

## Castle Hook Partners LP

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**March 30, 2020**

This “**Brochure**” provides information about the qualifications and business practices of Castle Hook Partners LP. If you have any questions about the contents of this Brochure, please contact Sean Rhatigan, our Chief Compliance Officer (“**CCO**”), at 212.698.4719 or by email at [compliance@castlehook.com](mailto:compliance@castlehook.com). Information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“**SEC**”) or by any state securities authority.

This Brochure also relates to Castle Hook Fund GP, LLC (the “**Fund General Partner**”); however, to the extent that the qualifications and business practices of the Fund General Partner are substantially similar to those of Castle Hook Partners LP, no specific mention of the Fund General Partner is made herein.

Castle Hook Partners LP is registered as an investment adviser with the SEC. Registration as an investment adviser does not imply that Castle Hook Partners LP or any of its principals or employees possesses a particular level of skill or training in the investment advisory business or any other business.

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

**Item 2: Material Changes**

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While this update to our brochure contains changes and updates to certain information, there have been no material changes since our last Form ADV Part 2A update, which was filed on March 29, 2019.

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**Item 4: Advisory Business**

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Castle Hook Partners LP is a Delaware limited partnership (hereinafter “**Castle Hook**,” “**we**,” “**us**,” “**our**” or the “**Firm**”) and is an affiliate of Castle Hook Partners GP, LLC (the “**General Partner**”) which serves as the general partner of the of the Firm. Mr. David Rogers and Mr. Joshua (Josh) Donfeld (together, the “**Principals**”) are the Co-Founding Partners of the General Partner. Mr. Rogers is the sole managing member of the General Partner. The General Partner has ultimate management authority over all investments, asset dispositions, distributions and other affairs of the Firm.

Castle Hook has its principal place of business in New York, New York but also has personnel operating out of California.

Castle Hook's Form ADV also covers the Fund General Partner (as defined above). The Fund General Partner is an affiliate of Castle Hook and it serves or may serve as the general partner (or in such similar capacity) of pooled investment vehicles. The Fund General Partner's facilities and personnel are provided by Castle Hook.

Castle Hook serves as the investment adviser, with discretionary trading authority, to the following private pooled investment vehicles: Castle Hook Fund LP, a Delaware limited partnership (the “**Onshore Fund**”), Castle Hook Offshore Fund Ltd., a Cayman Islands exempted company (the “**Offshore Fund**”); Castle Hook Intermediate Fund Ltd., a Cayman Islands exempted company (the “**Intermediate Fund**”), and Castle Hook Master Fund Ltd., a Cayman Islands exempted company (the “**Master Fund**” and, collectively with the Onshore Fund, the Offshore Fund and the Intermediate Fund where applicable, the “**Fund**” or “**Funds**”). The Fund General Partner serves as the general partner of the Onshore Fund and as the manager to the Intermediate Fund.

The Offshore Fund's “**Shareholders**” and the Onshore Fund's “**Limited Partners**” are hereafter collectively referred to as the “**Investors**” where appropriate. We will not tailor our advisory services to the individual needs of any particular Investor.

*This Brochure does not constitute an offer to sell or a solicitation of an offer to buy any securities. The securities of the Funds are offered and sold on a private placement basis under exemptions promulgated under the “**Securities Act**” of 1933 and other applicable state, federal or non-U.S. laws. Significant suitability requirements apply to prospective Investors in the Funds, including requirements that they be “**accredited investors**” as defined in Regulation D of the Securities Act, “**qualified purchasers**” as defined in the Investment Company Act of 1940, or non-“U.S. Persons” as defined in Regulation S of the Securities Act. Persons reviewing this Brochure should not construe this as an offer to sell or a solicitation of an offer to buy the securities of any of the Funds described herein. Any such offer or solicitation will be made only by means of a confidential memorandum.*

Castle Hook utilizes a global opportunistic long/short strategy which seeks to marry a macro approach to analyzing markets and economies with a bottoms-up analytical framework for security selection. Castle Hook's objective is to construct and manage a concentrated portfolio of securities, commodities and/or macro instruments that optimizes risk/reward.

Castle Hook's investment philosophy is based upon a belief that top-down macroeconomic analysis and bottoms-up security analysis should not be two distinct processes. Rather, each is enhanced by the contributions of the other. Castle Hook believes that the best investment opportunities arise when a security is identified that (a) benefits from a powerful macroeconomic trend, (b) has its own idiosyncratic investment merits independent of macro

variables, and (c) exhibits attractive technical characteristics. Castle Hook supplements its primary investment strategy with more opportunistic trading strategies, such as an equity capital markets strategy that seeks to generate returns from participating in new issues and block trades.

For additional details regarding our investment objective and processes, please see Item 8 below and the applicable offering documents for the Funds.

The descriptions set forth in this Brochure of specific advisory services that we offer to our clients, and investment strategies pursued and investments made by us on behalf of our clients, should not be understood to limit in any way our investment activities. We may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that we consider appropriate, subject to each client's investment objectives and guidelines. The investment strategies we pursue are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any client will be achieved.

We do not currently participate in any Wrap Fee Programs.

As of December 31, 2019, we had regulatory assets under management (RAUM) in the amount of \$2,183,481,022, all of which we manage on a discretionary basis.

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

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The fees applicable to each Fund are set forth in detail in each Fund's offering documents. A brief summary of such fees is provided below.

### ***Management Fee***

#### Onshore Fund Management Fee

Generally, the Onshore Fund will pay Castle Hook a fee for investment management services (the "**Management Fee**") for each month equal to between 0.083% to 0.1458% (1.0%-1.75% per annum) of the month-end net asset value of each Investor's capital account for such month. Payment of the Management Fee will be made within 10 days of the last day of each month, or as soon as reasonably practicable thereafter. The precise Management Fee figure is determined in relation to each Investor's class of interests.

In Castle Hook's sole discretion, the Management Fee may be waived, reduced or calculated differently with respect to certain Investors, including the Fund General Partner. The Fund General Partner will not be charged the Management Fee.

