

# SKYE GLOBAL MANAGEMENT LP

767 Fifth Avenue, 12<sup>th</sup> Floor  
New York, NY 10153  
(212) 256-8923

## FORM ADV, PART 2A BROCHURE

March 27, 2020

This brochure provides information about the qualifications and business practices of Skye Global Management LP. If you have any questions about the contents of this brochure, please contact us at (212) 256-8923 or via e-mail at [rick@skyeglobal.com](mailto:rick@skyeglobal.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Any reference to or use of the terms “registered investment adviser” or “registered,” does not imply that Skye Global Management LP or any person associated with Skye Global Management LP has achieved a certain level of skill or training.

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

## **Item 2 - Material Changes**

Not applicable. Skye Global Management LP (“Skye Global”) is updating this Brochure as of March 27, 2020, in connection with its annual Form ADV amendment filing and has no material changes to report since its previous Form ADV amendment filing submitted on March 12, 2019. We encourage all recipients of this Brochure to read it carefully in its entirety.

### **Item 3 - Table of Contents**

Item 1 – Cover Page	
Item 2 – Material Changes	
Item 3 – Table of Contents	
Item 4 – Advisory Business	
Item 5 – Fees and Compensation	
Item 6 – Performance-Based Fees and Side-By-Side Management	
Item 7 – Types of Clients	
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	
Item 9 – Disciplinary Information	
Item 10 – Other Financial Industry Activities and Affiliations	
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	
Item 12 – Brokerage Practices	
Item 13 – Review of Accounts	
Item 14 – Client Referrals and Other Compensation	
Item 15 – Custody	
Item 16 – Investment Discretion	
Item 17 – Voting Client Securities	
Item 18 – Financial Information	
Item 19 – Requirements for State-Registered Advisers	

## **Item 4 – Advisory Business**

### **Description of the Firm**

Skye Global Management LP (“Skye Global”) is a privately-owned limited liability company organized under the laws of the state of Delaware, with its principal place of business in New York, New York. Skye Global was formed in 2012, and began providing investment advisory services in July 2016. James Sterne is the indirect owner of Skye Global. Specifically, Skye Global Management GP LLC, a Delaware limited liability company, which owns 1% of Skye Global, serves as the general partner of Skye Global and is wholly owned by Mr. Sterne. Skye Global Holdings LP, a Delaware limited partnership, which owns 99% of Skye Global is the sole limited partner of Skye Global, and is wholly owned by the James M. Sterne 2016 NY Trust. Skye Global serves as the investment manager to several private investment funds and as the investment adviser to two managed accounts (the “Managed Accounts”). Skye Global does not participate in wrap fee programs.

### **Advisory Services Offered**

#### *The Funds*

Skye Global serves as the investment manager (the “Investment Manager”) to Skye Global Fund LLC, a Delaware limited liability company (the “U.S. Fund”), Skye Global Fund, Ltd., a Cayman Islands exempted company (the “Offshore Fund,” and together with the U.S. Fund, the “Feeder Funds”) and as the adviser (the “Adviser”) to Skye Global Master Fund Ltd., a Cayman Islands exempted company (the “Master Fund,” and together with the Feeder Funds, the “Funds”) pursuant to an investment management agreement between Skye Global and each client Fund. All of Skye Global’s Fund clients are private investment funds that are exempt from registration with the Securities and Exchange Commission. In its capacity as Investment Manager to the Feeder Funds, Skye Global provides certain non-discretionary operational and administrative services to the Feeder Funds but has no discretion with respect to the investment of their assets or their operation. The Feeder Funds seek to attain their investment objectives by investing substantially all of their investable assets in through a master feeder structure in the Master Fund, for which Skye Global serves as the Adviser. In its capacity as Adviser to the Master Fund, Skye Global is generally responsible for managing the assets of the Master Fund, in accordance with the specific investment guidelines set forth in the confidential private placement memorandum of each of the Feeder Funds. Subject to these investment guidelines, Skye Global has a limited power of attorney to act and has complete discretion and authority to manage the Master Fund’s assets. Skye Global, in its capacity as Adviser to the Master Fund, is authorized to make all investment decisions, buy and sell securities, issue instructions to the Master Fund’s custodians, select broker dealers to execute securities transactions and vote proxies and make similar decisions. Underlying investors in Skye Global’s client Funds do not have the ability to impose restrictions on investing in certain securities or types of securities. Skye Global offers and sells interests in the U.S. Fund in private transactions solely to accredited investors who are also qualified purchasers, as defined by law. Skye Global offers and sells shares in the Offshore Fund, to a limited number of

sophisticated non-U.S. investors and U.S. investors who are tax exempt and also qualify as accredited investors and qualified purchasers.

Skye Global's investment performance is dependent upon the selection of long investments that outperform the market and short investments that underperform the market. While the confidential private placement memoranda for each of the Feeder Funds give Skye Global broad discretion with respect to the types of securities the Master Fund may purchase, Skye Global, in its capacity as Adviser to the Master Fund, will purchase and sell primarily publicly traded equity and equity-linked securities, derivatives, including, on a limited basis, virtual currency derivatives, and other assets in global markets, with an emphasis not only on issuer-specific but on geopolitical and macro analysis to understand position downside. Skye Global will also implement single name short selling and attempt to limit drawdowns through portfolio hedging. Performance is primarily driven by the relative performance of the Master Fund's long and short investments rather than the performance of the markets.

The Master Fund's portfolio generally will consist of 15-50 positions each comprising up to 25% of the portfolio's total equities exposure, and 50-100 short positions (both single name shorts and index hedges), each comprising up to 10% of the Master Fund portfolio's gross equity exposure, along with macro investments. Although it can vary over time, the Master Fund's total equities gross exposure will typically range between 50% to 300% and its net exposure will typically range from 0% to 120% net long. Investment trades are generally allocated among the Funds to achieve holdings that are proportional to their respective net assets.

#### *The Managed Accounts*

To the extent appropriate for a large or strategic investor, Skye Global will establish a separately managed account. Skye Global currently provides investment advisory services to two Managed Accounts, one that is a university foundation and one that is a family office. The advisory services are tailored to the investment objectives and/or restrictions established by the Managed Account client. Fee arrangements and terms for each Managed Account are individually negotiated. Accordingly, a managed account may be, and the Managed Accounts are, subject to different terms and fees than those of the Funds. Managed account relationships are generally subject to significant account minimums.

The Managed Accounts' investment objective and guidelines are substantially the same as those applicable to the Master Fund, except that pursuant to the investment guidelines of one of the Managed Accounts, it is not permitted to trade futures. Accordingly, except with respect to futures in that account, the Managed Accounts and the Master Fund will be managed to the extent possible, *pari passu*. These details are outlined in the agreement entered into between Skye Global and each Managed Account client.

As a result of this sharing of investments, the efforts of the members of Skye Global's investment and trading teams are focused on one set of investment decisions.

## **Assets under Management**

As of February 29, 2020, Skye Global managed, on a discretionary basis, client assets totaling \$1,486,504,227. Skye Global does not manage client assets on a non-discretionary basis.

