

**ITEM 1
COVER PAGE**

PART 2A OF FORM ADV: FIRM BROCHURE

TSE CAPITAL MANAGEMENT L.P.

March 2020

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This brochure provides information about the qualifications and business practices of Tse Capital Management L.P. If you have any questions about the contents of this brochure, please contact us at 212-554-7400. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

This Brochure also relates to Tse Capital Advisors GP L.L.C.; however, to the extent that its qualifications and business practices are identical or substantially similar to those of Tse Capital Management L.P., no specific mention of Tse Capital Advisors GP L.L.C. is made herein.

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

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

ITEM 2

MATERIAL CHANGES

This document serves as our Brochure and is dated as of March 27, 2020. It amends our Brochure dated March 28, 2019.

While this update to our Brochure contains changes and updates to certain information, we do not feel that any of these constitute "material changes" to us or our business since we filed our most recent Brochure.

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ITEM 4

ADVISORY BUSINESS

A. General Description of Advisory Firm.

1. Tse Capital Management L.P.

Tse Capital Management L.P. (the "Investment Manager," "we," and "us") is a limited partnership organized in late 2012 under the laws of the state of Delaware. We began managing client assets in early 2013.

We only have one office, which is located in New York City.

Ms. Irene Tse is a limited partner of the Investment Manager and is our principal owner; she controls the Investment Manager as the managing member of Tse Capital GP L.L.C., the Investment Manager's general partner.

2. Tse Capital Advisors GP L.L.C.

Our registration on Form ADV also covers Tse Capital Advisors GP L.L.C. (the "Fund General Partner"), a limited liability company organized under the laws of the state of Delaware. The Fund General Partner is an affiliate of the Investment Manager and it serves or may serve as (i) the general partner of pooled investment vehicles that are partnerships and (ii) the manager of one or more "intermediate funds".

Ms. Tse is the principal owner and managing member of, and controls, the Fund General Partner.

B. Description of Advisory Services.

This Brochure generally includes information about the Investment Manager and its relationships with its clients and affiliates. While much of this Brochure applies to all such clients and affiliates, certain information included herein applies to specific clients or affiliates only. As discussed below, we serve as the investment adviser to several private pooled investment vehicles (the "Funds").

1. Advisory Services.

We serve as the investment adviser, with discretionary trading authority, to private pooled investment vehicles, the securities of which are offered to investors on a private placement basis (each, a "Fund" and collectively, the "Funds"). The Funds include:

- (1) Tse Capital Fund, L.P., a Delaware limited liability partnership (the "Domestic Fund");
- (2) Tse Capital Offshore Fund, Ltd., a Cayman Islands exempted company (the "Offshore Fund," and together with the Domestic Fund, the "Feeder Funds");
- (3) Tse Capital Intermediate Fund, Ltd., a Cayman Islands exempted company (the "Intermediate Fund;" and

- (4) Tse Capital Master Fund, Ltd., a Cayman Islands exempted limited company (the "Master Fund"), which serves as the master fund into which the Domestic Fund and the Intermediate Fund invest all of their investable assets through a "master-feeder" structure.

The Fund General Partner serves as the general partner of the Domestic Fund and as the manager of the Intermediate Fund.

In addition, the Investment Manager may in the future serve as an investment adviser with discretionary trading authority over, and may also provide discretionary advisory services to, separately managed accounts (the "Managed Accounts").

As used herein, the term "client" generally refers to each Fund and each beneficial owner of a Managed Account.

This Brochure does not constitute an offer to sell or 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, "qualified purchasers" as defined in the Investment Company Act, or non-"U.S. Persons" as defined in Regulation S. 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 private placement memorandum.

2. Investment Strategies and Types of Investments.

We utilize a global macro strategy in the investment program for the Funds, pursuing predominantly discretionary investments in a variety of categories of securities and instruments. In the current market environment, we evaluate macro cycles and interlink global themes through the identification of economic imbalances and the study of political and central bank transitions and we will make predominantly directional investments in short, medium and long term opportunities, through a strategy of both active trading and investment in equities, currencies, commodities, credit and fixed income instruments, and other instruments related to any such asset classes, whether listed or "over the counter." We describe this strategy in greater detail in Item 8.

C. Availability of Customized Services for Individual Clients.

Our investment decisions and advice with respect to each Fund will be subject to each Fund's investment objectives and guidelines, as set forth in its respective offering documents. If in the future we determine to offer Managed Accounts, the investment objectives and guidelines of the Managed Accounts would be determined in conjunction with the applicable client.

D. Wrap Fee Programs

We do not currently participate in any Wrap Fee Programs.

E. Assets Under Management

We manage, on a discretionary basis, approximately \$729.3 million of client assets (rounded to the nearest \$100,000), determined as of March 1, 2020. (This calculation is based on the aggregate net asset value of our various client accounts, and differs from the "regulatory assets under management" that we reported in Item 5.F of Part 1A.)

We do not manage any assets on a non-discretionary basis.

ITEM 5 FEES AND COMPENSATION

A. Advisory Fees and Compensation.

Management Fees. Pursuant to a series of investment management agreements, each Feeder Fund will pay the Investment Manager a fee for management services (the "Management Fee") for each month that ranges from 0.0625% (0.75% annualized) to 0.125% (1.50% annualized) of the net asset value of each applicable series of management fee-paying shares or the capital accounts corresponding to the management fee paying investors in the applicable Feeder Fund calculated, in each case, as of the end of such month. The Management Fee will be calculated and paid in arrears and will be pro-rated for partial periods. Without the consent of the investors in a Feeder Fund, the Management Fee may be charged to, and paid by, the Master Fund instead of such Feeder Fund.

The Investment Manager, in its sole discretion, may elect to reduce, waive or calculate differently the Management Fee with respect to any investor, including any affiliates of the Investment Manager or the Fund General Partner.

Incentive Allocations. Pursuant to the articles of association of the Intermediate Fund (and the limited partnership agreement of the Domestic Fund), generally, at the end of each fiscal year of the Intermediate Fund (or the Domestic Fund), the Intermediate Fund (or the Domestic Fund) will reallocate from the net asset value of each series of shares of the Intermediate Fund corresponding to a series of shares held by incentive allocation-bearing investors to a special class of shares of the Intermediate Fund held by the Fund General Partner (or from the balance of the capital account(s) of the incentive allocation-bearing investors of the Domestic Fund to the capital account of the Fund General Partner) an incentive allocation in an amount equal to a percentage of the net realized and unrealized appreciation in the net asset value of such series of shares of the Intermediate Fund (or each such capital account of the Domestic Fund) for such fiscal year (taking into account the Management Fee and, in respect of the Intermediate Fund, any relevant expenses that are not reflected in the Intermediate Fund's net asset value calculation, but before giving effect to any investor-related taxes accrued or paid during such fiscal year (such amount, the "adjusted net capital return"), subject to a loss carryforward mechanism. The incentive allocation percentage charged to the investors varies from 5% to 30% of the adjusted net capital return, with the percentage generally increasing in respect of amounts that exceed a certain threshold in respect of the adjusted net capital return.

In the event that a Fund is terminated or an investor redeems or withdraws other than at the end of a fiscal year, then for purposes of determining the incentive allocation, net capital appreciation will be determined as if such dates were the end of the fiscal year, subject to certain adjustments.

Also, in the Investment Manager's sole discretion (or the Fund General Partner's sole discretion, as applicable), the incentive allocation may be reduced, waived or calculated differently with respect to any investor, including any affiliates of the Investment Manager and the Fund General Partner.

B. Payment of Fees.

Fees and compensation paid to us (or our affiliates) by the Funds will generally be deducted from the assets of such clients. As discussed above, Management Fees are generally deducted on a monthly basis and the incentive allocation is generally assessed on an annual basis.