#### Offshore Fund Management Fee

Generally, the Offshore Fund will pay Castle Hook a Management Fee for each month equal to between 0.083% to 0.1458% (1.0% - 1.75% per annum) of the month-end net asset value of each series of shares for such month. Payment of the Management Fee will be made within 10 days of the last day of each month, or as soon as reasonably practicable thereafter, but in no event later than March 15th of the subsequent year in which the Management Fee was earned. The precise Management Fee figure is determined in relation to the net asset value of each series of shares of the Offshore Fund.

In Castle Hook's sole discretion, the Management Fee may be waived, reduced or calculated differently with respect to certain Investors.

### ***Performance Compensation***

#### **Onshore Fund Incentive Allocation**

Generally, at the end of each fiscal year of the Onshore Fund, the Fund General Partner is entitled to an incentive allocation (the "**Incentive Allocation**") in an amount equal to between 15%-20% of the net capital appreciation (which includes both realized gains and losses and unrealized appreciation and depreciation of securities held in the Onshore Fund's portfolio) allocated to an Investor's capital account for such fiscal year after deducting the Management Fee debited to such investor's capital account for such fiscal year, subject to a loss carryforward mechanism.

In the event that the Onshore Fund is terminated or an Investor withdraws other than at the end of a fiscal year, then for purposes of determining the Incentive Allocation allocable at such time to the Fund General Partner, net capital appreciation will be determined as if such dates were the end of the fiscal year, subject to certain adjustments. In the sole discretion of the Fund General Partner, the Incentive Allocation may be waived, reduced or calculated differently with respect to certain Investors.

#### **Offshore Fund Incentive Allocation**

Generally, at the end of each fiscal year of the Intermediate Fund, the Class M Shares of the Intermediate Fund (which are held by the Fund General Partner) are entitled to an Incentive Allocation in an amount between 15%-20% of the net capital appreciation (which includes both realized gains and losses and unrealized appreciation and depreciation of securities held in the Intermediate Fund's portfolio) attributable to each series of Intermediate Fund shares corresponding to series of Offshore Fund shares for such fiscal year, after taking into account the Management Fee and any expenses at the Fund level that are not reflected in the net asset value of the Intermediate Fund), subject to a loss carryforward mechanism.

In the event that shares are redeemed other than at the end of a fiscal year, then for purposes of determining the Incentive Allocation allocable at such time to the Fund General Partner, net capital appreciation will be determined as if such dates were the end of the fiscal year, subject to certain adjustments. In the sole discretion of the Fund General Partner, the Incentive Allocation may be waived, reduced or calculated differently with respect to certain Investors.

### ***Other Types of Fees or Expenses***

The Onshore Fund and the Offshore Fund each bear their own operating and other expenses, and their pro rata share of the expenses of the Master Fund and, with respect to the Offshore Fund, its pro rata share of the expenses of the Intermediate Fund, including, but not limited to: investment-related expenses (e.g., brokerage commissions and transaction costs, clearing and settlement charges, custodial fees, interest expense, consulting, investment banking and any other professional fees or compensation relating to particular investments or contemplated investments, and research-related expenses, including, without limitation, investment consultants, and news and quotation equipment and services (including fees for data and software providers)); investment-related travel expenses (including meals, lodging and travel), expenses related to risk management provided by third-parties; third-party

valuation services; investment-, operations- and trading-related software, including trade order management software (i.e., software used to route trade orders); expenses related to connectivity with risk and trade processing systems; expenses relating to reports provided to Investors; legal and compliance expenses (which include, without limitation, responding to formal and informal inquiries, indemnification expenses and expenses associated with regulatory filings relating to the Funds and for their respective portfolios); insurance costs incurred in connection with the Funds' business (including, without limitation, acquiring and maintaining D&O and/or E&O insurance for the Offshore Fund's, the Intermediate Fund's and the Master Fund's directors and Castle Hook, the Fund General Partner and their respective affiliates); accounting, audit and tax preparation expenses; organizational expenses; expenses relating to the offer and sale of interests of the Onshore Fund and shares of the Offshore Fund; entity-level taxes, fees and expenses of the fund administrator, including for certain middle-office services, and the Boards of Directors of the Offshore Fund, the Intermediate Fund and the Master Fund; expenses related to the maintenance of the Offshore Fund's, the Intermediate Fund's and the Master Fund's registered office; extraordinary expenses (including, without limitation, fees and expenses incurred in connection with the reorganization, dissolution, winding-up or termination of, the Funds or any trading subsidiary); and other similar expenses related to the Funds as determined by Castle Hook or the Fund General Partner, as applicable, in the applicable entity's sole discretion. Each Funds' expenses generally will be shared by all of the Investors, including the Fund General Partner (as applicable), pro rata in accordance with each Investor's capital account balance (in the case of the Onshore Fund) or the aggregate net asset value of each series of shares (in the case of the Offshore Fund).

If any of the above expenses are incurred jointly for the account of the Fund and any other investment funds, client accounts and proprietary accounts sponsored or managed by Castle Hook or an affiliate (each, an **"Other Account"**), such expenses will be allocated among the Fund and such Other Accounts in proportion to the size of the investment made by each in the activity or entity to which the expense relates, or in such other manner as Castle Hook considers fair and reasonable.

We may, in our sole and absolute discretion, bear any of the Funds' expenses described above; provided that, if we bear any such expenses, we will not be required to continue to bear such expenses and may thereafter cause the Funds to bear such expenses. To the extent that any such expenses are provided or paid for by us or the Fund General Partner, the Funds will reimburse us and/or the Fund General Partner, as the case may be, for such expenses.

Neither the Firm nor its employees accept compensation, including sales charges or service fees, from any person for the sale of securities or other investment products.

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

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We and our affiliates accept performance-based compensation from every client (other than clients that are not assessed performance-based compensation because it is assessed through another entity in a single master-feeder or similar structure). As a result, we and our affiliates do not face certain conflicts of interest that may arise when an investment adviser accepts performance-based fees from some clients, but not from other clients.

**Item 7: Types of Clients**

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Our clients are the Funds, as described above.

We may in the future provide investment advice to separately managed accounts for institutional and other Investors.

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

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The descriptions set forth in this Brochure of specific advisory services that we offer to clients, and investment strategies pursued and investments made by us on behalf of its clients, should not be understood to limit in any way our investment activities. We may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that we consider appropriate, subject to each client's investment objectives and guidelines. The investment strategies we pursue are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any client will be achieved.