## **Item 5 – Fees and Compensation**

### **Management Fees**

#### *The Funds*

The Master Fund pays Skye Global a management fee with respect to the non-discretionary operational and administrative services it provides to each of the Feeder Funds and the discretionary investment advisory services it provides to the Master Fund. The management fee is calculated as a percentage of assets under management by Skye Global in each Feeder Fund. Management fees are payable quarterly in advance based on the asset value of the applicable Fund as of the first business day of the calendar quarter. Each underlying investor in a Feeder Fund pays Skye Global the portion of the fee attributable to that investor's holdings in the Feeder Fund. The management fee paid to Skye Global with respect to new investors in the Feeder Funds is equal to 1.5% per year, or 0.375% per quarter. Series F investors in the Feeder Funds are subject to lower fees for as long as assets under management in the Master Fund remain above \$250 million. Fees paid in advance are not refundable.

#### *The Managed Accounts*

Skye Global's Managed Account clients generally compensate Skye Global on the basis of a quarterly or monthly fee that is computed as a percentage of the value of the assets under management. All such fee arrangements are individually negotiated.

### **Performance-Based Compensation**

#### *The Funds*

At the end of each fiscal year, by virtue of Skye Global LLC, an affiliate of Skye Global (the "Affiliate"), holding the performance allocation share in the Master Fund, each Feeder Fund also makes, to the Affiliate, a performance-based allocation in compliance with Rule 205-3 under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). The performance allocation applicable to the Feeder Funds is equal to 20% of the net profits of each such Fund and is paid at the Master Fund level to the Affiliate. Skye Global makes the performance allocation pro rata from the account of each underlying Feeder Fund investor in the amount attributable to that investor's holdings in the Feeder Fund. The performance allocation is subject to a high-water mark. This means that no performance allocation is made unless the value of client assets has increased since the prior allocation. If the client Fund terminates the investment management agreement, or an underlying investor withdraws its assets from the Fund, fees will be allocated on a pro rata basis. Skye Global waives the performance allocation associated with investors in the Funds who are

employees or affiliates of Skye Global, and may waive or modify the performance allocation associated with certain other investors.

### *The Managed Accounts*

Fees for all managed accounts are individually negotiated.

### **Fee Differential**

In some cases, certain underlying investors in Skye Global's client Funds may pay lower fees or have other unique arrangements, provided that the client is not harmed. For example, investors providing large or initial investments in a Fund, investors that commit to a hard lock on their investment, investors that are affiliated with Skye Global, and/or are Skye Global employees may have specially tailored arrangements with respect to their investment in a Fund.

### **Early Withdrawal and Related Charges**

Any capital contribution that is withdrawn from a Fund before the completion of the investor's commitment period is subject to an early termination fee as set out in detail in the applicable Fund's private offering memorandum.

The commitment period for investors in the Feeder Funds is one year. Investors who withdraw a capital contribution prior to the end of the one-year period will pay an early withdrawal fee equal to 5% of the amount withdrawn prior to the expiration of the commitment period.

All early withdrawal charges are retained by the Funds. For the purposes of determining the amount of the early withdrawal fee (if any), contributions are treated on a first in first out basis.

### **Other Fees**

All fees paid to Skye Global are separate from all costs and expenses related to a Fund's operations and, with respect to the Master Fund only, the fees related to its investments. These costs incurred by the Feeder Funds include, but are not limited to, audit and tax preparation expenses, legal expenses, organizational expenses (which are being paid and are being amortized over a period of up to 60 months), accounting fees, each Fund's administration expenses, insurance, indemnification expenses, regulatory and compliance costs and expenses (including, but not limited to expenses and license fees related to certain regulatory filings), transfer and other taxes, the cost of reporting and providing information to investors, ongoing offering expenses and the cost, if applicable, of ERISA (as defined below) bonding requirements and other related costs and expenses, which may be incurred by a Feeder Fund. The Feeder Funds will also bear their pro rata share of the Master Fund's expenses, including but not limited to, future re-organizational expenses, the management fee, brokerage commissions and other transaction costs (including those used to obtain research and related services) bid/offer spreads, legal fees and expenses incurred in structuring transactions or in connection with conducting due diligence and negotiating the

terms of certain investments, clearing and settlement charges, consulting expenses, research expenses, custodial and transfer agency fees, initial and variation margin, interest and commitment fees on debit balances or borrowings, stock borrowing fees, and other investment expenses incurred by the Master Fund, fees and expenses for risk management services, interest expenses on borrowings and commitment fees and related expenses payable to lenders, taxes, tax preparation fees, auditing and accounting fees, partnership representative and tax matters partner fees and expenses, fees and expenses incurred in connection with the maintenance of the Master Fund's legal existence, fees and expenses of the Master Fund's legal counsel including with respect to evaluating, structuring, acquiring and disposing of investments, and insurance and other out-of-pocket costs and expenses incurred in connection with meetings of and reports to the Funds and outside director's fees and expenses. Such charges, fees and commissions are exclusive of and in addition to Skye Global's fees. A more complete list of such fees and expenses is set forth in the confidential private placement memorandum of each of the Feeder Funds. Skye Global does not receive a portion of these other commissions, fees and costs. (Please refer to the "Brokerage Practices" section (Item 12) of this Brochure for additional information.)

Skye Global's investment management agreements with the Funds generally provide that the Fund will indemnify and not hold Skye Global and/or its affiliates liable for certain expenses, losses and claims that may arise in connection with the performance of its duties (including with respect to the Master Fund, management of the Master Fund's investments and execution of investment trades), provided that such person's conduct has not breached certain specified standards of conduct; that is the relevant actions must have been taken in good faith and cannot have involved willful misconduct, gross negligence, or fraud.

Additional fees charged to the Managed Accounts, if applicable, are individually negotiated with each Managed Account client, and are set forth in the investment management agreement with each such Managed Account client.

### **Billing Method**

The Funds' administrator deducts from the account of each investor in each client Fund the quarterly management fee, pro-rated if the account was opened during that quarter. The Funds' administrator deducts from the account of each investor in each client Fund the annual performance allocation, if applicable.

Skye Global does not deduct advisory fees or other expenses directly from the Managed Accounts, (nor does it have the power to do so without the consent/action of the applicable client). Skye Global sends each Managed Account client an invoice detailing the management fee and the performance fee owed for the period, which is paid directly by the applicable Managed Account client. Timing of the payment of the management and performance fee are individually negotiated by each managed account client.

### **Termination of Advisory Services**

The investment management agreement for each Fund will continue in effect indefinitely, unless terminated by Skye Global or the Fund client by providing at least ninety (90) days



written notice of termination. The termination provisions of each investment management agreement with a managed account client are individually negotiated.

### **Other Compensation**

None of Skye Global's employees receives compensation for the sale of securities or other investment products.

