

**Item 1: Cover Page**

# **Skye Global Management LP**

## **Part 2A of Form ADV**

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This Brochure provides information about the qualifications and business practices of Skye Global Management LP (“Skye Global” or the “Adviser”). If you have any questions about the contents of this brochure, please contact us at (212) 256-8922. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Skye Global has filed an SEC registration application as a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an investment adviser provide you with information based on which you determine to hire or retain an investment adviser.

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

## **Item 2: Material Changes**

The Adviser is providing the annual update to the Brochure for the fiscal year ended December 31, 2017. A summary of the material changes made to this Brochure since the date of the last filing is set forth below:

- The Adviser had a change in Assets Under Management, reflected in Item 4.
- The Adviser designated Rick Muller as the new Chief Compliance Officer in place of James Sterne.

Future Disclosure Brochure filings will address “material changes” since the date of this filing concerning the Adviser, which will either be delivered, or offered for delivery to clients. A copy may also be downloaded from the SEC’s website, [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Nevertheless, investors and clients are encouraged to review this brochure in its entirety. The information set forth in this brochure is qualified in its entirety by the applicable offering and governing documents. In the event of a conflict between the information set forth herein and the applicable offering and governing documents, the information set forth in the applicable offering and governing documents shall control.

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

Skye Global Management, L.P. (the “Skye Global”) is an investment advisory firm organized as a limited partnership under the laws of the State of Delaware. James Sterne, the principal owner of Skye Global, founded the company in February 2016. Skye Global Management GP, LLC is the general partner of Skye Global and is controlled by Mr. Sterne.

Skye Global provides investment advisory services on a discretionary basis to high net worth individuals and institutional investors through a privately offered pooled investment vehicle (the “Fund” or “Funds”), and separately managed accounts (the “Managed Accounts”, and collectively, the “Client” or “Clients”).

In providing such services to the Clients, Skye Global has discretion to formulate investment objectives, direct and manage the investment and reinvestment of the Clients’ assets.

Terms of investments, including Client objectives, limitations and strategies are governed exclusively by the terms of the private placement memorandum, operating agreement, and/or an investment management agreement (collectively, the “Governing Documents”). Skye Global offers the same suite of services to all of its clients. However, specific client investment strategies and their implementation are dependent upon the client investment objectives. Managed Account clients may impose restrictions on investing in certain securities or types of securities. Investors in the Fund (“Members”) cannot generally place investment restrictions on Skye Global and may not tailor Skye Global’s advisory services to their individual needs.

Please see Item 8 (Methods of Analysis, Investment Strategies, and Risk of Loss) for more information.

As of the date of this Brochure, Skye Global has \$321,848,555 in discretionary assets under management.

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

Skye Global typically receives compensation from the Clients from the following sources: (a) fees based on a percentage of assets under management; (b) fees based on a percentage of the performance of the Client accounts. Fees for Managed Account clients are negotiable. Skye Global may enter into side letter agreements with some Members in the Fund varying the terms of their investment, including lower fee arrangements. Current and prospective clients should carefully review all fees charged by Skye Global.

##### **Management Fee:**

In consideration for its services to the Fund, Skye Global is generally entitled to a management fee at an annual rate of 1.5% per annum of each Member’s capital account balance (the “Management Fee”). Skye Global, at its sole discretion may offer to certain initial investors an interest in the Fund with preferential fee terms (“Founder Interest”). For more details regarding the Management Fee and different interests in the Fund, please refer to the applicable Fund Governing Documents.

Generally, the Management Fee is calculated and paid each calendar quarter in advance. The General Partner may reduce or eliminate the Management Fee with respect to any Member in its sole discretion. Skye Global and its affiliates will not be charged any Management Fee with respect to their interests in the Fund.

##### **Performance Allocation:**

Subject to certain terms and limitations disclosed in the Governing Documents, Skye Global LLC, an affiliate of Skye Global is entitled to receive performance based compensation (the “Performance Allocation”) in an amount equal to 20% of the net capital appreciation attributable to each Member’s capital account in the Fund (after taking into account expenses of the Fund, including any Management Fees). The Performance Allocation is payable annually after year-end or at the time the Member withdraws from the Fund if before year-end. The Performance Allocation will be calculated on the basis of the aggregate balance in a Member’s capital account, irrespective of how many or when capital contributions are made to such capital account by such Member.