***Investment Objective***

Castle Hook utilizes a global opportunistic long/short strategy which seeks to marry a macro approach to analyzing markets and economies with a bottoms-up analytical framework for security selection. Castle Hook's objective is to construct and manage a concentrated portfolio of securities, commodities and/or macro instruments that optimizes risk/reward.

Castle Hook's investment philosophy is based upon a belief that top-down macroeconomic analysis and bottoms-up security analysis should not be two distinct processes. Rather, each is enhanced by the contributions of the other. Castle Hook believes that the best investment opportunities arise when a security is identified that (a) benefits from a powerful macroeconomic trend, (b) has its own idiosyncratic investment merits independent of macro variables, and (c) exhibits attractive technical characteristics. Castle Hook supplements its primary investment strategy with more opportunistic trading strategies, such as an equity capital markets strategy that seeks to generate returns from participating in new issues and block trades.

***Investment Process***

We will seek to invest across all asset classes, geographies and sectors and expect to have a heavy focus on individual long/short equity, credit, and commodity selection in addition to exposure to foreign exchange, interest rates, and other products.

Our investment philosophy is based upon a belief that top-down macroeconomic analysis and bottoms-up security analysis should not be two distinct processes. Rather, each is enhanced by the contributions of the other. We believe that the best investment opportunities arise when a security is identified that (a) benefits from a powerful macroeconomic trend, (b) has its own idiosyncratic investment merits independent of macro variables, and (c) exhibits attractive technical characteristics. We also supplement our primary investment strategy with more opportunistic trading strategies as described above.

We intend to concentrate a significant majority of our investments in highly liquid instruments and markets. Our portfolio of investments seeks to produce positive expected alpha in a manner uncorrelated over time to broader equity markets. As part of this process, we will seek to:



- (i) Develop investment themes based upon our:
  - (a) Evaluation of macroeconomic data and trends;
  - (b) Evaluation of secular technological, political/regulatory, demographic, industrial, commodity supply/demand or other trends; and
  - (c) Understanding of how corporate events tend to cause securities prices to deviate from their underlying value, with particular focus on those companies related to secular and/or macroeconomic trends we identify;
- (ii) Identify specific investment opportunities to optimally express its investment themes by leveraging its team's expertise in trading and evaluating the risk/reward of various instruments including listed equities, equity indices, commodities, credit, interest rates, foreign exchange and derivatives thereof; and
- (iii) Conduct intensive due diligence to evaluate risk/reward of investment opportunities by:
  - (a) Applying securities analysis tools including discounted cash flow, comparable company, historical multiples, returns on capital and cost of capital analyses; and
  - (b) Understanding securities value drivers such as management incentives corporate governance, accounting, free cash flow conversion, capital allocation, balance sheet optimization and potential strategic initiatives; and
  - (c) Utilizing industry contacts and experts, as appropriate.

***Risk of Loss Factors***

The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the clients advised by us. These risk factors include only those risks we believe to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis employed by us.

***Investment and Trading Risks***

An investment in the Funds involves risks, including the risk that the entire amount invested may be lost. We will invest in, and actively trade, securities and other financial instruments using investment techniques with certain risk characteristics including, without limitation, risks arising from the volatility of the fixed income, equity, commodity and currency markets, the potential illiquidity of securities and other financial instruments, and the risk of loss from counterparty defaults. No guarantee or representation will be made that the Firm's investment objective will be achieved.

***Global Macro***

The success of our global macro investment strategy depends upon our ability to identify and exploit perceived fundamental, economic, financial and political imbalances that may exist in and between markets throughout the world. Identification and exploitation of such imbalances involves significant uncertainties. There can be no assurance that we will be able to locate investment opportunities or to exploit such imbalances. In the event that the theses underlying our positions fail to be borne out in developments we expected, the Master Fund may incur losses, which could be substantial.

*Equity Securities*

Our investment portfolio includes equity and equity-related securities of U.S. and non-U.S. companies. The value of equity securities of public and private, listed and unlisted companies and equity derivatives generally varies with the performance of the issuer and movements in the equity markets. As a result, the Master Fund may suffer losses if we invest in equity instruments of issuers whose performance diverges from our expectations or if equity markets generally move in a single direction and we have not hedged against such a general move. We also may be exposed to risks that issuers will not meet their contractual obligations such as, in the case of convertible securities or private placements, delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale.

*Fixed Income Securities*

The value of fixed income securities will change in response to fluctuations in interest rates. Increases in interest rates may cause the value of our debt investments to decline. We may experience increased interest rate risk to the extent we invest, if at all, in lower-rated instruments, debt instruments with longer maturities, debt instruments paying no interest (such as zero-coupon debt instruments) or debt instruments paying non-cash interest in the form of other debt instruments. Except to the extent that values are independently affected by currency exchange rate fluctuations, when interest rates decline, the value of fixed income securities generally can be expected to rise. Conversely, when interest rates rise, the value of fixed income securities generally can be expected to decline. In addition, the value of certain fixed income securities can fluctuate in response to perceptions of credit worthiness, political stability or soundness of economic policies. Valuations of other fixed income instruments may fluctuate in response to changes in the economic environment that may affect future cash flows.

*Distressed Obligations*

Among the risks inherent in investments in troubled entities is the risk that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments may also be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and the bankruptcy court's power to disallow, reduce, subordinate, re-characterize debt as equity or disenfranchise particular claims. Such companies' obligations may be considered speculative, and the ability of such companies to pay their debts on schedule could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or specific developments within such companies. In addition, there is no minimum credit standard that is a prerequisite to our investments in any security. Obligations in which we invest may be less than investment grade, considered high yield or lack any conventional third-party rating. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is unusually high. There is no assurance that value of the assets collateralizing our investments will be sufficient or that prospects for a successful reorganization or similar action will become available. In any reorganization or liquidation proceeding relating to a company in which we invest, we may lose our entire investment, may be required to accept cash or securities with a value less than its original investment and/or may be required to accept payment over an extended period of time. Under such circumstances, the returns generated from our investments may not compensate investors adequately for the risks assumed. In addition,

under certain circumstances, payments and distributions may be disgorged if any such payment is later determined to have been a fraudulent conveyance or a preferential payment.