C. Additional Fees and Expenses.

The Feeder Funds bear their own operating and other expenses and their pro rata share of the expenses of the Intermediate Fund and the Master 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)), 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 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 Feeder Funds, the Intermediate Fund and/or the Master Fund and for the Master Fund's portfolio), insurance costs incurred in connection with the Feeder Funds', the Intermediate Fund's and the Master Fund's business (including, without limitation, acquiring and maintaining D&O insurance for the Feeder Funds', the Intermediate Fund's and the Master Fund's directors and the Investment Manager and its affiliates), external accounting, audit and tax preparation expenses, organizational expenses, expenses relating to the offer and sale of the shares or interests in the applicable Feeder Fund, entity-level taxes, fees and expenses of any administrator (including for middle office trade support services) and any board of directors, expenses related to the maintenance of the Feeder Funds', the Intermediate Fund's and the Master Fund's registered office, corporate licensing, extraordinary expenses and other similar expenses. Expenses of each Feeder Fund (except for any investor-related taxes) generally will be shared by all of the investors pro rata in accordance with the aggregate net asset value of their shares or interests.

If any of the above expenses are incurred jointly for the account of a Feeder Fund (and/or the Intermediate Fund and/or the Master Fund) and any Managed Account or other client account, such expenses will be allocated among the Feeder Funds (and/or the Intermediate Fund and/or the Master Fund) and such Managed Accounts or other client 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 we consider fair and reasonable.

To the extent that any expenses are provided or paid for by the Fund General Partner (in excess of its ratable share) or the Investment Manager (other than in connection with the Investment Manager's policy to bear excess fund expenses as set forth in the fund documents), the applicable Fund will reimburse the Fund General Partner or the Investment Manager for such expenses. In addition, the Investment Manager may, in its sole and absolute discretion, bear any of a Fund's expenses; *provided*, that if the Investment Manager bears any such expenses (except as provided above regarding excess fund expenses), it will not be required to continue to bear such expenses and may thereafter cause a Fund to bear such expenses.

D. Prepayment of Fees

The Funds do not pay fees in advance.

E. Additional Compensation and Conflicts of Interest

Neither we nor any of our supervised persons accepts compensation (*e.g.*, brokerage commissions) for the sale of securities or other investment products.

ITEM 6
PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

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

We provide investment advice to the Funds, as described in Item 4 above. As discussed above, we may in the future provide investment advice to Managed Accounts for institutional and other investors.

ITEM 8

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

A. Methods of Analysis and Investment Strategies

We generally pursue a global macro strategy for our clients, utilizing a discretionary, top-down thematic approach. We make predominantly directional investments in short, medium and long term opportunities, through a strategy of both active trading and investment in equities, currencies, commodities, credit and fixed income instruments, and other instruments related to any such asset classes, whether listed or "over the counter."

Client accounts that we manage will generally have the capacity to invest in and utilize currency spot and forward contracts, currency and interest rate futures contracts, swaps, "over the counter" and exchange-listed options and options on futures contracts. These accounts may also take positions in commodity and equity and fixed income indices, as well as related futures, swaps and options on these indices, investments in structured product instruments, and investment opportunities in markets that may arise from time to time.

Notwithstanding the foregoing, we will *not* be limited in the types of securities, loans, commodities, derivatives or other financial instruments, real or personal property or any other types of assets we can cause our clients to own, nor will we be limited in the types of financing arrangements, contracts, other liabilities, transactions or businesses under which we can cause our clients to be obligated or into which we can cause our clients to enter, whether directly or indirectly.

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.

B. Material, Significant or Unusual Risks Relating to Investment Strategies

The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the Funds. 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. Clients or prospective investors should refer to the relevant Fund's offering documents for full disclosure of the potential risks of an investment in any particular Fund, including a full description of each of its respective risk factors. In addition, as the Master Fund's strategies may develop and evolve over time, an investment in a particular Fund may be subject to additional and different risk factors than those set forth below.

Risks Relating to the Funds' Investment Program

Global Macro. The success of the Master Fund's 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 the Master Fund's positions fail to be borne out in developments expected by us, the Master Fund may incur losses, which could be substantial.

Discretion to Employ New Strategies and Techniques. We have considerable discretion in the types of securities which the Master Fund may trade and have the right to modify the trading strategies or hedging techniques of the Master Fund without the consent of investors. Any of these new trading techniques may not be thoroughly tested in the market before being employed and may have operational or theoretical shortcomings which could result in unsuccessful trades and, ultimately, losses to the Master Fund. In addition, any new investment strategy or hedging technique developed by the Master Fund may be more speculative than earlier techniques and may increase the risk of an investment in a Feeder Fund.

Portfolio Turnover. The Master Fund's investment program may occasionally involve frequent trading, which may result in higher investment costs and charges to the Master Fund.

Short Selling. The Master Fund may engage in 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. The extent to which the Master Fund may engage in short sales will depend upon our investment strategy and opportunities. 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 the cost to the Master Fund of buying those securities to cover the short position. There can be no assurance that the Master Fund will be able to maintain the ability to borrow securities sold short. In such cases, the Master Fund 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 has attendant risks and can substantially increase the adverse impact to which the Master Fund's investment portfolio may be subject. The use of leverage will allow the Master Fund to make additional investments, thereby increasing its exposure to assets, such that its total assets may be greater than its capital. However, leverage will also magnify the volatility of changes in the value of the Master Fund's portfolio. The effect of the use of leverage by the Master Fund in a market that moves adversely to its 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 used by the Master Fund is subject to the risk that changes in the general level of interest rates may adversely affect expenses and operating results.

In general, any use by the Master Fund 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 of the fact 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.

To the extent the Master Fund purchases an option in the U.S., there is no margin requirement because the option premium is paid for in full. The premiums for certain options traded on non-U.S. exchanges may be paid for on margin. Whether any margin deposit will be required for over-the-counter options and other over-the-counter instruments will depend on the credit determinations and specific agreements of the parties to the transaction, which are individually negotiated.

Hedging Transactions. We are not required to attempt to hedge portfolio positions in the Master Fund. Furthermore, we may not anticipate a particular risk so as to hedge against it. The Master Fund may utilize 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 the Master Fund's 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 the Master Fund anticipates 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 in the Master Fund is also subject to our ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. While the Master Fund may enter into certain hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Master Fund 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 the Master Fund from achieving the intended hedge or expose the Master Fund to risk of loss. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of the Master Fund's portfolio holdings.

Liquidity Risks. Under certain market conditions, such as during volatile markets or when trading in a security or market is otherwise impaired, the liquidity of the Master Fund's portfolio positions may be reduced. During such times, the Master Fund may be unable to dispose of certain assets, which would adversely affect the Master Fund's ability to rebalance its portfolio or to meet redemption and withdrawals requests. In addition, such circumstances may force the Master Fund to dispose of assets at reduced prices, thereby adversely affecting

the Master Fund's performance. If there are other market participants seeking to dispose of similar assets at the same time, the Master Fund 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, the Master Fund's counterparties could incur losses of their own, thereby weakening their financial condition and increasing the Master Fund's credit risk to them.

Illiquid Investments. The Master Fund 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 the Master Fund 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. The Master Fund invests its 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 the Master Fund's 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, the Master Fund may be unable to structure its transactions to achieve the intended results or to mitigate all risks associated with such markets. It may also be difficult to enforce the Master Fund's 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 U.S. Commodity Futures Trading Commission (the "CFTC") or the securities and commodities laws and regulations of the U.S. Accordingly, the protections accorded to the Master Fund under such laws and regulations are unavailable for transactions on non-U.S. exchanges and with non-U.S. counterparties.

Non-U.S. Exchanges. The Master Fund may trade on exchanges or markets located outside 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. The Master Fund 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. The Master Fund, however, values its securities in U.S. dollars. The Master Fund may or may not seek to hedge its 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 when the Master Fund wishes to use them, or that hedging techniques employed by the Master Fund will be effective. Furthermore, certain currency market risks may not be fully hedged or hedged at all. To the extent unhedged, the value of the Master Fund's 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, the Master Fund 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 the Master Fund at one rate, while offering a lesser rate of exchange should the Master Fund desire immediately to resell that currency to the dealer. The Master Fund will conduct its 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 the Master Fund's 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 for the Master Fund.

The Master Fund may seek to protect the value of some portion or all of its portfolio holdings against currency fluctuations by engaging in hedging transactions, but there can be no assurance that such hedging transactions will be effective. The Master Fund 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 when the Master Fund wishes to use them or will be able to be liquidated when the Master Fund wishes to do so.