The Performance Allocation is subject to what is commonly known as a “high water mark.” That is, if a Client account underperforms during a calendar year, the net underperformance will be recorded and carried forward to future calendar years (such amount is referred to as the “Loss Carryforward”), and Skye Global will not receive the Performance Allocation for future calendar years until the Loss Carryforward amount has been recovered (i.e., when the Loss Carryforward amount has been exceeded by the cumulative net outperformance in the calendar years following the Loss Carryforward). Once the Loss Carryforward has been recovered, the Performance Allocation shall be based on the excess net capital appreciation over the Loss Carryforward amount, rather than on all net capital appreciation. The “high water mark” procedure prevents Skye Global from receiving the Performance Allocation for net capital appreciation that simply restores previous underperformance and is intended to ensure that the Performance Allocation is based on the long-term performance of the Clients’ account.

Managed Account clients are also subject to the Management Fee and Performance Allocation described above. The size of the fee may vary by client, based on a client’s investment objectives and limitations.

Skye Global deducts fees directly from the Client accounts. If a client terminates their managed account agreement or withdraws part of the balance from the managed account before the end of a calendar quarter, Skye Global will reimburse a pro rata of any fees collected in advance based on the number of days remaining in the quarter.

Skye Global renders its services to the Clients at its own expense and is responsible for its overhead expenses including: office rent; utilities; furniture and fixtures; stationery; secretarial/internal administrative services; salaries and bonuses; entertainment expenses; employee insurance and payroll taxes.

#### *Other Expenses Charged to the Clients:*

Expenses described below are general in nature and not intended to be exhaustive. For more information regarding expenses associated with investing in the Fund, please refer to applicable Fund Governing Documents. Managed Account expenses vary by client and are negotiated directly with each prospective client prior to commencement of advisory services.

Members are subject to the following expenses associated with their investments in the Fund, in addition to the Management Fee and Performance Allocation described above: the organizational and initial offering costs of the Fund, including legal, accounting, printing, marketing and comparable expenses (not including any placement fees). These expenses are expected to be amortized for net asset value purposes in 60 equal monthly installments from the date on which the Fund first accepts subscriptions. However, the Manager

may accelerate the amortization of such expenses. In the event that Skye Global absorbs any of these costs, it will be reimbursed (without interest) by the Fund.

Each Member bears the Fund's pro rata share of operating expenses that include, but is not limited to: (i) brokerage commissions and other costs of executing transactions, including externally incurred costs of establishing computer and systems connections with the Fund's brokers and counterparties; (ii) the installation, implementation and maintenance of order management and execution management systems and software; (iii) investment expenses and all other expenses (including, without limitation, all commissions, clearing fees, valuation and portfolio pricing, interest charges, financing charges and applicable withholding and other taxes) related to the purchase, sale, transmittal or custody of trading assets and related items, as well as costs and expenses associated with obtaining and maintaining U.S. and non-U.S. firm and individual regulatory licenses and exchange memberships; (iv) the costs of trading, research and/or data screens, as well as risk management and data services and systems (including, without limitation, the costs of utilizing and/or supporting risk-reporting technology required by consultants retained by or on behalf of institutional investors); (v) tax preparation and fees and expenses; (vi) any taxes and duties payable in any jurisdiction in connection with the Fund's trading and operations; (vii) custody fees and expenses; (viii) insurance premiums (including, without limitation, Errors & Omissions, Directors & Officers and general liability insurance, including for the Skye Global; (ix) legal, accounting, auditing and other professional fees and expenses, including, without limitation, the costs of negotiating trade-related and account-specific counterparty documentation, and risk, intellectual property-related, and other consulting fees that are related to the Fund and its operations; (x) administrative costs (including, without limitation, the fees and out-of-pocket expenses of the Fund Administrator (as defined below) and its agents as well as any other third-party administrator which Skye Global may select for the Fund), establishing computer and systems connectivity with the Administrator and other third-party service providers, paying agency, transfer agency, accounting verification (if any) and/or investor registrar services and the costs of middle-office and back-office support as provided by the Administrator; (xi) the costs and fees attributable to any third-party proxy voting service or consultant; (xii) the cost and fees attributable to third-party consultants which provide advice to Skye Global relating to the operation of the Fund (other than in respect of its investment strategies); (xiii) any other operating or administrative expenses related to accounting, research, third-party consultants and reporting that are related to the Fund and its operations; (xiv) costs and expenses relating to the Fund's and the Skye Global' U.S. and non-U.S. registration, regulatory and self-regulatory filings (including, without limitation, Forms 13D, 13F, 13G, 13H, PF, ADV, CPO-PQR and other filings and reports, the preparation and submission of which currently or in the future may be required of Skye Global under applicable Law), reporting, registrations and memberships, compliance, including, without limitation, costs of compliance programs, third-party compliance consultants, actual and "mock" examinations, regulatory and governmental inquiries, subpoenas and any threatened, pending or completed action, arbitration, claim, demand, dispute, investigation, lawsuit or other proceeding (each, a "Proceeding") (in each case, whether involving the Fund or the Manager/Adviser in its capacity as manager/investment manager of the Fund); (xv) investment research expenses (including, without limitation, research-related travel and due diligence expenses related to research-vendor selection and the costs of research-related publications and periodicals); (xvi) due diligence expenses related to maintaining service-provider relationships with the Fund (including any travel-related due diligence costs); (xvii) costs associated with the ongoing offering of the Fund; (xviii) costs resulting from any entities used in the course of the Fund's trading and investing; (xix) exchange rate and other hedging costs; and (xx) any indemnification payments.