### *Bank Loans*

Our success in the area of loan investing will depend, in part, on our ability to obtain loans on advantageous terms. In purchasing loans, we will compete with a broad spectrum of investors and institutions. Increased competition for, or a diminution in the available supply of, qualifying loans could result in lower yields on such loans, which could reduce returns to Investors. Bank loans are subject to unique risks, including: (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights laws; (ii) so-called lender-liability claims by the issuer of the obligations; (iii) environmental liabilities that may arise with respect to collateral securing the obligations; and (iv) limitations on our ability to directly enforce its rights with respect to participations. Successful claims by third parties arising from these and other risks will be borne by the Funds. As secondary market trading volumes increase, new loans are frequently adopting standardized documentation to facilitate loan trading, which may improve market liquidity. There can be no assurance, however, that future levels of supply and demand in loan trading will provide an adequate degree of liquidity or that the current level of liquidity will continue. Because of the provision to holders of such loans of confidential information relating to the borrower, the unique and customized nature of the loan agreement, and the private syndication of the loan, loans are not as easily purchased or sold as a publicly traded security, and historically the trading volume in the loan market has been small relative to the high-yield debt market.

### *Currencies*

Investments in currencies are subject to numerous risks, not the least of which is the fluctuation of currency exchange rates. Exchange rates fluctuate for a number of reasons, including, but not limited to, inflation, trade deficits, interest rates, budget deficits and low savings rates, political factors and government control.

Since we may invest directly in currencies other than the U.S. dollar, we may be affected favorably or unfavorably by exchange control regulations or changes in the exchange rate between such currencies and the U.S. dollar. We may enter into spot and forward currency contracts or invest in currency futures contracts and options on currencies and futures to trade currencies or to shift exposure to foreign currency fluctuations from one currency to another. Currency transactions made on a spot (i.e., cash) basis are at the spot rate prevailing in the currency exchange market. A forward currency contract, which involves an obligation to purchase or sell a specific currency at a future date at a price set at the time of the contract, reduces our exposure to changes in the value of the currency we will receive for the duration of the contract.

Currency trading is subject to risks different from those of other securities transactions. Because exchange rate control is of great importance to the issuing governments and influences economic planning and policy, purchases and sales of currency and related instruments can be negatively affected by government exchange controls, blockages, and manipulations or exchange restrictions imposed by governments. These government actions can result in losses to the Master Fund if it is unable to deliver or receive currency or funds in settlement of obligations. Buyers and sellers of currency futures are subject to the same risks that apply to the use of futures generally. Furthermore, settlement of a currency forward contract for the purchase of most currencies must occur at a bank based in the issuing nation.

The ability to establish and close out options on currency futures is subject to the maintenance of a liquid market, which may not always be available. Currency exchange rates may fluctuate based on factors extrinsic to that country's economy.

At or before the maturity of a forward currency contract, we may either make delivery of the currency, or terminate its contractual obligation to deliver the currency by buying an "offsetting" contract obligating it to buy, on the same maturity date, the same amount of the currency. If we engage in an offsetting transaction, we may later enter into a new forward currency contract to sell the currency. If we engage in an offsetting transaction, the Master Fund will incur a gain or loss to the extent that there has been movement in forward currency contract prices. If forward prices go down during the period between the date the we enter into a forward currency contract for the sale of a currency and the date we enter into an offsetting contract for the purchase of the currency, the Master Fund will realize a gain to the extent that the price of the currency we have agreed to sell exceeds the price of the currency we have agreed to buy. If forward prices go up, the Master Fund will suffer a loss to the extent that the price of the currency we have agreed to buy exceeds the price of the currency we have agreed to sell.

### *Commodities*

The values of commodities that underlie commodity futures contracts and other types of financial instruments in which we invest generally are affected by, among other factors, the cost of producing commodities, changes in consumer demand for commodities, the hedging and trading strategies of producers and consumers of commodities, speculative trading in commodities by commodity pools and other market participants, disruptions in commodity supply, weather and climate conditions, changes in interest rates, rates of inflation, currency devaluations and revaluations, embargoes, tariffs, regulatory developments, governmental, agricultural, trade, fiscal, monetary and exchange control programs and policies, political and other global events and global economic factors. In addition, governments from time to time intervene, directly and by regulation, in certain markets, often with the intent to influence prices directly. The effects of governmental intervention may be particularly significant at certain times in certain markets and this intervention may cause these markets to move rapidly. We have no control over the factors that affect the price of commodities. Accordingly, the value of our investments could change substantially and in a rapid and unpredictable manner.

### *Precious Metals*

Prices of precious metals (e.g., gold, silver, platinum and palladium) are affected by factors such as cyclical economic conditions, political events, and monetary policies of various governments and countries. In addition, certain precious metals are geographically concentrated, and events in those parts of the world in which such concentration exists may affect their values. Gold and other precious metals are also subject to governmental action for political reasons. The markets for precious metals are volatile and there may be sharp fluctuations in prices even during period of rising prices.

### *Energy*

Markets for energy-related commodities including, without limitation, electricity, coal, natural gas, crude oil and other petroleum products, can be susceptible to substantial price fluctuations over short periods of time and are particularly affected by political events, natural

disasters, exploration and development success or failure, and technological changes. In addition, significant short-term price volatility can be caused by the inability to store electricity, tariff regulation and consumer advocacy.

#### *Real Estate-Related Securities*

Securities issued by entities which invest in real estate, including real estate investment trusts (REITs), generally will be subject to the risks incident to the ownership and operation of commercial real estate and/or risks incident to the making of nonrecourse mortgage loans secured by real estate. Such risks include, without limitation, the risks associated with both the domestic and international general economic climates; local real estate conditions; risks due to dependence on cash flow; risks and operating problems arising out of the absence of certain construction materials; changes in supply of, or demand for, competing properties in an area (as a result, for instance, of over-building); the financial condition of tenants, buyers and sellers of properties; changes in availability of debt financing; energy and supply shortages; changes in the tax, real estate, environmental, and zoning laws and regulations; various uninsured or uninsurable risks; natural disasters; and our ability or third-party borrowers to manage the real properties. In addition, we may incur the burdens of ownership of real property, which include the paying of expenses and taxes, maintaining such property and any improvements thereon, and ultimately disposing of such property.

