportionately relative to longer-term interest rates, the Funds' and/or the investment accounts' borrowing costs may increase more rapidly than the yield earned on their investments. Additionally, to the extent the Funds and/or the investment accounts reinvest cash flows from investments, the spread between the yields on the new investments and

available borrowing rates may decline, which would adversely affect the Funds' and/or the investment accounts' net interest income.

Further, Piton may invest in adjustable-rate mortgages or securities collateralized by such adjustable-rate mortgages for the Funds and/or the investment accounts. These types of investments are typically subject to periodic and lifetime interest rate caps, to which the Funds' and/or the investment accounts' borrowings may not be subject. Accordingly, in a period of rapidly increasing interest rates, the interest rates paid on the Funds' and/or the investment accounts' borrowings could increase without limitation, while caps on mortgages could limit the interest rates on the Funds' and/or the investment accounts' investments in adjustable-rate mortgages. Further, some adjustable-rate mortgages may be subject to periodic payment caps on the mortgages that result in a portion of the interest being deferred and added to the principal outstanding. This could have a materially adverse effect on the Funds and/or the investment accounts.

Counterparty Risk. The Funds and/or the investment accounts will be exposed to the credit risk of the banks, brokers, dealers, exchanges, swap counterparties, and other counterparties through which they deal. The Funds' and/or the investment accounts' prime brokers or other financing counterparties will hold assets, including assets held as collateral for margin loans or other financing provided to the Funds and/or the investment accounts. If a prime broker or counterparty becomes insolvent, the assets and/or collateral of the Funds and/or the investment accounts held by such prime broker or counterparty may not be recoverable by the Funds and/or the investment accounts.

The Funds and/or the investment accounts are also subject to risk of loss of their assets on deposit with a custodian in the event of the custodian's bankruptcy, the bankruptcy of any clearing broker through which the broker executes and clears transactions on behalf of the Funds and/or the investment accounts, or the bankruptcy of an exchange clearing house. In addition, although the U.S. Commodity Exchange Act requires a commodity broker to segregate the funds of its customers, if a commodity broker fails to properly segregate customer funds, the Funds and/or the investment accounts may be subject to a risk of loss of their funds on deposit with such broker in the event of such broker's bankruptcy or insolvency. The Funds and/or the investment accounts are also subject to risk of loss of their funds on deposit with non-U.S. brokers because non-U.S. regulatory bodies do not uniformly require such brokers to segregate customer funds. The Funds and/or the investment accounts may be required to post margin for their foreign exchange transactions with foreign exchange dealers who are not required to segregate funds (although such funds are generally maintained in separate accounts on the foreign exchange dealer's books and records in the name of the Funds and/or the investment accounts). Under certain circumstances, such as the inability of another customer of the commodity broker or non-U.S. exchange dealer or the commodity broker or non-U.S. exchange dealer itself to satisfy substantial deficiencies in such other customer's account, the Funds and/or the investment accounts may be subject to a risk of loss of their funds on deposit with such broker or dealer, even if such funds are properly segregated.

In the case of the bankruptcy of a broker-dealer through which the Funds and/or the investment accounts deal, the bankruptcy of a counterparty to a swap transaction, or a customer loss as described in the foregoing paragraph, the Funds and/or the investment accounts might not be able to recover any of their assets held, or amounts owed, by such person, even property or amounts specifically traceable to the Funds and/or the investment accounts, and, to the extent such assets or amounts are recoverable, the Funds and/or the investment accounts might only be able to recover a portion of such amounts. Further, even if the Funds and/or the investment accounts are able to recover a portion of such assets or amounts, such recovery could take a significant period of time. Prior to any such recovery,

the Funds and/or the investment accounts may be unable to trade any positions held by such person, to transfer any positions and cash held by such person, or have transparency with respect to the positions held by such person on behalf of the Funds and/or the investment accounts. This could both hinder Piton's ability to provide sufficient risk management with respect to the Funds' and/or the investment accounts' portfolio and result in significant losses to the Funds and/or the investment accounts.

In addition, even if the Funds and/or the investment accounts are able to recover all of their assets, Piton may not be able to fully resume trading for the Funds and/or the investment accounts for some period of time due to their reliance on the insolvent broker-dealer for exchange connectivity and other services. The Funds' and/or the investment accounts' reliance on a single counterparty is likely to be heightened in any new markets where the Funds and/or the investment accounts trade, at least for some period of time following the Funds' and/or the investment accounts' expansion of trading into those markets.

Even if a counterparty remains solvent, the Funds and/or the investment accounts may be materially adversely impacted if the counterparty fails to adequately perform its duties and obligations. The Funds and/or the investment accounts rely on service providers for certain key activities (including, without limitation, trading, market data, and reconciliation), and, in some cases, the Funds' and/or the investment accounts' reliance is concentrated in a particular service provider or group of service providers. Failure of one of these key service providers to perform as expected could negatively impact the Funds and/or the investment accounts.