Counterparty Risk. The Master Fund has established and expects to establish additional relationships to obtain financing, derivative intermediation and prime brokerage services that permit the Master Fund to trade in any variety of markets or asset classes over time. However, there can be no assurance that the Master Fund will be able to establish or maintain such relationships. An inability to establish or maintain such relationships could limit the Master Fund's trading activities, create losses, preclude the Master Fund from engaging in certain transactions or prevent the Master Fund 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 the Master Fund's business due to the Master Fund's reliance on such counterparties.

The Master Fund may effect transactions in the OTC derivatives markets. The stability and liquidity of OTC derivatives transactions depends in large part on the creditworthiness of the parties to the transactions. In the OTC markets, the Master Fund enters into a contract directly with dealer counterparties which may expose the Master Fund to the risk that a counterparty will not settle a transaction in accordance with its terms because of a solvency or liquidity problem with the counterparty. Delays in settlement may also result from disputes

over the terms of the contract (whether or not bona fide). In addition, the Master Fund may have a concentrated risk in a particular counterparty, which may mean that if such counterparty were to become insolvent or have a liquidity problem, losses would be greater than if the Master Fund had entered into contracts with multiple counterparties. Certain OTC derivative contracts require that the Master Fund post collateral.

If there is a default by a counterparty, the Master Fund under most normal circumstances will have contractual remedies pursuant to the agreements related to the transaction. However, exercising such contractual rights may involve delays or costs which could result in the net asset value of the Master Fund being less than if the Master Fund had not entered into the transaction. Furthermore, there is a risk that any of such counterparties could become insolvent and/or the subject of insolvency proceedings. In such case, the recovery of the Master Fund's securities from such counterparty or the payment of claims therefor may be significantly delayed and the Master Fund may recover substantially less than the full value of the securities entrusted to such counterparty. In addition, there are a number of proposed rules that, if they were to go into effect, may impact the laws that apply to insolvency proceeding and may impact whether the Master Fund may terminate its agreement with an insolvent counterparty.

Collateral that the Master Fund posts to its counterparties that is not segregated with a third party custodian may not have the benefit of customer-protected "segregation" of such funds. In the event that a counterparty were to become insolvent, the Master Fund may become subject to the risk that it may not receive the return of its collateral or that the collateral may take some time to return.

In addition, the Master Fund may use counterparties located in jurisdictions outside the United States. Such local counterparties usually are subject to laws and regulations in non-U.S. jurisdictions that are designed to protect customers in the event of their insolvency. However, the practical effect of these laws and their application to the Master Fund's assets are subject to substantial limitations and uncertainties. Because of the range of possible factual scenarios involving the insolvency of a counterparty and the potentially large number of entities and jurisdictions that may be involved, it is impossible to generalize about the effect of such an insolvency on the Master Fund and its assets. Investors should assume that the insolvency of any such counterparty would result in significant delays in recovering the Master Fund's securities from or the payment of claims therefor by such counterparty and a loss to the Master Fund, which could be material.

Fraud. Of paramount concern in investments is the possibility of material misrepresentation or omission on the part of a counterparty. Such inaccuracy or incompleteness may adversely affect the valuation of the collateral underlying an investment. We rely upon the accuracy and completeness of representations made by counterparties to the extent reasonable, but cannot guarantee such accuracy or completeness. Under certain circumstances, payments to the Master Fund may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

Assumption of Business, Terrorism and Catastrophe Risks. Opportunities involving the assumption by the Master Fund of various risks relating to particular assets, markets or events may be considered from time to time. The Master Fund's portfolio is subject to the risk of loss arising from exposure that it may incur, directly or indirectly, due to the occurrence of various events, including, without limitation, hurricanes, earthquakes, and other natural

disasters, terrorism and other catastrophic events and events that could adversely affect the health or life expectancy of people, including the occurrence of a contagious disease. These risks of loss can be substantial, could greatly exceed all income or other gains, if any, received by the Master Fund in assuming these risks and, depending on the size of the loss, could adversely affect the return of the Master Fund. Further, to the extent that any such event occurs and has a material effect on locations in which the Investment Manager operates, the risks of loss can be substantial and could have a material adverse effect on the Master Fund 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 has resulted in additional market disruptions. The extent to which COVID-19 may negatively affect the operations of the investment manager 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.

Brexit. The United Kingdom has notified the European Council of its intention to withdraw from the European Union. The ongoing withdrawal process could cause an extended period of uncertainty and market volatility, not just in the United Kingdom but throughout the European Union, the European Economic Area and globally. It is not possible to ascertain the precise impact these events may have on the Master Fund or us from an economic, financial or regulatory perspective but any such impact could have material consequences for the Master Fund.

MiFID II. The package of European Union market infrastructure reforms known as "MiFID II", in effect from January 3, 2018, is expected to have a significant impact on the European capital markets.

MiFID II increases regulation of trading platforms and firms providing investment services in the European Union. Among its many market infrastructure reforms, MiFID II has brought in: (i) significant changes to pre- and post-trade transparency obligations applicable to financial instruments admitted to trading on EU trading venues (including a new transparency regime for non-equity financial instruments); (ii) an obligation to execute transactions in shares and derivatives on an EU regulated trading venue; and (iii) a new focus on regulation of algorithmic and high frequency trading. These reforms may lead to a reduction in liquidity in certain financial instruments, as some of the sources of liquidity exit European markets, and may result in significant increases in transaction costs.

Other regulatory changes, such as an increase in the scope of commodities and commodity derivatives regulation, including position limits and position management powers could similarly lead to liquidity reduction and/or an increase in costs and spreads in the European commodities markets.

Although the full impact of these reforms is difficult to assess at present, it is possible that the resulting changes in the available trading liquidity options and increases in transactional costs may have an adverse effect on our ability to execute the investment program.

Dependence on Developing Countries. The level of commodity prices can fluctuate widely due to supply and demand disruptions in major producing or consuming regions. In particular, recent growth in industrial production and gross domestic product has made many developing countries, particularly China, disproportionately large users of commodities and has increased the extent to which commodity prices are dependent on the markets of those developing countries. Political, economic and other developments that affect these developing countries may affect the level of certain commodities and, thus, the value of the Master Fund's investments. Because certain commodities may be produced in a limited number of countries and may be controlled by a small number of producers, political, economic and supply-related events in those countries could have a disproportionate impact on the prices of commodity futures contracts and other types of financial instruments in which the Master Fund invests. Events affecting the prices of commodities tend to affect prices worldwide, regardless of the location of the event.

Risks Relating to the Funds and the Investment Manager

Dependence on Key Individuals. The success of the Funds depends upon the ability of Ms. Tse to develop and implement investment strategies that achieve the Master Fund's investment objectives. If the Funds were to lose the services of Ms. Tse, the consequence to the Funds could be material and adverse and could lead to the premature termination of the Funds. The Feeder Funds' governing documents do not permit investors to participate in the management and affairs of the Funds.

Absence of Regulatory Oversight. The Funds neither are required nor intend to register as investment companies under the Investment Company Act of 1940 and, accordingly, the provisions of that act (which provides certain safeguards to investors) are not applicable. Therefore, investors do not have the benefits of the protections afforded by such registration and regulations.

Limited Liquidity; Information Rights. An investment in the Funds provides limited liquidity since the shares and interests are not freely transferable and are subject to limitations on redemption and withdrawal. There is no public market for the shares and interests, and it is not expected that a public market will develop. Also, investors may request and receive additional information and reporting and, as a result, may be able to act on such additional information (i.e., may redeem capital) that other investors do not receive or request.

ERISA Plan Assets Status of the Master Fund. The assets of the Master Fund may, from time to time, be treated as "plan assets" (as defined under Section 3(42) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and any regulations promulgated thereunder). In such event, ERISA may impose certain limitations on the operation of the Master Fund. Such limitations could result in the inability of the Master Fund to participate in certain investments or conduct business with certain counterparties. Accordingly, in the event that the assets of the Master Fund are treated as "plan assets" for purposes of ERISA, ERISA could restrict the activities of the Master Fund and, as a result, the Master Fund may not be able to take advantage of certain investment opportunities, could have a different portfolio and could have a lower rate of return than if it were not subject to ERISA.