#### *Short Selling*

Short selling involves selling securities which are not owned and borrowing them 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 market prices to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing our cost of buying those securities to cover the short position. There can be no assurance that we will be able to maintain the ability to borrow securities sold short. In such cases, we can be “bought in” (i.e., forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

#### *Leverage; Interest Rates; Margin*

The use of leverage will allow us to make additional investments, thereby increasing our exposure to assets, such that our total assets may be greater than the Funds’ capital. However, leverage will also magnify the volatility of changes in the value of our portfolio. The effect of the use of leverage in a market that moves adversely to our investments could result in substantial losses to the Master Fund, which would be greater than if the Master Fund were not leveraged. In addition, any leverage we employ is subject to the risk that changes in the general level of interest rates may adversely affect expenses and operating results.

In general, our use of short-term margin borrowings results in certain additional risks. For example, should the securities pledged to brokers to secure the portfolio’s margin accounts decline in value, the portfolio could be subject to a “margin call,” pursuant to which the portfolio must either deposit additional funds with the broker, or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden

precipitous drop in the value of the portfolio's assets, the portfolio might not be able to liquidate assets quickly enough to pay off its margin debt.

In the futures and forward markets, margin deposits are typically low relative to the value of the futures contracts purchased or sold. Such low margin deposits are indicative that any futures or forward contract trading is typically accompanied by a high degree of leverage. Low margin deposits mean that a relatively small price movement in a contract may result in immediate and substantial losses to the investor.

#### *Repurchase and Reverse Repurchase Agreements*

In a reverse repurchase transaction, we "buy" securities issued from a broker-dealer or financial institution, subject to the obligation of the broker-dealer or financial institution to repurchase such securities at the price we paid, plus interest at a negotiated rate. Our use of repurchase and reverse repurchase agreements involves certain risks. For example, if the seller of securities to us under a reverse repurchase agreement defaults on its obligation to repurchase the underlying securities, as a result of its bankruptcy or otherwise, we will seek to dispose of such securities, which action could involve costs or delays. If the seller becomes insolvent and subject to liquidation or reorganization under applicable bankruptcy or other laws, our ability to dispose of the underlying securities may be restricted. It is possible, in a bankruptcy or liquidation scenario, that we may not be able to substantiate our interest in the underlying securities. Finally, if a seller defaults on its obligation to repurchase securities under a reverse repurchase agreement, the Master Fund may suffer a loss to the extent that it is forced to liquidate its position in the market, and proceeds from the sale of the underlying securities are less than the repurchase price agreed to by the defaulting seller. Similar elements of risk arise in the event of the bankruptcy or insolvency of the buyer.

#### *Call Options*

There are risks associated with the sale and purchase of call options. The seller (writer) of a call option which is covered (e.g., the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security offset by the gain by the premium received if the option expires out of the money, and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The buyer of a call option assumes the risk of losing the premium if the option expires out of the money.

#### *Put Options*

There are risks associated with the sale and purchase of put options. The seller (writer) of a put option which is covered (e.g., the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sale price of the short position of the underlying security offset by the premium if the option expires out of the money, and thus the gain in the premium, and the option seller gives up the opportunity for gain on the underlying security below the exercise price of the option. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security to zero. The buyer of a put option assumes the risk of losing the premium if the option expires out of the money.

*Index or Index Options*

The value of an index or index option fluctuates with changes in the market values of the securities included in the index. Because the value of an index or index option depends upon movements in the level of the index rather than the price of a particular security, whether the Master Fund will realize appreciation or depreciation from the purchase or writing of options on indices depends upon movements in the level of instrument prices in the security market generally or, in the case of certain indices, in an industry or market segment, rather than movements in the price of particular securities.

*Index Futures*

The price of index futures contracts may not correlate perfectly with the movement in the underlying index because of certain market distortions. First, all participants in the futures market are subject to margin deposit and maintenance requirements. Rather than meeting additional margin deposit requirements, shareholders may close futures contracts through offsetting transactions that would distort the normal relationship between the index and futures markets. Second, from the point of view of speculators, the deposit requirements in the futures market are less onerous than margin requirements in the securities market. Therefore, increased participation by speculators in the futures market also may cause price distortions. Our successful use of index futures contracts also is subject to our ability to correctly predict movements in the direction of the market.

*Futures Contracts*

Futures positions may be illiquid because, for example, many commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. Futures contract prices on various commodities or financial instruments occasionally have moved the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent us from promptly liquidating unfavorable positions and subject the Master Fund to substantial losses. In addition, we may not be able to execute futures contract trades at favorable prices if trading volume in such contracts is low. It is also possible that an exchange or a regulator 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. In addition, various exchanges impose speculative position limits on the number of positions that may be held in particular commodities. Trading in commodity futures contracts and options are highly specialized activities that may entail greater than ordinary investment or trading risks. Furthermore, low margin or premiums normally required in such trading may provide a large amount of leverage, and a relatively small change in the price of a security or contract can produce a disproportionately larger profit or loss.

*Forward Trading*

Forward contracts and options thereon, unlike futures contracts, are generally not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is



substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market we trade due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward (and futures) trading to less than that which we would otherwise recommend, to the possible detriment of the Master Fund. Market illiquidity or disruption could result in major losses to the Master Fund.

### *Swap Agreements*

Swap agreements are individually negotiated and can be structured to include exposure to a variety of different types of investments, asset classes or market factors. Depending on their structure, swap agreements may increase or decrease our exposure to, for example, equity securities. Swap agreements can take many different forms and are known by a variety of names. We are not limited to any particular form of swap agreement if consistent with the Firm's investment objective. Whether our use of swap agreements will be successful depends on our ability to select appropriate transactions. Swap transactions may be highly illiquid and may increase or decrease the volatility of our portfolio. Moreover, we bear the risk of loss of the amount expected to be received under a swap agreement in the event of the default or insolvency by the counterparty. We also bear the risk of loss related to, for example, breaches of swap agreements or our failure to post or maintain required collateral. Many swap markets are relatively new and still developing. It is possible that developments in the swap markets, including potential government regulation, could adversely affect our ability to terminate existing swap transactions or to realize amounts to be received under such transactions.