A portion of the commissions generated on the Fund's brokerage transactions may generate "soft dollar" credits that Skye Global is authorized to use to pay brokers and other providers for research and other research related services and products used by Skye Global. See Item 12 for more information.

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

As discussed in Item 4, the affiliate of Skye Global is entitled to receive a performance allocation from the Clients. These payments are subject to Section 205(a) (1) of Investment Advisers Act of 1940, as amended (the "Advisers Act"), in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3.

Performance-based fees or compensation, in general, may create an incentive for Skye Global or its supervised persons to make investments that are riskier and more speculative than would be the case in the absence of a performance-based fee. Such fee arrangements may also create an incentive to favor higher fee paying clients over other clients in the allocation of investment opportunities. To the extent that any such conflict were to arise, in order to address such conflict(s), Skye Global has implemented policies and procedures to ensure that all Clients receive equitable and fair treatment consistent with Skye Global's fiduciary duty.

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

As mentioned in Item 4, Skye Global provides investment advisory services to managed accounts and private investment funds. Interest in the Funds is offered only to sophisticated and qualified investors, including but not limited to: high-net-worth individuals, family offices and institutions.

The minimum investment in the Fund is \$1,000,000, although Skye Global may elect to accept a lesser amount in its sole discretion.

Skye Global does not have a set minimum to open a managed account.

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

##### Methods of Analysis and Investment Strategies

Set forth below are summaries of the strategies primarily employed by Skye Global. The Clients' investment portfolios may participate in one or more of such asset categories and strategies as described in applicable offering materials and the governing agreements. The Clients' investment portfolios may also differ based on geographical focus, liquidity needs and other considerations.

Skye Global's primary investment objective is to invest long term in what it believes to be structurally superior businesses with untapped pricing power and limited exposure to macro/political risks. Skye Global seeks to deliver superior risk-adjusted returns through the speculative investing and trading, directly and indirectly, of various securities, derivatives and other assets by implementing a variety of long/short equity as well as global macro strategies. Skye Global intends for the Clients' portfolio to be focused on global equities and informed by Skye Global's emphasis not only on issuer-specific but on geopolitical and macro analysis to understand position downside. Skye Global will implement single-name short selling, and attempt to limit drawdowns through portfolio hedging.

In managing the Clients' portfolio, Skye Global will apply fundamental research through differentiated sourcing and due diligence processes. Skye Global will emphasize geopolitical and macro analysis to understand position downside, implement single-name short selling and limit drawdowns through portfolio hedging. The portfolio predominantly will consist of long investments in issuers which Skye Global analyzes as being durable, cash-generating businesses with unusual pricing power and limited exposure to macro/political risks. Skye Global may invest in any sector or industry. These basic strategies of Skye Global are complemented by the portfolio manager's emphasis on a dynamic short book and hedges to protect against recessions and macro shocks. Skye Global will position the Clients' portfolio so as to accept volatility with the objective of long-term superior returns.

Fundamental research into a prospective portfolio company will be the cornerstone of Skye Global's investment decision-making process. Such fundamental research will include: frequent interviews with the management team; discussions with suppliers, customers and competitors; a detailed review of financial statements; and an understanding of market research and valuation methodology as applied to the company.

**SKYE GLOBAL'S INVESTMENT STRATEGY INVOLVES A HIGH DEGREE OF BUSINESS AND FINANCIAL RISK THAT CAN RESULT IN SUBSTANTIAL LOSSES AND IS SUITABLE ONLY FOR INVESTORS PREPARED TO BEAR SUCH RISK. THE RISKS FACTORS BELOW ARE NOT INTENDED TO BE EXHAUSTIVE. PROSPECTIVE CLIENTS SHOULD ALSO CAREFULLY REVIEW THE RISKS DESCRIBED IN THE APPLICABLE CLIENT'S OFFERING DOCUMENTS:**

*Dependence on Skye Global*

The Clients must rely on the ability of Skye Global to manage the Clients' trading and investment program. Skye Global, in turn, depends on the services of certain key personnel. The loss of Skye Global's services could be material and adverse to the Clients' and would likely result in the premature termination of the advisory relationship.