Side Letters; Different Terms. The Funds have the authority to create new classes and/or series (or sub-series) of shares and enter into letter agreements or other similar agreements (collectively, "Side Letters") with one or more investors which provide such investors with additional and/or different rights including, without limitation, economic terms (i.e., the incentive allocation and management fee), redemption and withdrawal rights (including redemption dates, redemption reduction amounts and notice periods), minimum and additional subscription amounts, informational rights and other rights not offered to other investors. In general, the Funds are not required to notify any or all of the other investors of any such Side Letters or any of the rights and/or terms or provisions thereof, nor is any Fund required to offer such additional and/or different rights and/or terms to any or all of the other investors. To date, the Funds have entered into Side Letters primarily (i) accommodating investors' particular legal or regulatory requirements (ii) reflecting statements of the Funds' and/or the Investment Manager's policies of general applicability with respect to, among other things, reporting, affiliate transfers, in-kind distributions, investor notifications, confidentiality and other matters and (iii) "most favored nations" rights.

Incentive Allocation. The Fund General Partner, an affiliate of the Investment Manager, expects to receive the incentive allocation (if any) from the Domestic Fund and the Intermediate Fund based on net realized and unrealized appreciation (if any), and accordingly the amount of incentive allocation will increase with regard to unrealized appreciation as well as realized gains. Accordingly, an incentive allocation may be made in respect of unrealized gains which may subsequently never be realized. An incentive allocation may also create an incentive for us (as an affiliate of the Fund General Partner) to cause the Master Fund to make investments that are riskier or more speculative than would be the case in the absence of an incentive allocation, which is based on the performance of the applicable Fund.

In-Kind Distributions. Each Feeder Fund expects to distribute cash to an investor upon a redemption or withdrawal of the investor's shares or interests. However, there can be no assurance that a Feeder Fund will have sufficient cash to satisfy redemption requests, or that the Master Fund will be able to liquidate investments at the time of such redemption requests at favorable prices. Under the foregoing circumstances, and under other circumstances deemed appropriate, an investor may receive in-kind distributions from a Feeder Fund to the extent received from the Master Fund. Redemption or withdrawal proceeds that are paid in-kind to an investor will be, to the extent reasonably practicable, proportionately allocated to such redeeming or withdrawing investor (based on such investor's *pro rata* interest in any asset that is distributed in-kind). In-kind distributions may be made directly or indirectly through a distribution of interests in one or more trading vehicles or special purpose vehicles holding financial instruments owned by the Master Fund or participations therein. To the extent an investor is distributed interests in one or more trading vehicles or special purpose vehicles holding participation interests in the financial instruments of the Master Fund, such investor will continue to be at risk of the Master Fund's business (including its credit risk) until all such financial instruments are sold. The value of assets distributed in-kind may increase or decrease before they could be sold either by the investor, if received directly, or by the Investment Manager, if held through a trading vehicle or special purpose vehicle. In either case, the redeeming or withdrawing investor will incur transaction costs in connection with the sale of any assets distributed in-kind and, in the case of interests in trading vehicles or special purpose vehicles, also a proportionate portion of the operating and other expenses borne by such vehicle. Additionally, assets distributed in-kind to an investor, either directly or indirectly, may not be readily marketable. The risk of loss and delay in liquidating these financial instruments will be borne by such investor, with the result that such investor may ultimately

receive less cash than it would have received on the date of distribution if it had been paid in cash. Furthermore, to the extent that a redeeming or withdrawing investor receives interests in one or more trading vehicles or special purpose vehicles, such investor will generally have no control over when and at what price the financial instruments in which such vehicles have an interest are sold. In addition, payment to a redeeming or withdrawing investor of that portion of its redemption proceeds attributable to financial instruments held by one or more trading vehicles or special purpose vehicles will be delayed until such time as such vehicles elect to liquidate such financial instruments. To the extent that the Investment Manager or a Feeder Fund distributes proceeds through the use of a trading vehicle or special purpose vehicle, all liquidation proceeds available for distribution from such a trading vehicle or special purpose vehicle shall be distributed (subject to reserves and provision for liabilities, including payment of expenses and management fees) to the investors as soon as reasonably practicable after the receipt thereof.

Founding Investors and Substantial Investors; Possible Effect of Redemptions or Withdrawals on the Value of the Shares or Interests and Additional Information. Substantial redemptions or withdrawals by investors (including the founding investors and other substantial investors) could require the Master Fund to liquidate investments more rapidly than otherwise desirable in order to raise the necessary cash to fund the redemptions and withdrawals and, at the same time, achieve a market position appropriately reflecting a smaller equity base. Certain of the investments may require a minimum continuing investment and have minimum holding periods. If the Master Fund were required to redeem its investment below such level in order to fund redemptions and withdrawals, it may be required to liquidate its entire investment in that investment, eliminating that investment from the portfolio. This could make it more difficult to recover losses or generate profits. Other substantial investors may regularly receive certain additional information that is not distributed to other investors and prospective investors and other substantial investors may be able to act on such additional information and redeem or withdraw potentially at higher values than other investors.

"Master-Feeder" Structure. The Feeder Funds (in the case of the Offshore Fund, indirectly through the Intermediate Fund) invests all of their investable assets through a "master-feeder" structure. The "master-feeder" fund structure presents certain risks to investors. The Master Fund will incur expenses and liabilities that will be paid by a Feeder Fund prior to making distributions to the Feeder Fund. The Feeder Fund may be materially affected by the actions of other Feeder Funds. Consequently, if another Feeder Fund were to redeem from the Master Fund, the remaining Feeder Funds may experience higher pro rata operating expenses, thereby producing lower returns, and the Master Fund may become less diverse due to a redemption by a larger Feeder Fund, resulting in increased portfolio risk. The Master Fund is a single entity and its creditors may enforce claims against all assets of the Master Fund. Similarly, each Feeder Fund is a single entity and each of its creditors may enforce claims against its assets.

While we as investment manager to the Master Fund, generally does not consider tax issues applicable to any particular investors, we may take into account the tax positions of the Feeder Funds. However, the use of a "master-feeder" structure may create a conflict of interest in that different tax considerations for each Feeder Fund, may cause or result in the Master Fund structuring or disposing of an investment in a manner or at a time that is more advantageous (or disadvantageous) for tax purposes to one Feeder Fund or its investors.

Alternative Investment Fund Managers Directive. The Alternative Investment Fund Managers Directive (the "AIFM Directive") regulates: (i) alternative investment fund managers (each, an "AIFM") based in the European Economic Area (the "EEA"); (ii) the management of any alternative investment fund ("AIF") established in the EEA (irrespective of where an AIF's AIFM is based); and (iii) the marketing of any AIF, such as the Offshore Fund, to professional investors in the EEA.

Under the AIFM Directive, certain conditions must be met to permit the marketing of the Offshore Fund shares to any potential and existing investors in the EEA. Our ability and the Offshore Fund's ability to offer the Offshore Fund shares in the EEA will depend on the relevant EEA state permitting the marketing of non-EEA domiciled funds under the national private placement regimes implementing the AIFM Directive and our ability and the Offshore Fund's ability to comply with such national private placement regimes, where available. Compliance with the requirements of such regimes may increase the costs of the administration of the Offshore Fund significantly, including the costs of regulatory reporting services to the Offshore Fund and the Master Fund and custody and prime brokerage services provided to the Master Fund. We do not currently anticipate marketing the Offshore Fund shares in the EEA.

Cybersecurity Risk. As part of our business, we process, store and transmits large amounts of electronic information, including information relating to the transactions of the Master Fund and personally identifiable information of the investors in the Feeder Funds. Similarly, service providers of us, the Feeder Funds, the Intermediate Fund or the Master Fund, especially the administrator of the applicable Fund, may process, store and transmit such information. We have procedures and systems in place that it believes 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 third 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. Our 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 in the Feeder Funds may also be susceptible to compromise. Breach of our information systems may cause information relating to the transactions of the Master Fund and personally identifiable information of the investors in the Feeder Funds to be lost or improperly accessed, used or disclosed.

The service providers of us, the Feeder Funds, the Intermediate Fund and the Master Fund are subject to the same electronic information security threats as we are. 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 transactions of the Master Fund 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 our, the Feeder Funds', the Intermediate Fund's or the Master Fund's proprietary information may cause us or the Master Fund 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 events could have a material adverse effect on the a Feeder Fund and the investors' investments therein.