### *Other Derivative Instruments*

We may take advantage of opportunities with respect to certain other derivative instruments that are not currently contemplated for use or that are currently not available, but that may be developed, to the extent such opportunities are both consistent with the investment objective of the Firm and that we believe are legally permissible. Special risks may apply to instruments in the future that cannot be determined at this time or until we invest in such instruments. Other derivative instruments may be subject to various types of risks including market risk, liquidity risk, the risk of non-performance by the counterparty (including risks relating to the financial soundness and creditworthiness of the counterparty), legal risk and operations risk.

### *Credit Default Swaps*

Credit default swaps can be used to implement our view that a particular credit, or group of credits, will experience credit improvement or deterioration. In the case of expected credit improvement, we may sell credit default protection in which it receives a premium to take on the risk. In such an instance, we would be obligated to make payments upon the occurrence of a credit event creates leveraged exposure to the credit risk of the referenced entity. We also may buy credit default protection with respect to a referenced entity if, in our judgment,



there is a high likelihood of credit deterioration. In such instance, we will pay a premium regardless of whether there is a credit event.

### *Hedging Transactions*

We are not required to attempt to hedge portfolio positions. Furthermore, we may not anticipate a particular risk so as to hedge against it. We may use a variety of financial instruments (including options and derivatives), both for investment purposes and for risk management purposes, in order to: (i) protect against possible changes in the market value of our investment portfolio resulting from fluctuations in the securities markets and changes in interest rates; (ii) protect the unrealized gains in the value of the Master Fund's investment portfolio; (iii) facilitate the sale of any such investments; (iv) enhance or preserve returns, spreads or gains on any investment in the Master Fund's portfolio; (v) hedge the interest rate or currency exchange rate on any of the Master Fund's liabilities or assets; (vi) protect against any increase in the price of any securities that we anticipate purchasing at a later date; or (vii) for any other reason that we deem appropriate.

The success of our hedging strategy is subject to our ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolios being hedged. Since the characteristics of many securities change as markets change or time passes, the success of the instances when we hedge portfolio positions is also subject to our ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. While we may enter into certain hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance than if they had not engaged in any such hedging transactions. For a variety of reasons, we may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent us from achieving the intended hedge or expose ourselves to risk of loss. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of our portfolio holdings.

### *Liquidity Risks*

Under certain market conditions, such as during volatile markets or when trading in a security or market is otherwise impaired, our portfolio's liquidity may be reduced. During such times, we may be unable to dispose of certain assets which would adversely affect our ability to rebalance the portfolio or to meet withdrawal requests. In addition, such circumstances may force us to dispose of assets at reduced prices, thereby adversely affecting performance. If there are other market participants seeking to dispose of similar assets at the same time, we may be unable to sell such assets or prevent losses relating to such assets. Furthermore, if the Master Fund incurs substantial trading losses, the need for liquidity could rise sharply while its access to liquidity could be impaired. In addition, in conjunction with a market downturn, our counterparties could incur losses of their own, thereby weakening their financial condition and increasing our credit risk to them.

### *Illiquid Investments*

We may invest in securities which are subject to legal or other restrictions on transfer or for which no liquid market exists. The market prices, if any, for such securities tend to be volatile and may not be readily ascertainable, and we may not be able to sell them when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. The sale of

restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale.

#### *Non-U.S. Investments*

We invest our assets on a global basis, including in securities of non-U.S. companies which are traded in non-U.S. markets. Investing in the securities of companies in non-U.S. countries involves certain considerations not usually associated with investing in securities of U.S. companies or U.S. markets, including: political and economic considerations, such as greater risks of expropriation and nationalization, confiscatory taxation, the potential difficulty of repatriating funds, general social, political and economic instability and adverse diplomatic developments; the possibility of imposition of withholding or other taxes on dividends, interest, capital gain or other income; the small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict our investment opportunities. In addition, accounting and financial reporting standards that prevail in such countries generally are not equivalent to U.S. standards and, consequently, less information is available to investors in companies located in such countries than is available to investors in companies located in the U.S. There is also less regulation, generally, of the securities markets in such countries than there is in the U.S. As a result, we may be unable to structure our transactions to achieve the intended results or to mitigate all risks associated with such markets. It may also be difficult to enforce our rights in such markets. For example, securities traded on non-U.S. exchanges and the non-U.S. persons that trade these instruments are not subject to the jurisdiction of the SEC or the Commodity Futures Trading Commission (“CFTC”) or the securities and commodities laws and regulations of the U.S. Accordingly, the protections accorded to us under such laws and regulations are unavailable for transactions on non-U.S. exchanges and with non-U.S. counterparties.

#### *Non-U.S. Exchanges*

We may trade on exchanges or markets located outside of the U.S. Trading on such exchanges or markets is not regulated by the SEC and the CFTC and may, therefore, be subject to more risks than trading on U.S. exchanges, such as the risks of exchange controls, expropriation, burdensome taxation, moratoria and political or diplomatic events. Risks in investments in non-U.S. securities may also include reduced and less reliable information about issuers and markets, less stringent accounting standards, illiquidity of securities and markets, higher brokerage commissions and custody fees.

#### *Currency Exchange Exposure*

We may invest in securities denominated in non-U.S. currencies, the prices of which are determined with reference to currencies other than the U.S. dollar. We may or may not seek to hedge our non-U.S. currency exposure by entering into currency hedging transactions, such as treasury locks, forward contracts, futures contracts and cross-currency swaps. There can be no guarantee that securities suitable for hedging currency or market shifts will be available at the time we wish to use them, or that our hedging techniques will be effective. Furthermore, certain currency market risks may not be fully hedged or hedged at all. To the

extent unhedged, the value of our positions in non-U.S. investments will fluctuate with U.S. dollar exchange rates as well as with the price changes of the investments in the various local markets and currencies. Such fluctuations may result in a loss to the Master Fund.