*Dependence on Skye Global's Personnel*

The success of the Clients' portfolio depends upon the ability of Skye Global's personnel to develop and implement, as well as allocate the Clients' capital among investment strategies in an attempt to achieve the Clients' investment objectives. If Skye Global were to lose the services of Skye Global's personnel, the consequences to the Clients' could be material and adverse, and would likely lead to the premature termination of the advisory relationship.

*Long/Short Equity*

The long/short equity strategies in which Skye Global will engage involve investing and trading long and/or short positions in equity securities in U.S. and international sectors and sub-sectors. Long positions will be focused on companies whose securities Skye Global believes are trading below their respective company's intrinsic value and are capable of exceeding consensus financial performance expectations. The Fund's portfolio will include short positions in securities of companies which, in the view of Skye Global, are overvalued by the market and are likely to deliver financial results that are below consensus expectations and/or indicate deteriorating financial conditions. Short positions



will serve the dual purpose of providing profit opportunities in their own right as well as hedges against existing long positions or declining markets.

### *Global Macro*

Global macro strategies seek to analyze shifts in macroeconomic trends and attempt to capitalize on directional opportunities across a broad spectrum of markets, asset classes and financial instruments. In its fundamental analysis, Skye Global assesses underlying economic factors in an attempt to identify mis-pricing between prevailing market and fundamental values and/or situations where countries, asset classes or investment assets are relatively under — or over — valued. Supply and demand, regulatory, political and financial market factors are analyzed, as are trade balances and other macroeconomic factors.

Skye Global's global macro approach will focus on macroeconomic and geopolitical risks for each position with a recognition of market technicals and momentum. Skye Global intends to make dynamic use of index hedges and specific macro instruments in an effort strictly to manage risk and limit individual losses.

### *Investment Judgment; Market Risk*

The profitability of a significant portion of Skye Global's investment program depends to a great extent upon correctly assessing the future course of the price movements of securities and other investments. There can be no assurance that Skye Global will be able to predict accurately these price movements. With respect to the investment strategy utilized by the Fund, there is always a degree of market risk.

### *Inflation*

There has been an unusually low rate of inflation in the United States and most other developed economies for some time. At the same time, the central governments have been injecting unprecedented amounts of financial stimulus into these economies — historically a recurring cause of serious inflation. Were significant inflation to occur, the effect on Skye Global's strategy could be materially adverse — while unpredictable, stocks have traditionally been considered a form of "hedge" against inflation, but that is not always the case (particularly in the case of any individual stock) and the Funds will take short as well as long positions.

### *Systemic Risk*

The events of late 2008 demonstrated the systemic risk of a general loss in confidence, or simply uncertainty, concerning the stability of financial institutions in general. It is difficult, if not impossible, for any counterparty to know the financial condition of another counterparty in detail, and in a scenario in which a major investment bank declares bankruptcy, resulting in lasting uncertainty concerning, and material losses of, its customer funds, financial institutions can suddenly cease ordinary course dealings with each other, resulting in "credit freezes," the inability to refinance short-term borrowings and general dysfunction of the financial markets.

Many other highly successful financial market participants sustained major losses as a result of the systemic dysfunction of the global financial system following the Lehman Brothers bankruptcy. There can be no assurance that such disruptions will not recur or that the Funds will not incur major losses as a result.

#### *Availability of Suitable Investments*

While Skye Global believes that there are currently available many attractive investments of the type in which the Funds currently invest, there can be no assurance that such investments will continue to be available for the Funds' investment activities, or that available investments will meet the Funds' investment criteria.

#### *No Formal Diversification Policies*

Generally, Skye Global is not restricted as to the percentage of the Clients' assets that may be invested in any particular country, issuer or industry.

#### *Importance of Market Judgment*

Skye Global's strategies are by no means wholly quantitative or systematic; the subsequent market judgment and discretion of Skye Global's personnel are instrumental to the implementation of its investment strategies. Generally, the greater the importance of subjective factors to a trading strategy, the more unpredictable its results.

#### *Hedging*

Skye Global is not obligated to enter into any hedging transactions. Skye Global does not, in general, attempt to hedge most, if any, of the market or other risks of the Clients' positions. Skye Global typically will choose not to hedge the market risks of the Clients' portfolio or determine that hedging is economically unattractive — either in respect of particular positions or in respect of the Clients' overall portfolio. The Clients' portfolio composition commonly results in various directional market risks remaining unhedged. Although the diversification of the Clients' portfolio may control such risks to a limited extent, Skye Global is not subject to any formal diversification policies.