C. Risks Associated With Particular Types of Investment Instruments Utilized

We do not recommend a particular type of investment instrument to the Funds, but rather, we recommend and invest in multiple investment instruments. Given the broad discretion we have in managing the Funds, any one or more of the risks listed in the previous section may be incurred by our clients. However, because it may be useful in understanding our investment program, set forth below is a non-exclusive list of certain risks related to securities and other instruments that may be utilized within the Master Fund's portfolio:

Equity Securities. The Master Fund's 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 it invests in equity instruments of issuers whose performance diverges from our expectations or if equity markets generally move in a single direction and the Master Fund has not hedged against such a general move. The Master Fund also may be exposed to risks that issuers will not fulfill 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 Master Fund may invest in fixed income securities. The value of fixed income securities in which the Master Fund may invest will change in response to fluctuations in interest rates. Increases in interest rates may cause the value of the Master Fund's debt investments to decline. The Master Fund may experience increased interest rate risk to the extent it invests, 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.

Currencies. The Master Fund invests directly and indirectly in global 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 the Master Fund invests directly in currencies other than the U.S. dollar, the Master Fund may be affected favorably or unfavorably by exchange control regulations or changes in the exchange rate between such currencies and the U.S. dollar. The Master Fund 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 with respect to the Master Fund. 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 the

Master Fund's exposure with respect to its investment to changes in the value of the currency it will deliver and increases the Master Fund's exposure to changes in the value of the currency it 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, the Master Fund 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 the Master Fund engages in an offsetting transaction, it may later enter into a new forward currency contract to sell the currency. If the Master Fund engages in an offsetting transaction, it 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 Master Fund enters into a forward currency contract for the sale of a currency and the date it enters 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 it has agreed to sell exceeds the price of the currency it has agreed to buy. If forward prices go up, the Master Fund will suffer a loss to the extent the price of the currency it has agreed to buy exceeds the price of the currency it has agreed to sell.

Commodities. The values of commodities that underlie commodity futures contracts and other types of financial instruments in which the Master Fund invests 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 the Master Fund's investments could change substantially and in a rapid and unpredictable manner.

Collateralized Obligations Generally. There are a variety of different types of collateralized debt obligations ("CDOs") and collateralized loan obligations ("CLOs"), including CDO and CLO equity, multi-sector CDO equity, trust preferred CDO equity and CLO debt. CDOs are subject to credit, liquidity and interest rate risks, which are each discussed in greater detail herein. The CDO equity may be unrated or non-investment grade. As a holder of CDO equity, the Master Fund will have limited remedies available upon the default of the CDO. The Master Fund may be unable to find a sufficient number of attractive opportunities to meet its investment objective or fully invest its committed capital. For example, from time to time, the market for CDO transactions has been adversely affected by a decrease in the availability of senior and subordinated financing for transactions, in part in response to regulatory pressures on providers of financing to reduce or eliminate their exposure to such transactions. CDOs often invest in concentrated portfolios of assets. The concentration of an underlying portfolio in any one obligor would subject the related CDOs to a greater degree of risk with respect to defaults by such obligor and the concentration of a portfolio in any one industry would subject the related CDOs to a greater degree of risk with respect to economic downturns relating to such industry.

The value of CDOs generally fluctuates with, among other things, the financial condition of the obligors or issuers of the underlying portfolio of assets of the related CDO ("CDO Collateral"), general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates. Consequently, holders of CDOs must rely solely on distributions on the CDO Collateral or proceeds thereof for payment in respect thereof. If distributions on the CDO Collateral are insufficient to make payments on the CDOs, no other assets will be available for payment of the deficiency and following realization of the CDOs, the obligations of such issuer to pay such deficiency generally will be extinguished. CDO Collateral may consist of high-yield debt securities, loans, asset-backed securities and other securities, which often are rated below investment grade (or of equivalent credit quality). High-yield debt securities generally are unsecured (and loans may be unsecured) and may be subordinated to certain other obligations of the issuer thereof. The lower ratings of high-yield securities and below investment grade loans reflect a greater possibility that adverse changes in the financial condition of an issuer or in general economic conditions or both may impair the ability of the related issuer or obligor to make payments of principal or interest. Such investments may be speculative.

ABS and MBS Generally. The investment characteristics of asset-backed securities ("ABS") and mortgage-backed securities ("MBS") differ from traditional debt securities. Among the major differences are that interest and principal payments are made more frequently, usually monthly, and that the principal may be prepaid at any time because the underlying loans or other assets generally may be prepaid at any time.

ABS and MBS Subordinated Securities. Investments in subordinated MBS and ABS involve greater credit risk of default than the senior classes of the issue or series. Default risks may be further pronounced in the case of MBS and ABS secured by, or evidencing an interest in, a relatively small or less diverse pool of underlying loans. Certain subordinated securities absorb all losses from default before any other class of securities is at risk, particularly if such securities have been issued with little or no credit enhancement or equity. Such securities, therefore, possess some of the attributes typically associated with equity investments.

Commercial MBS. Mortgage loans on commercial properties often are structured so that a substantial portion of the loan principal is not amortized over the loan term but is payable at maturity and repayment of the loan principal thus often depends upon the future availability of real estate financing from the existing or an alternative lender and/or upon the current value and salability of the real estate. Therefore, the unavailability of real estate financing may lead to default.

Most commercial mortgage loans underlying MBS are effectively nonrecourse obligations of the borrower, meaning that there is no recourse against the borrower's assets other than the collateral. If borrowers are not able or willing to refinance or dispose of encumbered property to pay the principal and interest owed on such mortgage loans, payments on the subordinated classes of the related MBS are likely to be adversely affected. The ultimate extent of the loss, if any, to the subordinated classes of MBS may only be determined after a negotiated discounted settlement, restructuring or sale of the mortgage note, or the foreclosure (or deed in lieu of foreclosure) of the mortgage encumbering the property and subsequent liquidation of the property. Foreclosure can be costly and delayed by litigation and/or bankruptcy. Factors such as the property's location, the legal status of title to the property, its physical condition and financial performance, environmental risks, and governmental disclosure requirements with respect to the condition of the property may make a third party unwilling to purchase the property at a foreclosure sale or to pay a price sufficient to satisfy the obligations with respect to the related MBS. Revenues from the assets underlying such MBS may be retained by the borrower and the return on investment may be used to make payments to others, maintain insurance coverage, pay taxes or pay maintenance costs. Such diverted revenue is generally not recoverable without a court appointed receiver to control collateral cash flow.

ABS. ABS are not secured by an interest in the related collateral. Credit card receivables, for example, are generally unsecured and the debtors are entitled to the protection of a number of state and federal consumer loan laws, many of which give such debtors the right to set off certain amounts owed on the credit cards, thereby reducing the balance due. Most issuers of ABS backed by automobile receivables permit the servicers to retain possession of the underlying obligations. If the servicer were to sell these obligations to another party, there is a risk that the purchaser would acquire an interest superior to that of the holders of the related ABS. In addition, because of the large number of vehicles involved in a typical issuance and technical requirements under state laws, the trustee for the holders of the ABS may not have a proper security interest in all of the obligations backing such ABS. Therefore, there is a possibility that recoveries on repossessed collateral may not, in some cases, be available to support payments on these securities. The risk of investing in ABS is ultimately dependent upon payment of consumer loans by the debtor.

The collateral supporting ABS is of shorter maturity than certain other types of loans and is less likely to experience substantial prepayments. ABS are often backed by pools of any variety of assets, including, for example, leases, mobile home loans and aircraft leases, which represent the obligations of a number of different parties and use credit enhancement techniques such as letters of credit, guarantees or preference rights. The value of an ABS is affected by changes in the market's perception of the asset backing the security and the creditworthiness of the servicing agent for the loan pool, the originator of the loans or the financial institution providing any credit enhancement, as well as by the expiration or removal of any credit enhancement.