Furthermore, we may incur costs in connection with conversions between various currencies. Non-U.S. currency exchange dealers realize a profit based on the difference between the prices at which they are buying and selling various currencies. Thus, a dealer normally will offer to sell currency to us at one rate, while offering a lesser rate of exchange should the we desire immediately to resell that currency to the dealer. We will conduct our currency exchange transactions either on a spot (i.e., cash) basis at the spot rate prevailing in the currency exchange market, or through entering into forward or options contracts to purchase or sell non-U.S. currencies. It is anticipated that most of our currency exchange transactions will occur at the time non-U.S. investments are purchased and will be executed through the local broker or custodian acting on our behalf.

We may seek to protect the value of some portion or all of our portfolio holdings against currency fluctuations by engaging in hedging transactions, but there can be no assurance that such hedging transactions will be effective. We may enter into forward contracts on currencies, as well as purchase put or call options on currencies, in U.S. or non-U.S. markets. There can be no guarantee that instruments suitable for hedging currency risk will be available at the time we wish to use them or will be able to be liquidated when we wish to do so.

#### *Counterparty Risk*

We expect to establish relationships to obtain financing, derivative execution, derivative intermediation and prime brokerage services that permit us to trade in any variety of markets or asset classes over time. However, there can be no assurance that we will be able to establish or maintain such relationships or establish such relationships. An inability to establish or maintain such relationships could limit our trading activities, create losses, preclude us from engaging in certain transactions or prevent us from trading at optimal rates and terms. Moreover, a disruption in the financing, derivative intermediation and prime brokerage services provided by any such relationships could have a significant impact on our business due to our reliance on such counterparties.

#### *Cybersecurity Risk*

As part of our business, we store and transmit large amounts of electronic information, including information relating to the transactions of the Funds and personally identifiable information of the Investors. Similarly, our service providers, especially our administrator, may process, store or transmit such information. The Firm has procedures and systems in place that we believe are reasonably designed to protect such information and prevent data loss and security breaches. However, such measures cannot provide absolute security. The techniques used to obtain unauthorized access to data, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time. Hardware or software acquired from their parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Network connected services provided by third parties to us may be susceptible to compromise, leading to a breach of our network. The Firm's systems or facilities may be susceptible to employee error or malfeasance, government surveillance, or other security threats. On-line services provided by us to the Investors may also be susceptible to compromise. Breach of information systems may cause information relating to the transaction of the Funds and personally identifiable information of the Investors to be lost or improperly accessed, used or disclosed.

The service providers of the Firm and the Funds are subject to the same electronic information security threats as the Firm. If a service provider fails to adopt or adhere to adequate data security policies, or in the event of a breach of its networks, information relating to the transaction of the Funds and personally identifiable information of the Investors may be lost or improperly accessed, used or disclosed.

The loss or improper access, use or disclosure of the Firm's or the Fund's proprietary information may cause the Firm or the Funds to suffer, among other things, financial loss, the disruption of its business, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing event could have a material adverse effect on the Funds and the Investors' investment therein.

#### *Catastrophe Risks*

The Funds may be subject to the risk of loss arising from direct or indirect exposure to various catastrophic events, including the following: hurricanes, earthquakes and other natural disasters; terrorism; and public health crises, including the occurrence of a contagious disease. To the extent that any such event occurs and has a material effect on global financial markets or specific markets in which the Funds participate (or has a material effect on locations in which Castle Hook operates) the risks of loss can be substantial and could have a material adverse effect on the Funds and the Investors' investments therein.

#### *Coronavirus Risks*

In December 2019, a novel strain of coronavirus (known as COVID-19) surfaced in Wuhan, China, which has resulted in the temporary closure of many corporate offices, retail stores, and manufacturing facilities across China and South Korea, among other affected countries. These closures have caused the disruption of manufacturing supply chains and local and global economies, the duration of which remains uncertain. As of March 2020, COVID-19 has spread across the world, which may result in additional market disruptions. The extent to which COVID-19 may negatively affect the operations of Castle Hook and the performance of the Funds is difficult to predict. Any potential impact on such operations and performance will depend to a large extent on future developments and new information that may emerge regarding the duration and severity of COVID-19 and the actions taken by authorities and other entities to contain COVID-19 or treat its impact. These potential impacts, while uncertain, could adversely affect the performance of the Funds.

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

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There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

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

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Castle Hook is registered with the CFTC as a commodity pool operator and is a member of the National Futures Association (the "NFA"). Castle Hook relies on exemptions from certain regulatory requirements under CFTC Regulation 4.7 on behalf of the Funds. In connection with our registration with the CFTC, our Partners, executive officers and certain investor relations personnel are registered as "Associated Persons" and/or "Principals" of Castle Hook.

Castle Hook and its management persons are not registered as broker-dealers and do not have any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer.

We do not recommend or select other investment advisers for our clients.

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

### ***Code of Ethics***

Castle Hook has adopted a “**Code of Ethics**” that establishes the high standard of conduct that we expect of our employees and procedures regarding our employees’ personal trading of securities. Our employees are required to certify their adherence to the terms set forth in the Code of Ethics upon commencement of employment and annually thereafter. Employees also are required to provide quarterly certifications of compliance with certain Code of Ethics provisions.

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

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

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

Neither we nor our related persons generally purchase any securities for our own accounts from, or sell any securities for our own accounts to, the Funds. Though Castle Hook does not currently have any separately managed account clients, if it were to in the future, Castle Hook may solicit qualified clients to invest in a Fund. Castle Hook could be considered to have recommended an investment in the Fund as suitable for a client as a result of the relationship between Castle Hook and the Fund. Castle Hook will inform each client of its relationship with a Fund prior to the client’s investment, but does not intend to advise clients as to the appropriateness of the investment and will not receive any compensation for doing so or for selling interests in a Fund (except to the extent that Castle Hook receives Management Fees and performance compensation from all Investors).

Castle Hook discloses these, and other conflicts of interest and potential conflicts of interest, to Investors in the Fund’s offering documents. These materials are delivered to Investors prior to their investment and Investors are given the opportunity to ask questions and seek answers regarding, among other things, potential conflicts involving the Firm, its affiliates, or the executive officers of the foregoing.

### ***Personal Securities Trading***

Castle Hook’s policy regarding personal securities trading by personnel (the “**Employee Investment Policy**”) significantly constrains the ability of personnel to engage in personal securities trading. Under the Employee Investment Policy, employees, their spouses, immediate family members and other dependents, are required to direct their brokers, or directly provide, duplicate copies of personal discretionary brokerage account statements to the CCO or his designee, which are used to monitor compliance with the Employee Investment Policy. Under the Employee Investment Policy, employees are prohibited from participating in initial public offerings (IPOs).