### **ERISA Clients**

Skye Global may be deemed to be a fiduciary under the Employee Retirement Income and Securities Act ("ERISA") to a Fund, any underlying investors in such Funds, and any managed accounts that are employee benefit plans or individual retirement accounts if the Fund or the managed account is deemed to hold "plan assets." Any assets subject to ERISA that are deemed to be "plan assets" are subject to specific rules and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation and the prohibition of certain transactions. The Feeder Funds are designed as feeder funds into the Master Fund, and Skye Global is not intended to exercise any discretionary authority with respect to plan assets. Accordingly, while each of the Feeder Funds may hold plan assets under ERISA, it is not intended that Skye Global will be considered a fiduciary under ERISA with respect to the assets held by the Feeder Funds. At any time when the U.S. Fund or the Offshore Fund is deemed to hold plan assets under ERISA, the U.S. Fund or the Offshore Fund, as applicable, will comply with the bonding requirements and the indicia of ownership requirements of ERISA. In order to avoid causing assets of the Master Fund to be deemed "plan assets," Skye Global intends to restrict the aggregate investment by benefit plan investors in each of the Feeder Funds to such amount necessary to ensure that such investments by benefit plan investors are under 25% of the total value of each class of equity interests in the Master Fund. The Managed Accounts are not subject to ERISA.

### **Valuation and Pricing**

Skye Global typically uses available pricing services or sources to determine the market value of the Master Fund's portfolio. Skye Global may rely on various services from outside vendors for information such as pricing, ratings, and other relevant factors. While these vendors are generally reliable, from time to time information they provide may be inaccurate or stale, which may affect the pricing and categorization of portfolio holdings. While the Master Fund's holdings are liquid securities, from time to time, Skye Global may need to determine a price for a portfolio holding using "fair value" pricing methods. In these situations, Skye Global elicits input from its investment team to determine what it believes to be a representative or "fair" price for the holding, and if necessary, retain the services of a third-party valuation firm. These determinations may involve a significant amount of judgment and in some cases may not result in an accurate price.

Under the terms of the investment management agreements with the Managed Accounts, the administrator for each Managed Account client performs its own valuation.

## **Item 6 – Performance-Based Fees and Side-By-Side Management**

Skye Global charges the Feeder Funds (at the Master Fund level) and the Managed Account clients a performance-based fee (that is a fee based on a share of capital gains on or capital appreciation of the assets of the client). Please refer to the “Performance Fee” section (Item 5) of this Brochure for additional information. As such the potential conflicts of interest related to managing accounts that charge performance-based fees or allocations alongside accounts that do not charge performance-based fees do not apply to Skye Global.

In addition, as a result of the performance-based fee charged to the Feeder Funds (at the Master Fund level) and the Managed Accounts, Skye Global may have an incentive to make investments that are riskier or more speculative than it otherwise might make in the absence of compensation based on the performance of its clients. Skye Global has policies and procedures in place to allocate investments and investment opportunities across multiple client accounts on a fair and equitable basis over time. (See Item 12 of this Brochure.) If Skye Global determines that an investment or trading opportunity is appropriate for more than one client, then Skye Global allocates such investment or trading opportunity among the clients in a manner it determines, exercising its judgment in good faith, to be fair and equitable, over time, taking into consideration all allocations among such clients taken as a whole. Skye Global is not required to provide every opportunity to every client.

## **Item 7 – Types of Clients**

Skye Global offers its investment advisory services to private investment funds that are exempt from the Investment Company Act of 1940, as amended, and to certain managed accounts. Please refer to Item 4 of this Brochure for additional details relating to the Funds and the Managed Accounts. Managed account clients could include high net worth individuals, endowments and other institutional investors.

Investors in the Funds must be sophisticated investors and are generally:

- high net worth individuals;
- pension and profit-sharing plans;
- charitable organizations and/or foundations;
- corporations, partnerships, LLCs or other businesses; and
- trusts

In order to qualify for investment in a Fund, U.S. investors must certify that they are “accredited investors” and “qualified purchasers” (as defined by law). Underlying investors in each Fund typically must invest a minimum of \$1 million, subject to reduction by Skye Global.

Skye Global individually negotiates minimum contribution amounts with managed account clients.

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

### **Methods of Analysis**

Skye Global manages the portfolio of the Master Fund in accordance with the investment strategy described in the confidential private placement memorandum for each Feeder Fund. The investment guidelines for the Managed Accounts are set forth in the investment management agreement between Skye Global and the applicable Managed Account client. Each agreement provides that the Managed Account is managed, to the fullest extent possible, *pari passu* with the Master Fund, subject to applicable law and certain additional guidelines and restrictions as imposed by the applicable Managed Account client. The investment strategies and risks set forth below are summaries, and are not intended to be a complete statement of the investment strategies and related risks applicable to an investment in the Funds or the Managed Accounts. Investors should review the complete private placement memorandum and/or other offering documents for each Fund, and other governing documents for a complete statement of the strategy and risks related to each Fund and/or Managed Account.

Skye Global uses the following methods of analysis in formulating investment advice and/or managing client assets:

*Fundamental Analysis:* Skye Global seeks absolute returns irrespective of market conditions using a variety of long/short equity strategies and global macro strategies focused on investing in what it believes to be structurally superior businesses with untapped pricing power and limited exposure to macro/political risks. Skye Global uses bottom-up fundamental analysis to identify opportunities with the highest probability of success. The analysis is informed by Skye Global's emphasis not only on issuer-specific but on geopolitical and macro analysis to understand position downside. When investing in short positions, Skye Global looks for single name shorts that have inferior business qualities such as limited pricing power, management team incentives differing from shareholders' incentives as well as a structurally-disadvantaged business. Fundamental analysis is the primary foundation of Skye Global's research efforts.

*Cyclical Analysis:* Economic and business cycles may not be predictable and may have many fluctuations between periods of economic or market expansion and contraction. The lengths of economic cycles may be difficult to predict with accuracy and therefore the risk of cyclical analysis is the difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends. Technical analysis is important to the formulation of Skye Global's investment strategies.

*Qualitative Analysis:* Skye Global subjectively evaluates non-quantifiable factors such as management team changes and product cycle changes not readily subject to measurement, in an attempt to predict changes to share price based on that data. Qualitative analysis is somewhat important to the formulation of Skye Global's investment strategies. A risk of using qualitative analysis is that Skye Global's subjective judgment may prove incorrect.

*Risks for all forms of Analysis:* The securities analysis methods that Skye Global uses rely on the assumption that the companies whose securities Skye Global purchases and sells,

the rating agencies that review these securities, and other publicly-available sources of information, such as capital structure change, about these securities are providing accurate and unbiased data. While Skye Global is alert to indications that data may be incorrect, there is always a risk that Skye Global's analysis may be compromised by inaccurate or misleading information.

## **Investment Strategies**

Skye Global uses the following strategies in managing each client's assets, consistent with the client's investment objectives and risk tolerance, among other considerations:

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

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

A risk associated with implementing a global macro approach is that having reached a macroeconomic conclusion regarding the future price level of a given investment, Skye Global is then faced — in the case of a number of prospective investments — with the difficulty of identifying an efficient means of acquiring market exposure so as to profit from this conclusion. Not only can it be difficult to find a workable medium through which to express a macro conclusion, but also factors extraneous to that conclusion may influence the pricing of the chosen medium. For example, even though an economy may, in fact, be stronger than is reflected in the market, a long position in the sovereign debt of such economy taken to express this opinion may nevertheless decline in value due to a general rise in interest rates or political tensions. Skye Global may correctly identify a macro opportunity, but not successfully capitalize on the opportunity — and, in fact, incur material losses — due to the assets chosen in an attempt to invest in such opportunity.