If Skye Global attempts to enter into hedging transactions with the intention of reducing or controlling risk, these hedging transactions, even if successful in achieving their objective, will likely reduce the Clients' returns. Furthermore, hedging strategies may be ineffective in controlling risk, due to unexpected non-correlation (or even positive correlation) between the hedging instrument and the position being hedged, increasing rather than reducing both risks and losses.

To the extent that Skye Global hedges, its hedging positions will generally not be static but rather will be adjusted continually based on Skye Global's assessment of market conditions, as well as the expected degree of non-correlation between the hedges and the component of the Clients' portfolio being hedged. The success of any of Skye Global's hedging strategies depends on Skye Global's ability to implement such strategies efficiently and cost-effectively, as well as on the accuracy of Skye Global's ongoing subjective judgment concerning the appropriate hedging positions to be acquired by the Clients. Furthermore, to the extent that any hedging strategy involves the use of OTC derivatives transactions, such a strategy would be impacted by implementation of the various

regulations adopted pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act (“**Dodd-Frank**”).

### Portfolio Leverage

Skye Global may use leverage, both through its borrowings and through the significant degree of leverage typically embedded in the derivative instruments in Client portfolios. Losses incurred on the Clients’ leveraged investments increase in direct proportion to the degree of leverage employed.

Although Skye Global expects that the Clients’ gross market exposure will generally not exceed 300% of its Net Asset Value, there are no formal limitations on the leverage which Skye Global may employ. From time to time the portfolios may be significantly more leveraged — either purposefully or because of market conditions beyond the control of Skye Global.

Clients will incur interest expense on the borrowings used to leverage their positions. If the gains (if any) earned by the Clients’ portfolio fail to cover such costs, the Clients will incur losses.

Skye Global typically obtains leverage for Client portfolios from securities brokers and dealers, which leverage typically is secured by the Clients’ securities and other assets. Brokers and dealers could liquidate assets held in the account to discharge the Clients’ loan from the counterparty. Liquidation in that manner could have extremely adverse consequences for the Clients. Tightening of credit by lenders and counterparties may have a material adverse impact on the Clients’ portfolio.

### Reliance on Corporate Management and Financial Reporting

Many of Skye Global’s strategies rely on the financial information made available by the issuers to which the Clients have exposure. Skye Global has no ability independently to verify the financial information disseminated by the issuers in which the Clients invest, and depends upon the integrity of both the management of these issuers and the financial reporting process in general. From time to time investors such as the Clients have incurred material losses as a result of corporate mismanagement, fraud and accounting irregularities. Equity securities prices are particularly vulnerable to instances of corporate mismanagement.

### Uncertain Valuations

Skye Global has broad discretion to invest the Clients’ capital and does so in certain cases in instruments which have an uncertain fair value.

Skye Global may acquire a significant position in a given instrument — a position sufficiently large that Skye Global is unable to transact freely in such instrument, due to practical, contractual, legal or regulatory restrictions. The value of such position may be materially less than it would have been in the absence of such restrictions.

The actual timing of a position’s liquidation may materially affect the values obtained on such liquidation, irrespective of the “fair value” of such position.

Skye Global, and its affiliates are entitled to rely, without independent investigation, upon pricing information and valuations furnished by third parties, including pricing services.

The prices which dealers and counterparties quote for certain positions may differ materially from the prices at which such dealers and counterparties would be prepared actually to execute transactions in such positions.

### Volatility

The prices of numerous instruments traded by Skye Global have been subject to periods of excessive volatility in the past, and such periods can be expected to recur. Price movements are influenced by many unpredictable factors.

Although volatility can create profit opportunities for the Clients, it can also create the specific risk that historical or theoretical pricing relationships will be disrupted, causing what should otherwise be comparatively low risk positions to incur potentially substantial losses.

The financial markets experienced dramatically increased volatility in 2008–2010, which may recur in the future. On the other hand, in 2012 the equity markets experienced unusually low volatility, causing many arbitrage and similar strategies (which focus on profiting from the mispricings created in part by market volatility) to incur major losses.

### Stagnant Markets

Although volatility is one indication of market risk, certain components of the investment strategies employed by Skye Global rely for their profitability on market volatility contributing to the mispricings that they are designed to identify. In periods of trendless, stagnant markets and/or deflation, such strategy components have materially diminished prospects for profitability.

### Declining Equity Markets

Although Skye Global takes both long and short positions, the Clients' profit potential may be substantially diminished during market cycles in which there is a general decline in equity instrument price levels.