Employees must obtain pre-approval from the CCO or his designee before: (i) effecting any personal trades in any Reportable Security (as defined under Rule 204A-1); (ii) engaging in any outside business activities that may present a conflict with the employees’ duties at the Firm; or (iii) making any private investments.

We will provide a copy of our Code of Ethics to our Investors, or any prospective Investor or client or prospective client, upon request.

## **Item 12: Brokerage Practices**

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Castle Hook is authorized to determine the broker-dealer to be used for executing securities transactions for the Funds. In selecting broker-dealers to execute transactions, we do not need to solicit competitive bids and do not have an obligation to seek the lowest available commission cost. The Funds' securities and other assets are held in securities accounts at our prime brokers that are "qualified custodians" as defined under the Investment Advisers Act of 1940, as amended (the "**Advisers Act**").

### ***Best Execution***

In selecting an appropriate broker-dealer to effect a client trade, we seek to obtain "**Best Execution**," meaning generally the execution of a securities transaction for a client in such a manner that a client's total costs or proceeds in the transaction are most favorable under the circumstances. Accordingly, in seeking Best Execution, we will take into consideration a number of qualitative and quantitative factors including the price of a security offered by the broker-dealer, as well as the broker-dealers' full range and quality of services including, among other things, facilities, reliability and financial responsibility, execution capability, commission rates, responsiveness to us, brokerage and research services provided to us (for example, research ideas, analysis, and investment strategies), special execution and block positioning capabilities, clearance, and settlement and custodial services.

We maintain policies and procedures to review the quality of executions, including periodic reviews by investment professionals.

### ***Soft Dollars***

At times, the Firm uses "**Soft Dollars**" generated by the Fund's trading activities to purchase brokerage and research services or products that would otherwise have been our expense. We intend to keep any such arrangements within the parameters of the safe harbor of Section 28(e) of the Securities Exchange Act of 1934.

Also, consistent with Section 28(e), research products or services obtained with "soft dollars" generated by one or more clients are, at times, used by Castle Hook to service one or more other clients, including clients that may not have paid for the soft dollar benefits. Castle Hook does not seek to allocate soft dollar benefits to client accounts in proportion to the soft dollar credits the client accounts generate.

When Castle Hook uses client brokerage commissions (or markups or markdowns) to obtain research or other products or services, it receives a benefit because it does not have to produce or pay for such products or services. Castle Hook at times has an incentive to select or recommend a broker-dealer based on its interest in receiving research or other products or services, rather than on its clients' interest in receiving most favorable execution. Nevertheless, Castle Hook seeks to obtain best execution considering the factors identified in preceding section.

### ***Brokerage for Client Referrals***

Neither Castle Hook nor any related person receives client referrals from any broker-dealer or third party. However, subject to Best Execution, Castle Hook may consider, among other things, capital introduction and marketing assistance with respect to Investors in the Funds in selecting or recommending broker-dealers for the Funds.

**Directed Brokerage**

Castle Hook does not recommend, request or require that a client direct us to execute transactions through a specified broker-dealer.

**Item 13: Review of Accounts**

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Our portfolio managers and investment professionals continuously monitor and analyze the transactions, positions, and investment levels of the Fund to ensure that they conform with the investment objectives and guidelines that are stated in the relevant Funds' offering documents. In these reviews, we pay particular attention to any changes in the investment's fundamentals, overall risk management and changes in the markets that may affect price levels.

**Account Reporting**

We perform various periodic reviews of each client's portfolio. Such reviews are conducted by our officers.

We will distribute annual audited financial statements with respect to the previous fiscal year to all Investors within 120 days of relevant Fund's fiscal year end. We also may distribute other interim reports to Investors.

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

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We do not receive economic benefits from non-clients for providing investment advice and other advisory services. Neither we nor any of our related persons directly or indirectly compensates any person who is not a supervised person, including placement agents, for client referrals.

**Item 15: Custody**

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We will comply with Advisers Act's "**Custody Rule**," by meeting the conditions of the pooled vehicle annual audit approach. Upon completion of the relevant Fund's annual audit by an independent auditor registered with, and subject to inspection by, the Public Company Accounting Oversight Board (PCAOB), we will distribute the Fund's audited financials, prepared in accordance with U.S. GAAP, to Investors within 120 days of the Fund's fiscal year end.

**Item 16: Investment Discretion**

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We will have full discretionary authority over the Fund, including authority to make decisions with respect to which securities to be bought and sold, as well as the amount and price of those securities. Our investment decisions and advice with respect to the Fund are subject to the Fund's investment objectives and guidelines, as set forth in the applicable offering documents.

**Item 17: Voting Client Securities**

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In compliance with the Advisers Act's Proxy Voting Rule 206(4)-6, we have adopted proxy voting policies and procedures. Our general policy is to vote proxy proposals, amendments, consents or resolutions (collectively, "**Proxies**") in what we determine is the best position for the client account to take, taking into account their respective investment objectives.



To that end, we may consider all relevant factors, as determined by us in our discretion, including, without limitation:

- the impact on the value of the securities or instruments owned by the relevant client and the returns on those securities;
- the anticipated associated costs and benefits;
- the continued or increased availability of portfolio information; and
- industry and business practices.

In limited circumstances, we may refrain or abstain from voting Proxies where we believe that doing so would in the best interests of our clients, taking into consideration a variety of factors consistent with our Proxy voting policies. Generally, clients may not direct our vote in a particular solicitation.

Conflicts of interest may arise between the interests of our clients, on the one hand, and us or our affiliates on the other hand. If we determine that we may have, or be perceived to have, a conflict of interest when voting Proxies, we will vote in accordance with our Proxy voting policies and procedures.

Clients may obtain a copy of our Proxy voting policies and our Proxy voting record upon request.

#### **Item 18: Financial Information**

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We are not required to include a balance sheet for our most recent fiscal year, are not aware of any financial condition reasonably likely to impair our ability to meet contractual commitments to clients, and have not been the subject of a bankruptcy petition at any time during the past ten years.