*Long-Term Purchases:* Skye Global purchases securities with the idea of holding them in the client's account for an investment horizon of one to five years or longer. Typically, Skye Global uses this strategy when:

- it believes the securities to be currently undervalued; and/or
- it wants exposure to a particular asset class over time, regardless of the current projection for the asset class.

In utilizing this strategy, Skye Global focuses on two specific aspects related to the issuer, investing when it believes that the issuer has:

- an exceptional management team with a track record of shareholder value creation; and
- a superior business model that features a dominant competitive position, substantial barriers to entry, economies of scale, stable/durable free cash generation, reported earnings that understate true economic earnings or earnings potential and untapped pricing power.

A risk in a long-term purchase strategy is that by holding the security for this length of time, Skye Global may not take advantage of short-term gains that could be profitable to a client. Moreover, if Skye Global's predictions are incorrect, a security may decline sharply in value before Skye Global makes the decision to sell.

*Short-Term Purchases:* When utilizing this strategy, which it does infrequently, Skye Global purchases securities with the idea of selling them within a relatively short time (typically less than six months to one year). Skye Global does this in an attempt to take advantage of conditions that Skye Global believes will soon result in a price swing in the securities purchased.

*Trading:* Skye Global purchases securities with the idea of selling them very quickly (typically within thirty days or less). Skye Global does this in an attempt to take advantage of predictions of brief price swings.

*Short Sales:* Skye Global borrows shares of a stock for the client's portfolio from someone who owns the stock on a promise to replace the shares on a future date at a certain price. These borrowed shares are then sold. On the agreed upon future date, Skye Global buys the same stock and returns the shares to the original owner. Skye Global engages in short selling based on its determination that the stock will go down in price after it has borrowed the shares. If Skye Global is correct and the stock price has gone down since the shares were purchased from the original owner, the client account will realize the profit. If Skye Global is incorrect and the stock price has gone up since it bought the shares, the client account will suffer the loss. Because the theoretical price increase is unlimited, a short sale involves the risk of a theoretically unlimited loss. Skye Global's selection criteria for short investments is the reverse of the selection criteria described above for long investments. Skye Global will make single-name short investments, often driven by macro changes affecting an entire country or industry, in companies which it believes exhibit inferior and structurally-disadvantaged business models, management incentives that differ from those of the shareholders and limited pricing power.

*Margin Transactions:* Skye Global will purchase securities for its clients' portfolios with money borrowed from the client's brokerage account. This allows the client to buy more stock than the client would be able to with the cash that is available, and allows Skye Global to purchase other securities for the client without selling other holdings.

*Options:* Skye Global may use options, although options typically do not comprise a significant portion of any client portfolio. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or a bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts:

- A call gives Skye Global the right to buy an asset at a certain price within a specific period of time. Skye Global will buy a call if it has determined that the stock will increase substantially before the option expires.
- A put gives Skye Global the right to sell an asset at a certain price within a specific period of time. Skye Global will buy a put if it has determined that the price of the stock will fall before the option expires.

Skye Global generally uses index and single name options both for speculative and hedging purposes. The single name options may be used for either downside protection or upside profit maximization with less capital outlay.

Skye Global may also use the “covered call,” in which it sells an option on a security owned by the client. In this strategy, the client receives a fee for making the option available, and the person purchasing the option has the right to buy the security from the client at an agreed upon price.

Skye Global may use a “spreading strategy,” in which it purchases two or more option contracts (for example, a call option that the client buys and a call option that the client sells) for the same underlying security. This effectively puts the client on both sides of the market, but with the ability to vary price, time and other factors.

Skye Global may also, from time to time, sell naked options, i.e., options on a security not owned by the trader. The sale of naked options involves the risk of the value of such options spiking dramatically due to changes in stock prices, market volatility and/or interest rates.

*Swaps:* Swap transactions may be highly illiquid and may increase or decrease the volatility of a client’s portfolio. Moreover, the client 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 or due to breaches of such agreements or the failure of the client to post or maintain required collateral. Many swap markets are relatively new and still developing.

*Other Derivatives:* Skye Global also uses other types of derivative securities, including but not limited to, warrants, notional principal contracts, contracts for differences, forward contracts and futures contracts as well as options on future contracts, including, on a limited basis, virtual currency futures (except that one of the Managed Account clients is not authorized to trade futures). The use of derivative instruments (including swaps) — both for speculation and for hedging purposes — involves a variety of material risks, including the extremely high degree of leverage often embedded in such instruments as well as the possibility of material and prolonged deviations between the theoretical and realizable value of a derivative. The market in derivative instruments is also typically materially less liquid than the market in the underlying reference asset. Such risks (and other risks that may not be anticipated) may make it difficult as well as economically non-viable to Skye Global to close out derivative positions in order either to realize gains or to limit losses.

*Futures Contracts:* Skye Global, unless restricted by a Managed Account client, may trade futures contracts and related options. Trading in futures contracts and options is a highly specialized activity and may entail greater than ordinary investment risks. Futures positions may become illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits.” During a single trading day, no trades may be executed at prices beyond the daily limits. Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in that contract can neither be taken nor liquidated. This could prevent Skye Global from promptly liquidating unfavorable positions and subject the client’s account to substantial losses. In addition, Skye Global may not be able to execute futures contract trades at favorable prices if little trading in the contracts involved is taking place. It also is possible that an exchange or the U.S. Commodities Futures Trading Commission (the “CFTC”) may suspend trading, order immediate liquidation and settlement or order that trading in a particular contract be conducted for liquidation only.

Trading in virtual currency futures entails greater than ordinary investment risks given the nature of the underlying asset. Virtual currencies are unique investment instruments as they are not considered to be legal tender in the United States and therefore have questionable intrinsic value. Price is based on a perceived value and is subject to changes in sentiment. In some cases, virtual currencies experience daily volatility of 20% or greater. Because bitcoin is not backed by a government, it is not subject to the protections that apply to other currencies. Custodians involved in virtual currency transactions may charge higher fees than custodians in other financial markets.

The low initial margin deposits normally required for futures positions (typically between 2% and 15% of the face value of a futures contract) permit an extremely high degree of leverage. Accordingly, a relatively small price movement may result in immediate and substantial losses to a client’s portfolio. Like other leveraged investments, a futures trade may result in losses in excess of the amount invested.

As portfolio manager, Jamie Sterne has final authority over all portfolio decisions for the Master Fund and the Managed Accounts. Mr. Sterne is responsible for portfolio activities, including sizing of positions, the resulting allocation of capital among sectors and the maintenance of targeted gross and net exposures.

## **Risk of Loss**

*General Risk of Loss Statement:* As with any investment, investing in securities involves a risk of loss. Future returns are not guaranteed, and the client may lose money on investments. The securities markets are volatile, and clients should consider carefully the amount of risk and/or loss they are willing to bear. Skye Global in no way guarantees performance, and at any time, the value of assets invested may fluctuate and be worth less than the amount originally invested. A client should only invest assets it will not need for current purposes and that can be invested on a long-term basis, usually a minimum of five

to seven years. The risks set forth below apply to underlying investors in the client Funds as well.

The risks set forth below are not intended to be an exhaustive list of all potential risks associated with an investment in the Funds or the Managed Accounts. Potential investors should review the confidential private placement memorandum for the Feeder Fund in which they are considering investing, and Managed Account clients should review the guidelines and restrictions set forth in their respective managed account agreements prior to investing in a Fund, or retaining Skye Global to manage assets, as applicable.