### Difficulty in Translating Macro Economic Conclusions into Trading Positions

Having reached a macroeconomic conclusion regarding the future price level of a given asset, Skye Global is then faced with the difficulty of identifying an efficient means of acquiring market exposure so as to profit from this conclusion. For example, if Skye Global (hypothetically) concluded that a certain economy was much stronger than the market seemed to indicate, the question would remain as to how best to express this opinion in a trade — for example, purchasing an exchange traded fund focused on such economy or buying related sovereign debt. Not only can it be difficult to find a workable medium through which to express a macro conclusion, but also factors extraneous to that conclusion may influence the pricing of the chosen medium. For example, even though an economy may, in fact, be stronger than is reflected in the market, a long position in the sovereign debt of such economy taken to express this opinion may nevertheless decline in value due to a general rise in interest rates or political tensions.

Skye Global may correctly identify a macro opportunity, but not successfully capitalize on the opportunity — and, in fact, incur material losses — due to the assets chosen in an attempt to exploit such opportunity.

### Trade Execution Risk

Many of the trading techniques used by Skye Global require the rapid and efficient execution of transactions. Inability or failure to execute or inefficient executions can eliminate the small pricing differentials on which Skye Global will seek to capitalize in implementing certain of its strategies and may materially adversely affect the profitability of such strategies.

### The Costs of Frequent Trading

Certain strategies employed by Skye Global require frequent trading, resulting in substantial brokerage commissions and other transaction fees and expenses. These expenses must be offset by investment gains in order for the Clients' portfolio to be profitable.

### Short Sales

Short selling — the sale of securities not owned by the Clients — involves certain additional risks not applicable to other trading strategies. Short selling exposes the Clients to the risk of potentially unlimited losses.

Securities borrowed by Skye Global in connection with a short sale need to be returned to the securities lender on short notice if so requested. If such a request occurs at a time when other short sellers of the same security are receiving similar requests, a “short squeeze” can occur, in which Skye Global might be compelled, at a very disadvantageous time, to replace borrowed securities previously sold short with purchases on the open market, likely at prices significantly in excess of the proceeds received from the earlier short sales.

Securities exchanges have imposed various forms of ongoing and potential trading limitations and may impose additional restrictions in the future. Many of these limitations become effective only after market declines, or increases in market volatility, above a certain level, but any of these limitations could, in unusual circumstances, materially adversely affect the Clients.

### Exchange-Rate Risks

Clients investments denominated in a foreign currency (which are expected to be limited) are subject to the risk that the value of a particular currency will change in relation to one or more other currencies (primarily the U.S. dollar in which the investments generally are denominated). Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in the values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments.

Skye Global may enter into currency forward contracts (agreements to exchange one currency for another at a future date) to manage currency exchange rate risks, to protect against adverse changes in exchange rates and to facilitate transactions in non-U.S. securities. Currency forward contracts involve a risk of loss if Skye Global fails to predict accurately the direction of currency exchange

rates. For example, the Clients may experience a loss if it increases its exposure to a particular currency and that currency's value in relation to the U.S. dollar subsequently falls in value against the U.S. dollar. In addition, forward contracts are not guaranteed by an exchange or clearinghouse, and may involve substantial credit risks.

#### Possible Positive Correlation with Stocks and Bonds

One of the goals in incorporating a non-traditional investment is to provide a potentially valuable element of diversification. However, there can be no assurance, particularly during periods of market disruption and stress, that the performance of Skye Global will, in fact, experience a low level of correlation with a traditional portfolio of stocks and bonds. In 2008–2009, many hedge funds incurred losses generally comparable to, if not greater than, the decline in the S&P 500 Stock Index. Skye Global's concentration on equity and equity-linked markets may increase the likelihood of such correlation.

It appears that during periods when market liquidity contracts, both alternative and traditional investment strategies tend to incur losses. Periods of illiquidity can be expected to recur from time to time, and during such periods the potential diversification benefits of an investment with Skye Global may not be realized. On the contrary, the Clients' portfolio performance may be highly correlated with the performance of traditional portfolio holdings.

**THE FOREGOING LIST OF RISK FACTORS DOES NOT PURPORT TO BE A COMPLETE ENUMERATION OR EXPLANATION OF THE RISKS INVOLVED IN ADVISER'S METHODS OF ANALYSIS AND INVESTMENT STRATEGIES USED IN FORMULATING INVESTMENT ADVICE OR MANAGING ASSETS. PROSPECTIVE CLIENTS SHOULD CAREFULLY REVIEW THE RISKS DESCRIBED IN THE APPLICABLE GOVERNING DOCUMENTS.**

#### **Item 9: Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to investor's evaluation of Skye Global or the integrity of Skye Global's management.

There are no legal or disciplinary events that are material to an evaluation of Skye Global's advisory services or the integrity of its management.

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

Skye Global is not registered, and does not have an application pending to register, as a broker-dealer or registered representative of a broker-dealer. Currently, no employees of Skye Global are registered representatives of a broker-dealer.