Effect of Speculative Position Limits. The CFTC and various exchanges have rules limiting the maximum long or short positions which any person or group may own, hold or control in any given futures contract or option on such futures contract. Any such limits may prevent the Funds and/or the investment accounts from acquiring positions that might otherwise have been desirable or profitable. In addition, in applying such limits, the CFTC and some exchanges require aggregation of the positions owned, held or controlled by certain related entities. The activities of Piton on behalf of the Funds and/or the investment accounts will be conducted separately from the activities of Piton and its affiliates. However, in applying such limits, the CFTC and some exchanges will require aggregation of the Funds' and/or the investment accounts' positions in futures and options on futures with positions held by other entities managed by Piton. In addition, it is possible that, in applying such limits, the CFTC and some exchanges will require aggregation of the Funds' and/or the investment accounts' positions in futures or options on futures with positions held or controlled by other entities affiliated with the Piton.

In addition, pursuant to the Dodd-Frank Act, the CFTC recently adopted position limit rules for futures and options contracts on 28 agricultural, energy and metal commodities, along with economically equivalent futures, options and swaps that, among other things, incorporate more restrictive aggregation criteria. Although a Federal District Court judge recently issued a decision and order which vacated these rules and remanded them to the CFTC for further consideration, the CFTC may seek to appeal this decision or may adopt new rules, which may restrict the activities in which Piton may engage on behalf of the Master Fund. Any additional rules or rule amendments adopted by the CFTC in the future may hinder Piton's ability to trade such contracts and could have an adverse effect on the operations and profitability of the Funds and/or the investment accounts.

Exchange-Traded Funds. The Funds and/or the investment accounts may invest in ETFs for hedging or speculative purposes. While an investment in an ETF is generally expected to have low volatility and to have a positive correlation to the performance of broader markets, an investment in an ETF that is specific to an industry or sector may have higher volatility and lower correlation to the performance of broader markets. Authorized

participants (who are authorized to create ETFs from their constituent instruments and redeem ETFs into their constituent instruments) manage the supply and demand of ETFs. If an ETF's constituent instruments become difficult to buy or sell or an authorized participant, for another reason, destabilizes the supply and demand balance of an ETF, the liquidity of the ETF may be adversely affected, and the performance of the ETF may cease to track the prices of its constituent instruments, which could have an adverse effect on the Funds and/or the investment accounts if they are trading ETFs at such time. In addition, if the Funds and/or the investment accounts invest in ETFs, they will be subject to fees (including, without limitation, management fees and/or distribution fees) in respect of their investment in an ETF, which will not offset the management fee and or other fees to which members will be subject in respect of their investment in the Fund and/or the investment accounts. Moreover, as ETFs are investment companies that are registered under the 1940 Act, the Funds and/or the investment accounts (as private investment funds) will be limited in the percentage of any single ETF that they can acquire.

Money Market and Other Liquid Instruments. The Funds and/or the investment accounts may, from time to time, hold cash, cash equivalents, U.S. Treasury securities, and other short-term securities, or money market funds to attempt to minimize and manage counterparty exposure, minimize volatility caused by adverse market, economic, or other conditions pending investment, in order to fund anticipated redemptions or expenses, or for such other reasons as determined by Piton in its sole discretion. Any such temporary or defensive positions could prevent the Funds and/or the investment accounts from achieving their investment objective.

While the net asset value per share of money market funds generally remains stable at \$1 per share, such funds nevertheless remain subject to interest rate shifts, major credit quality downgrades, and/or unanticipated and rapid redemptions. In addition, money market funds may experience losses if the federal funds rate drops below the expense ratio of the fund. In 2008, the share price of one fund fell below \$1 per share, which caused many institutional investors in the relevant fund to panic and redeem their shares. This led to massive devaluation of the shares of the relevant fund and substantial losses to investors. In the event that the net asset value per share of a money market fund in which the Funds and/or the investment accounts invest falls below \$1, the Funds and/or the investment accounts may experience substantial losses. In addition, money market funds may, in the future, become subject to increased regulation by the SEC or other regulatory agencies. For example, new rules are expected to take effect in 2016 which require institutional funds to report daily changes in the net asset value of a money market fund. Compliance with such new, or future, regulation could subject the relevant money market fund to increased costs of compliance, which in turn may have an adverse effect on the Funds and/or the investment accounts.