*Limited Operating History:* The Master Fund and the Managed Accounts each have a relatively limited performance history, and Skye Global is relatively recently-formed and has not managed any client account prior to the Funds. The past performance of the Funds and/or any Managed Account is not necessarily indicative of its future results, or the results that may be earned by other managed account clients. In addition, the past performance of the portfolio manager at other management firms is by no means necessarily representative — much less indicative — of how the Funds or the Managed Accounts will perform.

*Dependence on Skye Global:* The firm's clients must rely on the ability of Skye Global to manage their trading and investment program. Skye Global, in turn, depends on the services of Mr. Sterne, who serves as the portfolio manager for the Master Fund and the Managed Account clients. The loss of Mr. Sterne's services could be material and adverse to Skye Global's clients and would likely result in the premature termination of the Funds and the investment management relationships with the Managed Accounts — perhaps under unfavorable market conditions.

*Selection of Securities:* Skye Global believes that the primary risk of loss is associated with securities selection. The price of a company's stock could decline or underperform for many reasons, including, among others, poor management, financial problems or business challenges. If a company declares bankruptcy or becomes insolvent, its stock could become worthless. Skye Global attempts to minimize this risk through the construction of client portfolios.

*Derivative Instruments:* Derivative instruments are subject to a number of risks, including the risk of changes in the market price of the underlying securities, credit risk with respect to the counterparty, risk of loss due to changes in interest rates, and liquidity risk. The use of certain derivatives may also have a leveraging effect, which may increase volatility and reduce returns.

*Foreign Investments:* Investing in foreign (non-U.S.) securities may result in more rapid and extreme changes in value than an investment exclusively in securities of U.S. companies due to smaller markets, differing reporting, accounting and auditing standards, nationalization, expropriation or confiscatory taxation, foreign currency fluctuations, currency blockage, political changes or diplomatic developments.

*Leverage:* The Master Fund and the Managed Accounts use leverage, both through borrowings and through the significant degree of leverage typically embedded in the derivative instruments in their respective portfolios. Losses incurred on leveraged



investments increase in direct proportion to the degree of leverage employed. The relatively high degree of leverage that may be used by the Master Fund and the Managed Accounts correspondingly increases the risk of loss, and also magnifies each portfolio's exposure to market illiquidity.

Although Skye Global expects that the gross market exposure of the Master Fund will generally not exceed 300% of its net asset value, there are no formal limitations on the leverage which it may employ. The guidelines applicable to the gross market exposure of each Managed Account are individually established by each Managed Account client. From time to time, each portfolio may be significantly more leveraged — either purposefully or because of market conditions beyond the control of Skye Global. Each portfolio incurs interest expense on the borrowings used to leverage its positions. If the gains (if any) earned by the portfolios fail to cover such costs, the clients will incur losses.

From time to time, leveraged alternative investment strategies such as those implemented by the Master Fund and the Managed Accounts have incurred unprecedented losses as a result of adverse market movements, the increased cost and reduced availability of leverage and pervasive illiquidity in the markets. Clients are subject to a “risk of ruin” — sudden and material losses of which no indication is given in past performance — to which traditional investment strategies generally are not.

*Financing Arrangements; Availability of Credit:* The use of leverage is integral to Skye Global's management of its clients' portfolios. Skye Global depends on the availability of credit to finance its clients' portfolios. If the clients' counterparties incur increased financing costs, these costs will be passed on to the client. Despite incurring such fees and expenses, there can be no assurance that the client will, in fact, be able to access adequate amounts of credit. As a general matter, the banks and dealers that provide financing to the Master Fund and the Managed Accounts can apply essentially discretionary margin, haircut, financing, security and collateral valuation policies. Changes by banks and dealers in such policies or the imposition of other credit limitations or restrictions may result in margin calls, loss of financing, forced liquidation of positions at disadvantageous prices, termination of margin financing, swap and repurchase agreements and cross-defaults to agreements with other banks and dealers. The adverse effects of such events may be exacerbated if such limitations or restrictions are imposed suddenly and/or by multiple market participants at or about the same time. The imposition of such limitations or restrictions could compel Skye Global to liquidate all or a portion of its clients' portfolios at disadvantageous prices, which would have a material adverse effect on the applicable client account. There is no assurance that Skye Global will be able to obtain adequate financing to pursue its investment program or achieve its clients' objectives, or that any or all clients will not be forced to liquidate open positions at material losses due to an unexpected inability to continue to finance such positions.

*Liquidity:* If a security is illiquid, Skye Global might be unable to sell the security at a time when desired, and the security could have the effect of decreasing the overall level of a portfolio's liquidity. Further, the lack of an established secondary market may make it more difficult to value illiquid securities, which could vary from the amount realized upon disposition. Skye Global may make investments that become less liquid in response to

market developments or adverse investor perception. A client could lose money if it cannot sell a security at the time and price that would be most beneficial.

*Market:* Stock prices are volatile and are affected by the real or perceived impacts of such factors as economic conditions and political events. The stock market tends to be cyclical, with periods when stock prices generally rise and periods when stock prices generally decline. Any given stock market segment may remain out of favor with investors for a short or long period of time, and stocks as an asset class may underperform bonds or other asset classes during some periods.

*Market Capitalization:* Stocks fall into three broad market capitalization categories – large, mid and small. Investing in primarily one category carries the risk that, due to current market conditions, that category may be out of favor with investors. If valuations of large-capitalization companies appear to be greatly out of proportion to the valuations of mid- or small-capitalization companies, investors may migrate to the stocks of mid- and small-sized companies causing an investment in these companies to increase in value more rapidly than an investment in larger, fully-valued companies. Investing in mid- and small-capitalized companies may be subject to special risks associated with narrower product lines, more limited financial resources, smaller management groups, and a more limited trading market for their stock as compared to other larger companies. As a result, stock of mid and small sized companies may decline significantly in market downturns.

*Turnover/Frequent Trading:* A change in the securities held by the Master Fund or the Managed Accounts is known as “portfolio turnover.” Higher portfolio turnover is a result of frequent trading and involves correspondingly greater expenses to the Master Fund, and indirectly the Feeder Funds, or the Managed Accounts, as applicable, including brokerage commissions or dealer mark-ups and other transaction costs on the sale of securities and reinvestments in other securities. Such sales may also represent tax risk. The trading costs and tax risk associated with portfolio turnover may adversely affect a client’s performance. The use of futures or other forward settling derivatives may result in the appearance of higher portfolio turnover as positions are “rolled forward” in order to maintain a specific exposure. Accordingly, portfolio turnover rates may vary based on how such rates are calculated.

*Potentially Adverse Effects of “Low-Latency” Trading:* It is estimated that a significant volume of the equity trades executed on securities exchanges are implemented by “low-latency” computerized strategies trading in massive volume and with high turnover on the basis of technical market factors. Such trading has little, if anything, to do with the qualitative analysis of the prospects for an issuer’s success. Low-latency trading not only eliminates many of the mispricings on which Skye Global’s clients might otherwise capitalize, but also may from time to time be a dominant factor in determining market prices, making it difficult for Skye Global’s fundamental investment approach to succeed.