RMBS. Holders of residential mortgage-backed securities ("RMBS") bear various risks, including credit, market, interest rate, structural and legal risks. RMBS represent interests in pools of residential mortgage loans secured by one to four family residential mortgage loans. Such loans may be prepaid at any time. Residential mortgage loans are obligations of the borrowers thereunder only and are not typically insured or guaranteed by any other person or entity, although such loans may be securitized by government agencies and the securities issued are guaranteed. The rate of defaults and losses on residential mortgage loans will be affected by a number of factors, including general economic conditions and those in the geographic area where the mortgaged property is located, the terms of the mortgage loan, the borrower's "equity" in the mortgaged property and the financial circumstances of the borrower. If a residential mortgage loan is in default, foreclosure of such residential mortgage loan may be a lengthy and difficult process, and may involve significant expenses. Furthermore, the market for defaulted residential mortgage loans or foreclosed properties may be very limited.

Investments in RMBS may experience losses or reduced yield if, for example, (i) the borrower of an underlying residential mortgage loan defaults or is unable to make payments, (ii) the underlying residential mortgage loans are prepaid, (iii) there is a general decline in the housing market, or (iv) violations of particular provisions of certain federal laws by an issuer of RMBS limit the ability of the issuer to collect all or part of the principal of or interest on the related underlying loans.

Structured Notes. Structured notes, variable rate mortgage-backed and asset-backed securities each have rates of interest that vary based on a designated floating rate formula or index. The value of these investments is closely tied to the absolute levels of such rates or indices, or the market's perception of anticipated changes in those rates or indices. The movements in specific indices or interest rates may be difficult or impossible to hedge.

Bank Loans. The Master Fund's success in the area of loan investing will depend, in part, on its ability to obtain loans on advantageous terms. In purchasing loans, the Master Fund 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 the ability of the Master Fund 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 Master Fund. 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.

Call and Put Options. The Master Fund may incur risks associated with the sale and purchase of call options and put options. Under a conventional cash-settled option, the purchaser of the option pays a premium in exchange for the right to receive upon exercise of

the option (i) in the case of a call option, the excess, if any, of the reference price or value of the underlier (as determined pursuant to the terms of the option) above the option's strike price or (ii) in the case of a put option, the excess, if any, of the option's strike price above the reference price or value of the underlier (as so determined). Under a conventional physically-settled option structure, the purchaser of a call option has the right to purchase a specified quantity of the underlier at the strike price, and the purchaser of a put option has the right to sell a specified quantity of the underlier at the strike price.

A purchaser of an option may suffer a total loss of premium (plus transaction costs) if that option expires without being exercised. An option's time value (i.e., the component of the option's value that exceeds the in-the-money amount) tends to diminish over time. Even though an option may be in-the-money to the purchaser at various times prior to its expiration date, the purchaser's ability to realize the value of an option depends on when and how the option may be exercised. For example, the terms of the transaction may provide for the option to be exercised automatically if it is in-the-money on the expiration date. Conversely, the terms may require timely delivery of a notice of exercise, and exercise may be subject to other conditions (such as the occurrence or non-occurrence of certain events, such as knock-in, knock-out or other barrier events) and timing requirements, including the "style" of the option.

Uncovered option writing (i.e., selling an option when the seller does not own a like quantity of an offsetting position in the underlier) exposes the seller to potentially significant loss. The potential loss of uncovered call writing is unlimited. The seller of an uncovered call may incur large losses if the reference price or value of the underlier increases above the exercise price by more than the amount of any premiums earned. As with writing uncovered calls, the risk of writing uncovered put options is substantial. The seller of an uncovered put option bears a risk of loss if the reference price or value of the underlier declines below the exercise price by more than the amount of any premiums earned. Such loss could be substantial if there is a significant decline in the value of the underlier.

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, investors 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. Successful use of index futures contracts by the Master Fund also is subject to our ability to correctly predict movements in the direction of the market.

Futures Contracts. The Master Fund may invest in futures contracts or options thereon. 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 the Master Fund from promptly liquidating unfavorable positions and subject the Master Fund to substantial losses. In addition, the Master Fund 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 traded by the Master Fund 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. The Master Fund may enter into swap agreements. These 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 the Master Fund's exposure to, for example, equity securities. Swap agreements can take many different forms and are known by a variety of names. The Master Fund is not limited to any particular form of swap agreement if consistent with the Master Fund's investment objective. Whether the Master Fund's use of swap agreements will be successful depends on our ability to select appropriate transactions for the Master Fund. Swap transactions may be highly illiquid and may increase or decrease the volatility of the Master Fund's portfolio. Moreover, the Master Fund bears the risk of loss of the amount expected to be received under a swap agreement in the event of the default or insolvency of its counterparty. The Master Fund also bears the risk of loss related to swap

agreements, for example, for breaches of such agreements or the failure of the Master Fund 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 the Master Fund's ability to terminate existing swap transactions or to realize amounts to be received under such transactions.

Other Derivative Instruments. The Master Fund may enter into swaps and other derivative instruments. It 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 Master Fund and believed by us to be legally permissible. Special risks may apply to instruments that are invested in by the Master Fund in the future that cannot be determined at this time or until such instruments are developed or invested in by the Master Fund. Certain swaps, options and 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.

Regulation in the Derivatives Industry. There are many rules related to derivatives that may negatively impact the Master Fund, such as requirements related to recordkeeping, reporting, portfolio reconciliation, central clearing, minimum margin for uncleared over-the-counter ("OTC") instruments and mandatory trading on electronic facilities, and other transaction-level obligations. Parties that act as dealers in swaps, are also subject to extensive business conduct standards, additional "know your counterparty" obligations, documentation standards and capital requirements. All of these requirements add costs to the legal, operational and compliance obligations of us and the Master Fund, and increase the amount of time that we spend on non-investment-related activities. Requirements such as these also raise the costs of entering into derivative transactions, and these increased costs will likely be passed on to the Master Fund.

These rules are operationally and technologically burdensome for us and the Master Fund. These compliance obligations require employee training and use of technology, and there are operational risks borne by the Master Fund in implementing procedures to comply with many of these additional obligations.

These regulations may also result in the Master Fund forgoing the use of certain trading counterparties (such as broker-dealers and futures commission merchants ("FCMs")), as the use of other parties may be more efficient for the Master Fund from a regulatory perspective. However, this could limit the Master Fund's trading activities, create losses, preclude the Master Fund from engaging in certain transactions or prevent the Master Fund from trading at optimal rates and terms.

Many of these requirements were implemented pursuant to the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), the EU Regulation on OTC Derivatives, Central Counterparties and Trade Repositories (known as the European Market Infrastructure Regulation, or "EMIR") and similar regulations globally. In the United States, the Dodd-Frank Act divides the regulatory responsibility for derivatives between the SEC and the CFTC, a distinction that does not exist in any other jurisdiction. The SEC has regulatory authority over "security-based swaps" and the CFTC has regulatory authority over "swaps". EMIR is being implemented in phases through the adoption of delegated acts by the European Commission. As a result of the SEC and CFTC bifurcation and the different pace at which the SEC, the CFTC, the

European Commission and other international regulators have promulgated necessary regulations, different transactions are subject to different levels of regulation. Though many rules and regulations have been finalized, there are others, particularly SEC regulations with respect to security-based swaps and EMIR regulations, that are still in the proposal stage or are expected to be introduced in the future.

The following describes derivatives regulations that may have the most significant impact on the Master Fund:

Reporting

Most swap transactions have become subject to anonymous "real time reporting" requirements, meaning that information relating to transactions entered into by the Master Fund will become visible to the market in ways that may impair the Master Fund's ability to enter into additional transactions at comparable prices or could enable competitors to "front run" or replicate the Master Fund's strategies.

Central Clearing

In order to mitigate counterparty risk and systemic risk in general, various U.S. and international regulatory initiatives are underway to require certain derivatives to be cleared through central clearinghouses. In the United States, clearing requirements have been implemented as part of the Dodd-Frank Act. The CFTC imposed its first clearing mandate on December 13, 2012 affecting certain interest rate and credit default swaps. The CFTC and the SEC may introduce clearing requirements for additional classes of derivatives in the future. EMIR also requires OTC derivatives contracts meeting specific criteria to be cleared through central counterparties.