Options. The Funds and/or the investment accounts may trade options from time to time. Although options may be used as a hedge against changes in market conditions, trading in options may also be speculative. Options transactions may be highly leveraged and gains and losses are therefore magnified. There could be adverse consequences to the Funds and/or the investment accounts in options transactions, for example, if Piton's prediction of movements in the direction of the securities markets is inaccurate. If the Funds and/or the investment accounts were to write an uncovered call option, the Funds and/or the investment accounts would be subject to the risk of unlimited loss.

Credit Default Swaps. The Funds and/or the investment accounts may enter into credit default swaps in the future. Investing in credit default swaps involves various risks, including, without limitation, credit risk relating to the reference entity or entities, counterparty credit risk, risk relating to the use of leverage, legal risk relating to documentation of credit default

swaps, risks relating to operational error, market risk, liquidity risk, regulatory risk (including the risk that the credit default swaps market will be subject to significant regulation as a result of the Dodd-Frank Act, increased margin requirements, or mandatory centralized clearing and execution), and settlement risk.

Credit default swaps are generally either “physically settled” or “cash settled.” Physical settlement upon a credit event generally entails the actual delivery by the buyer of the reference asset (which may be a bond, instrument, or security) to the seller in exchange for the payment of the full par value of the reference asset. In circumstances in which physical settlement is required, when the Funds and/or the investment accounts are the credit default swap buyers and do not own the debt securities that are deliverable under the credit default swap, the Funds and/or the investment accounts will be exposed to the risk that deliverable securities will not be available in the market, or will be available only at unfavorable prices, as would be the case in a so-called “short squeeze.” While credit default swap market auction protocols reduce this risk, it is still possible that an auction will not be organized or will not be successful.

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 Firm’s affiliate, Piton GP LLC, serves as the general partner of the Master Fund and the Managing Member of the Onshore Fund.

Piton is registered as a Commodity Pool Operator with the CFTC and is a NFA member. Piton relies on a self-executing exemption from registration as a Commodity Trading Advisor.

Piton has executed a master services agreement to provide administrative and back office consulting services to Natara Capital Management, LP, a Delaware limited partnership. Peter Chapman, a Partner of Piton, is the Chief Investment Officer of Natara Capital Management, LP.

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

Code of Ethics Pursuant to Rule 204A-1 of Advisers Act

Piton has adopted a Code of Ethics (the “Code”) pursuant to Rule 204A-1. Rule 204A-1 requires the Firm to establish, maintain and enforce a written code of ethics that (i) sets the standard of business conduct that the Firm requires of its employees (ii) requires employees to comply with applicable federal securities laws, and (iii) contains provisions regulating personal securities transactions by employees. Piton will provide a copy of the Code to any Investor or prospective Investor upon request.

The Code governs personal trading activities by Piton’s employees and their immediate family members living in the same household. The Code requires employees to report all personal trades on at least a quarterly basis and provide initial and annual holdings reports to the CCO. Employees are responsible for pre-clearing any and all transactions on Piton’s

Restricted List and any initial public offering with the CCO (and the CCO must pre-clear with the Portfolio Manager).

In addition to restrictions on personal trading, Piton also maintains policies and procedures that address and place limits on the giving and receiving of gifts and entertainment, the making of political contributions, service on outside boards of directors and other outside business activities. Employees are required to certify to their compliance with the Code on a periodic basis.

Piton also maintains insider trading policies and procedures that are designed to prevent the misuse of material, non-public information. Employees are required to certify their compliance with Piton's insider trading policies and procedures on a periodic basis.

Item 12: Brokerage Practices

Piton is responsible for placing all orders for the purchase and sale of securities for the Funds and investment accounts. In selecting broker-dealers through whom to effect transactions, the Firm will consider a number of factors, including price, dealer spread or commission, if any, size of the transaction, difficulty of execution and the value and quality of any research, statistical, quotation or valuation services provided by the broker-dealer. Research services provided by broker-dealers may include advice, either directly or through publications or writings, as to the value of securities, the advisability of purchasing or selling securities, the availability of securities or purchasers or sellers of securities, and analyses and reports concerning issuers, industries, securities, economic factors and trends and investment strategy.

Piton may select a broker-dealer that furnishes the Firm directly or through correspondent relationships with research (including third party research) or other services which provide, in Piton's view, appropriate assistance to the Firm in the investment decision-making process. Such research or other services may include research reports on companies, industries and securities; economic and financial data; economic surveys and analyses; recommendations as to specific securities; financial publications; computer data bases; quotation equipment and services; and research-oriented computer software and other services. In some circumstances, the commissions paid on transactions with broker-dealers or merchants providing such services may exceed the amount another broker-dealer or merchant would have charged for effecting such transactions. The use of commissions or "soft dollars" to pay for such research or other services, whether provided directly or indirectly, may be utilized, to the extent permissible under applicable law, including, without limitation, Section 28(e) of the U.S. Securities Exchange Act of 1934, as amended, for the benefit of the Funds and/or the Piton's other accounts (including accounts that do not pay such commissions or "soft dollars"). The Firm believes that such research or other services may provide the Funds and investment accounts with benefits by supplementing the research and services otherwise available to the Funds and investment accounts. "Soft dollars" may be generated in various trading activities, including, among others, agency transactions, fixed-price offerings and over-the-counter principal transactions. Piton currently does not have any soft dollar arrangements.