*Settlement Risk:* To the extent the Master Fund and the Managed Accounts invest in swaps, “synthetic” or derivative instruments, repurchase agreements, certain types of options or other customized financial instruments, or, in certain circumstances, non-U.S. securities, they take the risk of non-performance by the other party to the contract. This risk may include credit risk of the counterparty and the risk of settlement default. This risk may

differ materially from those in exchange-traded transactions, which generally are supported by guarantees of clearing organizations, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default.

*Investing in Private Companies:* The Master Fund may invest in private companies in various stages of development. Investments in private companies involve substantial risks, including, without limitation: (i) adverse or ineffective, as well as inconsistent, alignment of interests among management; (ii) technological obsolescence; (iii) financial planning misjudgment; (iv) employee or management misconduct; (v) lack of reliable financial information; and (vi) any number of general economic conditions that are beyond the control of management of the private company and Skye Global, such as: changing market sentiment; changes in economic conditions, competition and technology; changes in interest rates; changing economic or political conditions or events; and changes in tax laws and governmental regulation. Certain private companies may have highly leveraged capital structures, subjecting them to greater risk. The success of the Master Fund's investments in private companies depends on the Skye Global's ability to liquidate such investments at a profit. Private investments are subject to the risk of overly-optimistic valuations, material restrictions on the sale of securities and material dilution of the investment resulting from financing needs.

*Cybersecurity:* Skye Global, its service providers, its counterparties and other market participants on whom it relies increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect Skye Global's clients, despite the efforts of Skye Global, its service providers, its counterparties and other market participants on whom it relies to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to Skye Global's clients and/or the investors in the Funds. A successful penetration or circumvention of the security of Skye Global's systems or the systems of its service providers, counterparties or other market participants on whom it relies could result in the loss or theft of a client's or an investor in a Fund's data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose whether there are any legal or disciplinary events that would be material to a client's or a prospective client's evaluation of Skye Global or the integrity of Skye Global's management persons. Skye Global has no history of any disciplinary action to disclose.

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

Skye Global has a material business relationship with Skye Global LLC, which serves as the general partner to the U.S. Fund, and receives the performance allocation at the Master Fund level, from the Feeder Funds, by virtue of its ownership of the Performance Allocation Share of the Master Fund. Skye Global LLC is not a registered investment adviser. As discussed in response to Items 4 and 7 above, Skye Global manages the assets of several private investment funds and Managed Accounts. We do not believe that the contemporaneous management of the Funds and the Managed Accounts causes a conflict of interest because, to the extent permitted by client-imposed investment guidelines, they share the same investment strategies, and allocations.

Skye Global is registered as a commodity pool operator with the CFTC and is a member of the National Futures Association (the “NFA”), however, Skye Global operates the Funds pursuant to CFTC Regulation 4.7, because all investors in the Funds are “qualified eligible persons.” Accordingly, Skye Global is exempt from certain recordkeeping and other requirements with respect to the Funds that are otherwise applicable to registered commodity pool operators. Skye Global is not required to register as a commodity trading adviser pursuant to an exemption under applicable CFTC regulations.

Skye Global does have professional relationships with other third parties but receives no hard dollar compensation from any third party. Skye Global and/or its employees may receive small gifts from such third parties as to do otherwise would appear ungrateful. (See Item 14 for additional details and clarification.) Examples of these third parties include broker-dealers, investment companies, banking institutions, accounting firms, law firms etc. Some of Skye Global’s clients or investors in its Funds may also work for one of these third parties.

Neither Skye Global nor any of its management persons are registered or have an application pending to register as a broker-dealer or as registered representative of a broker-dealer.

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

As an investment manager to various clients, Skye Global may give advice, or take action or refrain from taking action, any of which may differ from advice given, action taken or not taken or the timing of any action for any other client. Further Skye Global may recommend or effect transactions on behalf of its clients in securities, which it or any of its affiliated persons may buy or sell for their own accounts. Skye Global is not a broker-dealer and does not act as a principal or broker in connection with client transactions. Skye Global, and persons related to Skye Global, including its officers, directors and employees, may buy, sell, or have a financial interest in securities recommended to clients either by investing directly in the Funds managed by Skye Global or otherwise, through independent transactions in personal accounts subject to Skye Global’s Code of Ethics described below.

Skye Global has adopted a Code of Ethics in an effort to avoid possible conflicts of interest, the inappropriate use of material non-public information and to ensure the propriety of its

employees' and clients' trading activities. The Code of Ethics is intended to comply with the applicable provisions of the Advisers Act. The Code of Ethics is distributed to each employee at the time of hire and employees receive annual training in issues related to the Code of Ethics. The Code is based on the principle that officers, directors and other Skye Global personnel owe a fiduciary duty to Skye Global's clients and investors in the Funds and must place the interests of Skye Global's clients and investors above their own.

Except as set forth immediately below, Skye Global's Code of Ethics prohibits any employee or the immediate family member of any employee from buying or selling any publicly traded securities held in a client account within three (3) days of a transaction in that security in any client account. Employees and immediate family members are also prohibited from taking a position that is contrary to the position held in a client portfolio, e.g., employees cannot short a security in which a client account has a long position. We believe that this prohibition effectively addresses the material potential conflict of interest with our clients that may arise as a result of personal trading by our employees. This prohibition does not generally apply to the purchase of direct obligations of the government of the United States, high quality short-term debt instruments, transactions in accounts over which employees have no control or influence, transactions made with an automatic payroll deduction, dividend reinvestment or similar program where the timing of purchases and sales is controlled by someone other than the employee or an exercise of pro rata rights issued by a company to all holders of a class of securities, although such transactions must be reported in accordance with the Code of Ethics.

The Code of Ethics also prohibits any employee or their immediate family member from participating in initial public offerings or private placements without prior approval of the Chief Compliance Officer. The Code further requires employees to surrender profits from "short-swing" trading (purchase and sale of the same ETF within a thirty (30) day period or purchase and sale of the same security within a sixty (60) day period).

Employees are required to provide Skye Global with a complete report of their securities holdings at the time they are hired. Employees also provide Skye Global with duplicate copies of account statements for all of their brokerage accounts as well as quarterly transaction reports and annual securities holdings reports. Most types of securities are subject to these reporting requirements.

Skye Global also maintains a restricted trading list (the "Restricted List"). The Master Fund and the Managed Accounts may be permitted to execute transactions in securities on the Restricted List unless Skye Global or any Skye Global employee is in possession of material non-public information concerning the security. Skye Global's policies and procedures regarding securities on the Restricted List apply to employees and their immediate family members. Securities that will be placed on a Restricted List include any:

- securities with whose issuer Skye Global or any of its employees is affiliated;
- securities of an issuer with whom any Fund investor or Managed Account client has disclosed an affiliation;
- securities with respect to which an employee has material non-public information;
- or
- any other security at the discretion of the Chief Compliance Officer.

The placement of a security on the Restricted List restricts personal trading in the securities of the issuer unless Skye Global's Chief Compliance Officer grants an exception, which must occur before any otherwise prohibited activity is initiated. Securities are generally kept on the Restricted List until the reason for placement on the list no longer applies.