While such clearing requirements may be beneficial for the Master Fund in many respects (for instance, they may reduce the counterparty risk to the dealers to which the Master Fund would be exposed under non-cleared derivatives), the Master Fund could be exposed to new risks, such as the risk that an increasing percentage of derivatives will be required to be standardized and/or cleared through central clearinghouses, and, as a result, the Master Fund may not be able to hedge its risks or express an investment view as well as it would have been able to had it used customizable derivatives available in the over-the-counter markets. The Master Fund may have to split its derivatives portfolio between centrally cleared and over-the-counter derivatives, which may result in operational inefficiencies and an inability to offset risk between centrally cleared and over-the counter positions, and which could lead to increased costs.

Another risk is that the Master Fund may be subject to more onerous and more frequent (daily or even intraday) margin calls from both the Master Fund's FCM and the clearinghouse. Virtually all margin models utilized by the clearinghouses are dynamic, meaning that unlike traditional bilateral swap contracts where the amount of initial margin posted on the contract is typically static throughout of the

life of the contract, the amount of the initial margin that is required to be posted in respect of a cleared contract will fluctuate, sometimes significantly, throughout the life of the contract. The dynamic nature of the margin models utilized by the clearinghouses and the fact that the margin models might be changed at any time may subject the Master Fund to an unexpected increase in collateral obligations by clearinghouses during a volatile market environment, which could have a detrimental effect on the Master Fund. Clearinghouses also limit collateral that they will accept to cash, U.S. treasuries and, in some cases, other highly rated sovereign and private debt instruments, which may require the Master Fund to borrow eligible securities from a dealer to meet margin calls and raise the costs of cleared trades to the Master Fund. In addition, clearinghouses may not allow the Master Fund to portfolio-margin its positions, which may increase the Master Fund's costs.

Although standardized clearing for derivatives is intended to reduce counterparty risk (for instance, it may reduce the counterparty risk to the dealers to which the Master Fund would have been exposed under OTC derivatives), it does not eliminate risk. Derivatives clearing may also lead to concentration of counterparty risk, namely in the clearinghouse and the Master Fund's FCM, subjecting the Master Fund to the risk that the assets of the FCM are insufficient to satisfy all of the FCM's payment obligations, leading to a payment default. The failure of a clearinghouse or FCM could have a significant impact on the financial system. Even if a clearinghouse does not fail, large losses could force significant capital calls on FCMs during a financial crisis, which could lead FCMs to default and thus worsen the crisis.

Swap Execution Facilities

In addition to the central clearing requirement, certain swap transactions are required to trade on regulated electronic platforms such as swap execution facilities, which require the Master Fund to subject itself to regulation by these venues and subject the Master Fund to the jurisdiction of the CFTC.

The EU regulatory framework governing derivatives is set not only by EMIR but also a legislative package known as a recast of the Markets in Financial Instruments Directive ("MiFID II"). Among other things, MiFID II requires transactions in derivatives to be executed on regulated trading venues. The SEC has yet to finalize rules related to security-based swap execution facilities.

It is not clear whether these trading venues will benefit or impede liquidity, or how they will fare in times of market stress. Trading on these trading venues may increase the pricing discrepancy between assets and their hedges as products may not be able to be executed simultaneously, therefore increasing basis risk. It may also become relatively expensive for the Master Fund to obtain tailored swap products to hedge particular risks in its portfolio due to higher collateral requirements on bilateral transactions as a result of these regulations.

Margin Requirements for Non-Cleared Swaps

Rules issued by U.S., EU and other regulators globally (the "Margin Rules") impose various margin requirements on all swaps that are not centrally cleared, including the establishment of minimum amounts of initial margin that must be posted, and, in some cases, the mandatory segregation of initial margin with a third-party custodian. Although the Margin Rules are intended to increase the stability of the derivatives market, the overall amount of margin that the Master Fund will be required to post to swap counterparties may increase by a material amount, and as a result the Master Fund may not be able to deploy capital as effectively. Additionally, to the extent the Master Fund is required to segregate initial margin with a third party custodian, additional costs will be incurred by the Master Fund.

Highly Volatile Markets. The prices of derivative instruments, including currencies, futures and option prices, can be highly volatile. Price movements of derivative contracts in which the Master Fund portfolio's assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies, financial instruments, futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. The Master Fund's portfolio is also subject to the risk of the failure of any exchanges on which its positions trade or of their clearinghouses.

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The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in a Feeder Fund. Prospective investors should read the Feeder Fund's confidential offering memorandum and consult with their own advisers before deciding whether to invest in any Feeder Fund. In addition, as a Feeder Fund's investment program develops and changes over time, an investment in that Feeder Fund may be subject to additional and different risk factors.

ITEM 9
DISCIPLINARY INFORMATION

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

ITEM 10
OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. Broker-Dealer Registration Status

Neither we nor any of our management persons are registered as broker-dealers and none of us or them has any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer.

B. Futures Commission Merchant, Commodity Pool Operator or Commodity Trading Advisor Registration Status

The Investment Manager is registered with the CFTC as a commodity pool operator. In connection with that, both Irene Tse and Christopher Stella are listed as principals and registered as associated persons.

Other than this, neither we nor any of our management persons are registered as, and do not have any application to register as, futures commission merchants, commodity trading advisors or introducing brokers.

C. Material Relationships or Arrangements with Industry Participants

We do not have any material relationships with industry participants that we believe would create a conflict of interest for our clients.

D. Material Conflicts of Interest Relating to Other Investment Advisers

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

A. Code of Ethics

We strive to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty and trust. In seeking to meet these standards, we have adopted a Code of Ethics (the "Code"). The Code incorporates the following general principles that all employees are expected to uphold:

- employees must at all times place the interests of clients first;
- personal securities transactions are subject to reporting, review and/or pre-approval;
- employees must not take any inappropriate advantage of their positions;
- information concerning the identity of securities and financial circumstances of the Funds, including the Funds' investors, must be kept confidential; and
- independence in the investment decision-making process must be maintained at all times.

Clients may request a copy of the Code by contacting us at the address or telephone number listed on the first page of this document.

B. Securities that the Investment Adviser or a Related Person Has a Material Financial Interest

1. *Cross Trades*

We may determine that it would be in the best interests of a Fund to transfer a security from one Fund to another (each such transfer, a "Cross Trade") for a variety of reasons, including, without limitation, tax purposes, liquidity purposes, to rebalance the portfolios of the clients, or to reduce transaction costs that may arise in an open market transaction. If we decide to engage in a Cross Trade, we will determine that the trade is in the best interests of each client involved in it and take steps to ensure that the transaction is consistent with the duty to obtain best execution for each of those clients.

If we were to execute Cross Trades, we would generally execute with the assistance of a broker-dealer who executes and books the transaction at the close of the market on the day of the transaction. Alternatively, a Cross Trade between two Funds may occur as an "internal cross," where we instruct the custodian to book the transaction at the price determined in accordance with our valuation policy. If we were to effect an internal cross, we would not receive any fee in connection with the completion of the transaction.

2. *Principal Transactions*

Section 206(3) of the Advisers Act places restrictions on the ability of an investment adviser to engage in principal transactions. Our policies and procedures are designed to comply with the requirements of Section 206(3) of the Advisers Act and provide that the chief

investment officer will identify any potential principal transaction, including any cross trade between two or more of the Funds, prior to effecting the transaction and will contact the compliance officer. The compliance officer, in consultation with outside counsel as necessary, will determine whether or not the trade would constitute a principal transaction, and if so, determine how to ensure that all required notice and consent requirements are satisfied.

C. Investing in Securities that the Investment Adviser or a Related Person Recommends to Clients

The Code places restrictions on personal trades by employees, including that they disclose their personal securities holdings and transactions to us on a periodic basis, and requires that employees pre-clear certain types of personal securities transactions.

While our policies are intended to reduce or prevent these situations, we, our affiliates and our employees may give advice or take action for our or their own accounts that may differ from, conflict with or be adverse to advice given or action taken for clients. These activities may adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more clients. Conflicts also arise due to the fact that we and our personnel have investments in some Funds but not in others or may have different levels of investments in the various Funds.

We have established policies and procedures to monitor and resolve conflicts with respect to investment opportunities in a manner we deem fair and equitable, including the restrictions placed on personal trading in the Code, as described above, and regular monitoring of employee transactions and trading patterns for actual or perceived conflicts of interest, including those conflicts that may arise as a result of personal trades in the same or similar securities made at or about the same time as client trades.