Skye Global Management, LP is registered as a commodity pool operator with the U.S. Commodity Futures Trading Commission.

As noted in Item 5, Sky Global, LLC is an affiliate of Skye Global Management, LP. Since Sky Global, LLC is entitled to receive the Performance Allocation from the Clients, this may create an incentive for Skye Global to make investments that are riskier or more speculative than would be the case if such arrangement was not in effect. However, as noted in Item 11, Skye Global has adopted a written Code of Ethics that contains policies and procedures to address conflicts of interest. Under such policies and procedures, Skye Global is required to make investment decisions for the Clients in a manner that is consistent with its fiduciary duties to the Clients.

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

### Code of Ethics and Personal Trading

Skye Global has adopted a written Code of Ethics (the “Code”) predicated on the principle that Skye Global owes a fiduciary duty to its Clients. The Code is designed to address and avoid potential conflicts of interest, and is applicable to all officers, directors, members, partners or employees of Skye Global (the “Employees”), each Employee’s spouse, minor children and other family members living in his or her household (the “Related Persons”), as well as each other individual designated in writing by a compliance officer as being subject to all or a portion of the compliance procedures or policies adopted by Skye Global (collectively the “Access Persons”). Skye Global requires its Employees to act in Clients’ best interests, abide by all applicable regulations, and avoid any action that is, or could even appear to be, legally or ethically improper.

Skye Global requires pre-clearance before purchasing an IPO or limited offering (i.e., private placement); requires periodic reporting of Access Persons’ personal securities transactions and all holdings; places other restrictions on Employee personal trading; and requires prompt internal reporting of Code violations. Skye Global endeavors to maintain current and accurate records of all personal securities accounts of its Access Persons in an effort to monitor all such activity. A copy of Skye Global’s Code is available upon written request.

Certain transactions in which Skye Global engages may require, for either business or legal reasons that no Access Person trade in the subject securities for specified time periods. Such securities will appear on a list (the “Restricted List”) that will be circulated to all Access Persons. No Access Person may engage in any sort of trading activity with respect to a security or a derivative thereof on the Restricted List without obtaining prior written approval from James Sterne.

## **Item 12: Brokerage Practices**

Skye Global is authorized to determine the broker or dealer to be used for the Fund’s securities transactions. In selecting the brokers for the Fund, Skye Global considers such factors as: price; execution capabilities, including efficiency of execution and willingness to execute difficult transactions; financial strength and stability; block trading and block positioning capabilities; reputation; infrastructure; reliability; quality of research products or services and other value-added services.

Section 28(e) of the Securities Exchange Act of 1934 (“Section 28(e)”) provides a “safe harbor” to Advisers who use “soft dollars,” i.e., commissions generated by their advised accounts, to obtain investment research and brokerage services from brokers that provide lawful and appropriate assistance to the manager in

connection with the investment decision-making process. Conduct outside of the safe harbor afforded by Section 28(e) is subject to the traditional standards of fiduciary duty under state and federal law. Skye Global will only enter into arrangements under which it receives products and services in exchange for “soft dollars” if Skye Global believes that the arrangement falls within the safe harbor of Section 28(e). Where a product or service provided has both “eligible” uses under Section 28(e), *i.e.*, uses related to Skye Global’s investment decision-making process, but also has other uses, Skye Global will make a reasonable allocation between the eligible and non-eligible uses and use “soft dollars” only for the eligible portion.

Research and brokerage services obtained by the use of commissions arising from the Fund’s portfolio transactions may be used by Skye Global in its other investment activities. The Fund may not necessarily, in any particular instance, be the direct or indirect beneficiary of the research or brokerage services provided in consideration of the “soft dollar” service generated by the trading of the Fund itself. Skye Global is specifically authorized to direct brokerage to firms that provide such services.

Services constituting “research” under Section 28(e) that Skye Global may receive in connection with the Fund’s trading may include, but are not limited to: newswire and quotation services; research reports; financial newsletters and trade journals; software used to analyze securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; economic and market information; portfolio strategy advice; industry and company comments; technical data; recommendations; information on industries, groups of securities, individual companies, political developments, legal developments affecting portfolio securities and technical market action; statistical information; accounting and legal interpretations relating to Fund transactions; credit analysis; risk measurement analysis and performance analysis. These research services are received primarily in the form of written reports, calls and meetings with research analysts. In addition, such research services may be provided in the form of access to computer-generated data and meetings arranged with corporate and industry spokespersons, economists, academicians and/or government representatives. Products and services constituting “brokerage” under Section 28(e) that Skye Global may receive in connection with the Fund’s trading may include, but are not limited to: services related to the execution, clearing and settlement of securities transactions and functions incidental thereto, such as connectivity services between Skye Global and a broker-dealer and other relevant parties such as custodians; trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; trade clearance and settlement; electronic communication of allocation instructions; routing of settlement instructions; post-trade matching of trade information; and services required by the SEC or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations.