The Code also prohibits employees from serving on the boards of public companies under any circumstances, and from maintaining other outside affiliations without prior approval.

The Code establishes sanctions if its requirements are violated, up to and including dismissal from employment. Employees are required to certify annually that they have complied with the Code of Ethics.

The foregoing is only a summary of the provisions of the Code and is qualified in its entirety by the detailed provisions appearing in the full text of the Code. Clients and prospective clients may obtain a copy of the Code of Ethics by contacting Skye Global's Chief Compliance Officer at 757 Fifth Avenue, 12<sup>th</sup> Floor, New York, NY 10153.

Skye Global does not recommend or solicit investments by clients in Skye Global managed or sponsored entities that would result in a conflict of interest between Skye Global and the client. Skye Global will not buy securities from or sell securities to another Skye Global client. For the purposes of this paragraph, references to Skye Global include any Skye Global affiliate.

Skye Global treats as confidential all personal and/or proprietary information provided by clients and investors in the Funds. Such confidential information will not be disclosed to any non-affiliated third party, except as permitted by clients and/or investors, as applicable, or as required by law.

From time to time, Skye Global may come into possession of material non-public information, which, if disclosed, might affect an investor's decision to buy, sell or hold a security. This may occur, for example, where an affiliated person is a director or officer of a company, the stock of which may be held by a client. In the event that Skye Global does come into possession of material non-public information, it will be unable to use this information for the benefit of its clients. Thus, Skye Global's possession of this information may cause a client to be frozen in a security position or to be unable to engage in a transaction in that position until such time as the information is made public.

## **Item 12 – Brokerage Practices**

The securities transactions of Skye Global's clients are expected to generate a substantial amount of brokerage commissions and other transaction-based compensation, all of which will be paid for by the clients. Skye Global has complete discretion in selecting brokers and dealers to be used for Master Fund and Managed Account transactions and in negotiating the rates of compensation that the Master Fund and Managed Account clients will pay. In addition to paying commissions to brokers acting as agents, some clients may buy or sell securities directly from or to brokers or dealers acting as principals at prices that

include dealer markups or markdowns, and may buy securities from underwriters or dealers in public offerings at prices that include compensation to the underwriters and dealers.

Skye Global is obligated to seek to obtain best execution for its clients. Best execution generally means lowest transaction cost (commission) for brokerage services rendered combined with best market price in order to minimize total purchase cost or maximize total sales proceeds. Other brokerage and trading services may be considered in analyzing execution practices including but not limited to the promptness of execution, confidentiality of trading activity, clearance and settlement, order positioning and financial stability.

Skye Global strives to execute securities transactions for clients in such a manner that the client's net cost or proceeds in each transaction is the most favorable under the circumstances. Skye Global's best execution policy applies to all transactions in all instruments, regardless of the client. Skye Global is not required to seek competitive bids and does not have an obligation to seek the lowest available commission cost. Thus, in any transaction, a client may pay commissions to a broker in an amount greater than an amount another broker might charge.

In selecting a counterparty and market through which to effect a trade, and in determining whether a transaction represents the best execution, Skye Global considers a range of quantitative and qualitative factors, including but not limited to the following:

### **Counterparty Considerations**

- Access to liquidity
- Execution efficiency
- Capital utilization
- Clearance and settlement capabilities
- Reasonableness of commission rate or spread
- Financial responsibility
- research (including economic forecasts, investment strategy advice, fundamental and technical advice on individual securities, valuation advice and market analysis), custodial and other services provided by such brokers and/or dealers that are expected to enhance Skye Global's general portfolio management capabilities

### **Market Considerations**

- Size and type of transaction
- Characteristics of the market(s) in which the security may be traded
- Nature of post-trade settlement, custody and foreign exchange structures

Skye Global trades for the benefit of clients through prime brokerage arrangements that are designed to allow trading with multiple brokers while centralizing clearance and custody through prime brokers. Under these arrangements, Skye Global places trades through accounts with different executing brokers in the name of one of its prime brokers for the

benefit of Skye Global and its clients. Skye Global directs delivery of funds or securities to a prime broker who is responsible for custody, clearance and settlement services including matching trades with executing brokers and delivering account confirms and statements to Skye Global.

Further, prime brokers may, as an incident to their services (and not for any additional compensation), sponsor conferences or seminars or provide “capital introduction services” in which consultants and prospective institutional investors may be introduced to Skye Global or the Funds managed by Skye Global, consistent with applicable private offering restrictions.

Skye Global may execute portfolio transactions with broker-dealers that, in connection with the execution of such transactions, provide brokerage or research services, consistent with Section 28(e) of the Securities Exchange Act of 1934. Under Section 28(e) an investment adviser is generally deemed to have acted lawfully and in a manner consistent with its fiduciary duties under federal and state law, if the adviser determines in good faith that the commissions charged by a broker are reasonable in relation to the value of the brokerage and research products or services provided by such broker. For purposes of Section 28(e), research products or services provided by a broker may include research reports on particular industries and companies, economic surveys and analyses, legal and regulatory analysis, recommendations as to specific securities and other products and services (e.g., quotation services and quantitative analysis software) providing lawful and appropriate assistance to the investment adviser in the performance of its investment decision making responsibilities, without regard to whether the research products or services benefit the account bearing the commission charge.

Skye Global will enter into commission sharing arrangements with brokers serving its clients providing for the use of commissions or “soft dollars” to pay the costs of certain research products or services which fall within the safe harbor created by Section 28(e). Skye Global’s soft dollar arrangements with brokers may condition payment of expenses upon placement of specified levels of brokerage transactions with that broker, and Skye Global may allocate a corresponding level of trades to that broker, subject to its obligation to obtain best execution (taking into account the value of the soft dollar goods and services provided). Skye Global also maintains commission sharing arrangements pursuant to which a broker through whom it transacts business may pay a research provider through whom its trades are not executed. Skye Global maintains a budget for soft dollars to be used annually, however, there is no explicit target or ratio linked to Skye Global’s commission business with any particular broker-dealer.

“Soft dollar” expense paid by brokers may include items which would be properly chargeable to the clients directly. Payment of costs through “soft dollars” may benefit Skye Global by relieving it of costs that it would otherwise have to bear because Skye Global does not have to produce or pay for the research, products or services. Receipt of this benefit may create an incentive for Skye Global to select a broker based on its interest in receiving the benefit rather than a client’s interest in receiving best execution.

If an expense relates to a function which would generally qualify for soft dollar payment under Skye Global’s policy stated above, as well as a function which does not (e.g., client



research and Skye Global administrative functions, respectively,) Skye Global will make a good faith allocation of the cost between qualifying and non-qualifying functions to determine the portion that may be paid with soft dollars. The allocation process will attempt to take into account the principal functions or benefits of the item involved, but will not attempt to measure de minimus or occasional non-qualified usage or usage of a de minimus value. It is therefore possible that payments associated with such non-qualified usage or payments made in error could benefit Skye Global, but it is not expected that such payments would be material in amount.

In any instance in which Skye Global enters into a soft dollar arrangement, a client may pay commissions to the relevant broker which are greater than the amount another broker may charge, but Skye Global will only do so if it determines in good faith that such amount of commissions is reasonable in relation to the value of all property, products and services provided by such broker.