ITEM 12 BROKERAGE PRACTICES

A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions.

As noted previously, we have full discretionary authority to manage the Funds, including authority to make decisions with respect to which securities are bought and sold, the amount and price of those securities, the brokers or dealers to be used for a particular transaction, and commissions or markups and markdowns paid. Our authority is limited by our internal policies and procedures and each Fund's investment guidelines.

Portfolio transactions for each client will be allocated to brokers and dealers on the basis of best execution and in consideration of relevant factors, including, but not limited to, price quotes; the size of the transaction; the nature of the market for the security; the timing of the transaction; the difficulty of execution; the broker or dealer's expertise in the relevant market or sector; the extent to which the broker or dealer makes a market in the security or has access to such market; the broker or dealer's skill in positioning the relevant market; the broker or dealer's facilities, reliability, promptness and financial stability; the broker or dealer's reputation for diligence and integrity (including in correcting errors); confidentiality considerations; the quality and usefulness of research products and services and investment ideas presented by the broker or dealer; and other factors deemed appropriate by the Investment Manager. The Investment Manager need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost or spread.

Subject to the considerations described above, the selection of a broker (including a prime broker) to execute transactions, provide financing and securities on loan, hold cash and short balances and provide other services is, subject to applicable law (including ERISA, if applicable), at times influenced by, among other things, the provision by the broker of the following: capital introduction, talent introduction, marketing assistance and consulting services with respect to technology, operations, equipment and office space or other services or items. Neither the Investment Manager nor the Funds separately compensate any broker for any of these other services.

1. *Research and Other Soft Dollar Benefits.*

From time to time, we may pay a broker-dealer commissions (or markups or markdowns with respect to certain types of riskless principal transactions) for effecting Fund transactions in excess of that which another broker-dealer might have charged for effecting the transaction in recognition of the value of the brokerage and research services provided by the broker-dealer. We will effect such transactions, and receive such brokerage and research services, only to the extent that they fall within the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934, as amended, and subject to prevailing guidance provided by the SEC regarding Section 28(e). We believe it is important to our investment decision-making processes to have access to independent research.

Also, consistent with Section 28(e), research products or services obtained with "soft dollars" generated by one or more Funds may be used by us to service one or more other clients, including clients that may not have paid for the soft dollar benefits. We do not seek to allocate soft dollar benefits to client accounts in proportion to the soft dollar credits the client accounts

generate. Where a product or service obtained with soft dollars provides both research and non-research assistance to us (*i.e.*, a "mixed use" item), we will make a good faith allocation of the cost which may be paid for with soft dollars. In making good faith allocations of costs between administrative benefits and research and brokerage services, a conflict of interest may exist by reason of our allocation of the costs of such benefits and services between those that primarily benefit us and those that primarily benefit the Funds.

When we use client brokerage commissions (or markups or markdowns) to obtain research or other products or services, we receive a benefit because we do not have to produce or pay for such products or services. At times, we have an incentive to select or recommend a broker-dealer based on our interest in receiving research or other products or services, rather than on our clients' interest in receiving most favorable execution.

At least annually, we will consider the amount and nature of research and research services provided by broker-dealers, as well as the extent to which such services are relied upon, and attempt to allocate a portion of the brokerage business of our Funds on the basis of that consideration. Broker-dealers sometimes suggest a level of business they would like to receive in return for the various products and services they provide. Actual brokerage business received by any broker-dealer may be less than the suggested allocation, but can exceed the suggested level, because total brokerage is allocated on the basis of all of the considerations described above. In no case will we make binding commitments as to the level of brokerage commissions we will allocate to a broker-dealer, nor will we commit to pay cash if any informal targets are not met. A broker-dealer is not excluded from receiving business because it has not been identified as providing research products or services.

2. Brokerage for Client Referrals.

Neither we nor any related person receives client referrals from any broker-dealer or third party. However, as discussed above, subject to best execution, we 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.

3. Directed Brokerage.

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

B. Order Aggregation.

If we determine that the purchase or sale of a security is appropriate with regard to multiple clients, we may, but are not obligated to, purchase or sell such a security on behalf of such clients with an aggregated order, for the purpose of reducing transaction costs, to the extent permitted by applicable law. When an aggregated order is filled through multiple trades at different prices on the same day, each participating client will receive the average price, with transaction costs generally allocated *pro rata* based on the size of each client's participation in the order (or allocation in the event of a partial fill) as determined by us. In the event of a partial fill, allocations may be modified on a basis that we deem to be appropriate, including, for example, in order to avoid odd lots or *de minimis* allocations. When orders are not aggregated, trades generally will be processed in the order that they are placed with the broker or counterparty selected by us. As a result, certain trades in the same security for one client (including a client in which we and our personnel may have a direct or indirect interest) may

receive more or less favorable prices or terms than another client, and orders placed later may not be filled entirely or at all, based upon the prevailing market prices at the time of the order or trade. In addition, some opportunities for reduced transaction costs and economies of scale may not be achieved. To the extent we are trading futures contracts and other instruments that are not securities, we expect to follow similar procedures, adapted to suit the applicable instrument and market.

ITEM 13

REVIEW OF ACCOUNTS

A. Frequency and Nature of Review of Client Accounts or Financial Plans

We perform frequent and regular reviews of each client's portfolio. Such reviews are conducted by the members of our management committee, portfolio managers and research associates.

B. Factors Prompting Review of Client Accounts Other than a Periodic Review.

A review of a client account may be triggered by any unusual activity or special circumstances.

C. Content and Frequency of Account Reports to Clients.

We generally provide annual audited financial statements to our clients within 120 days of the applicable client's fiscal year end.

ITEM 14
CLIENT REFERRALS AND OTHER COMPENSATION

A. Economic Benefits for Providing Services to Clients.

We do not receive economic benefits from non-clients for providing investment advice and other advisory services.

B. Compensation to Non-Supervised Persons for Client Referrals.

Neither we nor any related person directly or indirectly compensates any person who is not a supervised person, including placement agents, for client referrals.

ITEM 15 CUSTODY

We are deemed to have custody of client funds and securities because we have the authority to obtain client funds or securities, for example, by deducting advisory fees from a client's account or otherwise withdrawing funds from a client's account. Account statements related to the clients are sent by qualified custodians to us.

We are subject to Rule 206(4)-2 under the Advisers Act (the "Custody Rule"). However, we are not required to comply (or we are deemed to have complied) with certain requirements of the Custody Rule with respect to each Fund because we comply with the provisions of the so-called "Pooled Vehicle Annual Audit Exception", which, among other things, requires that each Fund be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and requires that each Fund distribute its audited financial statements to all investors within 120 days of the end of its fiscal year.

ITEM 16
INVESTMENT DISCRETION

We serve as the investment adviser with discretionary trading authority to each Fund. Our investment decisions and advice with respect to each Fund will be subject to each Fund's investment objectives and guidelines, as set forth in its offering documents.

We or one of our affiliates have entered into an investment management agreement, or similar agreement, with each Fund, pursuant to which we or one of our affiliates will be granted discretionary trading authority.

ITEM 17

VOTING CLIENT SECURITIES

In compliance with Advisers Act Rule 206(4)-6, we have adopted proxy voting policies and procedures. The general policy is to vote proxy proposals, amendments, consents or resolutions (collectively, "Proxies"), and to do so in a prudent and diligent manner that will serve the applicable client's best interests and is in line with each client's investment objectives.

Generally, we seek to vote in a manner supportive of company management for routine matters, and have adopted policies addressing voting proxies for non-routine matters. Consistent with those policies, we may take into account 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 effect on liquidity; and
- customary industry and business practices.

In limited circumstances, we may refrain from voting Proxies where we believe that not voting would be in the best interests of a client, taking into consideration a variety of factors, including the cost of voting the Proxies and the anticipated benefit to our clients. Generally, clients may not direct our vote in a particular solicitation.

Conflicts of interest have and may arise between the interests of the 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. Investors may obtain a copy of our Proxy voting policies and our Proxy voting record upon request.

ITEM 18
FINANCIAL INFORMATION

We are not aware of any financial condition reasonably likely to impair our ability to meet our contractual commitments to clients, and we have not been the subject of a bankruptcy petition at any time during the past ten years.