If Piton receives products or services from broker-dealers or merchants that are used both for research purposes and for administrative or other non-research purposes, it will make a good faith effort to determine the relative proportions of such products or services which may be considered as investment research, based primarily on anticipated usage, and will pay for the costs attributable to the non-research usage in cash.

The purchases and sales of securities for the Funds may be aggregated or bunched with orders for other accounts managed or advised by Piton. Piton, however, is not required to bunch or aggregate orders if portfolio management decisions for different accounts are made separately, or if Piton determines that bunching or aggregating would be inconsistent with its investment management duties or with client direction.

Item 13: Review of Accounts

The portfolios of the Funds and the Boothbay Fund Investment Accounts are reviewed on a continual basis by the senior management of Piton to assure conformity with investment objectives and guidelines. Piton engages in active management for the Funds and the Boothbay Fund Investment Accounts and accordingly reviews the transactions, positions and cash balances on a daily basis.

Piton engages an independent administrator to send monthly account statements to Fund Investors. Investors receive audited financial statements on an annual basis.

Item 14: Client Referrals and Other Compensation

Piton entered into written agreements with third parties who solicit potential Investors on behalf of the Firm. When entering any such agreement, Piton complies with all applicable securities requirements including Rule 206(4)-3 under the Advisers Act. Typically, the solicitor will receive a percentage of the revenue generated from the management of the assets of the referred Investor. Investors are not responsible for any part of the compensation paid to the solicitors.

Item 15: Custody

With respect to the Funds, Piton is deemed to have custody over the Funds' assets for purposes of Rule 206(4)-2 under the Investment Advisers Act of 1940, as amended (the "Custody Rule"). In accordance with the Custody Rule, a qualified custodian will not be required to deliver quarterly account statements to the Funds or their respective Investors as long as (i) the Funds are audited by an independent public accountant that is registered with, and subject to inspection by, the Public Company Accounting Oversight Board, (ii) the Funds' audited financial statements are prepared in accordance with U.S. generally accepted accounting principles, and (iii) Piton delivers such annual audited financial statements to investors within 120 days after the end of each Fund's fiscal year.

With respect to the Boothbay Fund Investment Accounts, Piton is not deemed to have custody at the Firm shall at no time have custody or physical control of the assets and cash.

Item 16: Investment Discretion

Piton has discretionary authority to determine, without obtaining specific consent, securities to be bought or sold, the amount of securities to be bought or sold, broker-dealer to be used and the commission rates to be paid. Any limitations on authority are included in each Fund and investment accounts governing documents and/or offering documents, as applicable.

Item 17: Voting Client Securities

Piton has established proxy voting policies and procedures designed to ensure that proxies are voted in the best interest of the Funds. When voting proxies, Piton must identify and address material conflicts that may arise between the Firm's interests and those of the Funds.

Although it is unlikely that Piton will be requested to vote proxies (because of the type of fixed income securities that it generally makes investment in), nevertheless, Piton will vote proxies as it deems necessary or appropriate, on a case by case basis. Prior to voting, Piton will make a determination as to whether a material conflict of interest exists and will either resolve the conflict or refer the proxy vote to an outside service for its independent consideration. The CCO will conduct a periodic review of the proxy voting and/or corporate action records to confirm that proxies are voted according to the Firm's policies and records are appropriately maintained.

In the absence of a material conflict, Piton will seek to act solely in the best interests of the Funds. Piton determines whether and how to vote proxies on a case-by-case basis. In making

such determination, Piton: (i) will attempt to consider all aspects of the vote that could affect the value of the issuer or that of the relevant Fund, (ii) will vote in a manner that it believes is consistent with the relevant Fund's stated objectives, (iii) will generally vote in accordance with the recommendation of the issuing company's management on routine and administrative matters, unless Piton has a particular reason to vote to the contrary, and (iv) may not vote at all to the extent the outcome of the vote or action does not have a material impact on the issuer or value of its securities.

Piton is not authorized to vote or grant proxies with respect to any positions in the investment accounts.

Investors may request a copy of Piton's proxy voting policies, as well as relevant proxy voting records, by contacting the CCO.

Item 18: Financial Information

Piton 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.