Skye Global need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. Commission rates are generally negotiable, and selecting brokers on the basis of considerations that are not limited to commission rates may result in higher transaction costs than would otherwise be obtainable. Brokers may provide research and brokerage services directly or by paying service providers engaged by Skye Global. In addition, Skye Global may, subject to its best execution policy, trade with certain brokers primarily in consideration for providing research services. In any such case, Skye Global will determine in good faith that the amount of commissions charged is reasonable in relation to the value of the brokerage and research products or services provided by the broker.

Skye Global may, but is not obligated to, enter into arrangements under which certain direct expenses of the Fund are paid with “soft dollars.” Skye Global will enter into such arrangements in situations in which



Skye Global believes that such arrangements are administratively or operationally more expedient and more favorable to the Fund than arrangements under which the Fund pays for the products or services in question with cash. However, such arrangements make it more difficult for Members to evaluate the cost structure of the Fund because the costs of such products or services are not broken out separately.

In addition to any “soft dollar” arrangements that Skye Global enters into with brokers, brokers may provide certain research or other products or services to all of their customers, including Skye Global, without being requested to do so. Similarly, brokers may refer investors to Skye Global. Skye Global may take advantage of the products or services provided rather than producing or paying for them from another provider. Similarly, Skye Global may accept investor referrals from brokers in appropriate circumstances. In these situations Skye Global receives a benefit because it does not have to pay for the products or services, such as research, or because it will receive additional compensation if the Fund accepts new investments.

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

Skye Global performs various daily, monthly and quarterly reviews of the Clients’ portfolios. These reviews will be conducted by James Sterne and certain back office personnel, working for a third-party service provider, who are responsible for confirmations, settlements, and position reconciliation.

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

Skye Global does not receive any economic benefit, including sales awards or prizes, from any third party for providing advisory services to the Funds.

Skye Global may enter into agreements with persons who refer potential investors for certain Clients, including Funds and Managed Accounts, to Skye Global. For their referral services, these persons may receive compensation from Skye Global in the form of a percentage of the management fee and/or performance-based fee or allocation that Skye Global and its affiliates receive from the Clients with respect to the referred investors. All solicitation arrangements that Skye Global has entered into have been designed to be in compliance with Rule 206(4)-3 under Skye Globals Act, as amended. The Clients and their underlying investors are not responsible for any of the fees paid to the referring persons.

### **Item 15: Custody**

Skye Global does not have custody of Managed Account clients’ assets. Such clients receive statements directly from the qualified custodians on a quarterly basis. Clients are urged to carefully review custodian statements and compare the information with reports provided by Skye Global. Information in reports provided by Skye Global to Managed Accounts clients may vary from custodial statements based on accounting procedures, reporting dates or valuation methodologies of certain securities.

Skye Global is deemed, under Rule 206(4)-2 of the Advisers Act, to have custody of the assets of the Fund by virtue of the common control of Skye Global and Skye Global, LLC, the Manager of the Fund. Members of the Fund receive monthly statements from the Fund’s administrator, and Fund audited financial statements within 120 days following the end of the Fund’s fiscal year. Audited financial statements are prepared by an independent accounting firm which is registered and subject to inspection by the Public Company Accounting Oversight Board.

**Item 16: Investment Discretion**

Skye Global exercises discretion in managing the Clients' investments based on the investment objectives, policies, and strategies disclosed in the applicable Governing Documents. Skye Global contractually assumes discretionary authority over the assets of the Fund under an investment management agreement entered into between Skye Global and the Fund.

Skye Global generally will manage client accounts and make investment decisions without consultation with Clients as to when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, what securities to buy or sell, or the price per share.

**Item 17: Voting Client Securities**

Skye Global does not vote proxies for any securities in the Managed Accounts. Skye Global may vote proxies for any securities in the Fund. When Skye Global accepts such responsibility, it will cast proxy votes in a manner consistent with the best interests of its clients. Absent special circumstances, which are fully described in Skye Global's proxy voting policies and procedures, all proxies will be voted consistent with guidelines established and described in Skye Global's proxy voting policies and procedures, as they may be amended from time-to-time. Clients may contact Skye Global to request information about how Skye Global voted proxies for that Client's securities or to obtain a copy of Skye Global's proxy voting policies and procedures.

**Item 18: Financial Information**

Skye Global does not require or solicit prepayment of more than \$1,200, six months or more in advance. Skye Global does not believe it has any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to its Clients. Skye Global has not been the subject of a bankruptcy petition at any time during the past ten years.