Skye Global is not required to, and may not, allocate the benefits provided with a particular soft dollar expenditure to a particular client. Because the Master Fund and the Managed Accounts share many investments in common, it is possible that they will also share many of the soft dollar benefits derived from their collective trading. The benefits derived from any particular client, however, may not be proportional to the costs incurred.

Subject to seeking best execution, Skye Global may also consider other relationships as factors in the selection of securities brokers or dealers. For example, brokers to Skye Global's clients may refer investors to Skye Global managed funds or accounts and may engage in other transactions with Skye Global. From time to time, providers of client brokerage services also provide incidental consulting services and other advice with respect to Skye Global's operations and/or other matters on a formal or informal basis. The provision of such services or advice may not be subject to formal agreements and may not be compensated, depending on the extent of the services provided. Provision of services, including client referrals, could provide Skye Global with an incentive to select the respective broker-dealer for client transactions without regard to best execution. Skye Global will, however, provide compensation that it considers to be arm's length in any situation where such services have material value and will not allocate brokerage transactions to a provider of such services as compensation for client referrals or other services in violation of its duties to its clients.

### **Trade Allocation Policies**

Skye Global allocates investment opportunities among its clients in a fair and equitable manner, over time. Except as set forth below Skye Global typically aggregates investment trades and allocates them among the Master Fund and the Managed Accounts in a ratio that is proportional to the relative net asset values of each, including long/short exposure and leverage. Skye Global may deviate from its aggregation and/or pro rata allocation policy (i) with respect to IPO transactions; (ii) to address legal or other limitations, including but not limited to, (a) the direction of its Managed Account clients, (b) the prohibition against trading futures in one of the Managed Account client's portfolio, (c) to address the differing investment objectives of a client and/or (d) applicable law; or (iii) with respect to transactions entered into to close a transaction, which will be made based on position size,

rather than the relative net asset value of the Master Fund and the applicable Managed Account at the time of the closing transaction. Each Skye Global client bears any costs associated with special limitations (e.g., investment or trading restrictions) associated with that client. Generally, allocations are determined by the portfolio manager in accordance with these policies. Allocations are determined prior to a trade and documented on trade date. Allocations will be made using average price.

### **IPO Allocations**

In general, allocations of IPOs and new issues and other public offerings, are made on the basis of pre-established criteria across those eligible accounts seeking to purchase the securities and for which the securities are appropriate and to the extent consistent with the differing investment objectives of each client. Where the portfolio manager determines that the security will not likely be sold in the near term, he may determine to sell the securities on the secondary market (thereby realizing gains) and subsequently purchase them for a broader universe of accounts. IPOs and new issues may be restricted to certain accounts within the Master Fund (and the profits and losses associated with new issue transactions may be restricted to certain accounts in each Feeder Fund) and certain managed accounts. Accounts which are not prohibited from purchasing or selling IPOs or new issues may participate in such transactions. IPOs and new issues will generally be allocated on a pro rata basis to all eligible investors within a Fund and managed accounts based on the asset size of each participating Fund or account. As a result, certain Fund investors and accounts may have greater opportunities than others to invest in IPOs and new issues.

## **Item 13 – Review of Accounts**

Skye Global's portfolio manager reviews client accounts on a regular basis for appropriateness of holdings and transactions in light of the Master Fund's and the Managed Account's strategy. Compliance also takes an active role in reviewing the portfolio holdings for the Master Fund and each Managed Account. The financial statements for each Fund are audited annually by an independent public accountant.

Skye Global communicates regularly with its clients, providing unaudited monthly written reports to clients and investors in the Funds, which set forth the performance of the Fund, or Managed Account, as applicable, and other financial data and information. Investors in the Funds also receive the Fund's audited financial statements and all clients receive the information necessary for the investor to complete its annual federal income tax return, as applicable. Skye Global also responds to periodic requests by Fund investors to value the investor's investment and to provide certain additional information.

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

Skye Global employees attend conferences at which employees may be given gifts and/or trinkets that are less than \$50 in value. Employees may also receive gifts or similar items including entertainment from other professionals, as long as they are less than \$250 in value per gift or instance and less than \$1,000 per donor per year, and less than \$500 in value per instance of entertainment or \$3,000 per donor per year. The receipt of these gifts

could create the incentive for Skye Global to refer business to these professionals when it may not be in the client's best interest to do so. Employees are required to report all such gifts and entertainment with a value of at least \$50 and Skye Global conducts a periodic review to ensure that business is not being referred to a third party as a result of improper gift giving.

Skye Global does not have any agreements in place to compensate third parties for soliciting investors to invest in any of the Funds, or in any managed account.

### **Item 15 – Custody**

To the extent that Skye Global is deemed to have custody of client funds or securities under the Advisers Act solely because it deducts fees and/or its affiliated entity serves as general partner or managing member to a Fund, Skye Global complies with the Advisers Act custody rule by requiring an independent public accountant to send audited financial statements prepared in accordance with Rule 206(4)-2 of the Advisers Act to the underlying investors within 120 days after the end of the fiscal year. The Managed Account clients will receive account statements from their respective qualified custodians and should carefully review those statements.

With respect to the Managed Accounts, Skye Global does not have custody of the clients' funds and securities in such accounts because Skye Global does not deduct advisory fees directly from such accounts (nor does it have the power to do so without the consent/action of the Managed Account client). Payment of fees to Skye Global for the Managed Accounts are processed by the Managed Account's custodian or by the Managed Account client directly.

### **Item 16 – Investment Discretion**

Skye Global's fiduciary duty requires it to give investment advice that is suitable and appropriate to each client, and to have an adequate basis in fact for its investment recommendations. Skye Global has been granted discretionary authority to manage the securities accounts of its clients pursuant to an investment management agreement entered into with each client, although with respect to the Feeder Funds, Skye Global has discretion only to invest all of their respective investable assets in the Master Fund. Pursuant to this grant of discretionary authority, Skye Global is authorized to purchase and sell securities for the Master Fund, select brokers, and negotiate commission rates subject to the guidelines set forth in the private placement memorandum for each Feeder Fund and the investment management agreement for each Managed Account, as applicable.

### **Item 17 – Voting Client Securities**

As investment manager to the Funds, Skye Global has responsibility for making investment decisions that are in the best interest of its clients. As part of the investment management services it provides to clients, Skye Global generally has the responsibility to vote proxies appurtenant to the shares held in the Master Fund's and/or each managed account's portfolio unless the client has retained that right. As a fiduciary, Skye Global believes that

it has a duty to manage assets solely in the best interest of its clients, and that the ability to vote proxies is a client asset. Accordingly, Skye Global has a duty to vote proxies in a manner in which it believes will add value to the client's investment. Skye Global may amend its proxy voting policies at any time.

The investment management agreements for the Managed Account clients do not provide Skye with the authority to cast proxy votes. Skye Global's investment management agreements with the Master Fund grants Skye Global the authority to cast all proxy votes. As required by the Advisers Act, Skye Global has adopted a proxy voting policy, which provides that Skye Global will, based on its reasonable understanding of its clients' investment objectives, which shall include conducting an investigation reasonably designed to ensure that the voting determination is not based on materially inaccurate or incomplete information, act in the best interest of its clients in determining whether and how to vote on any proxy voting matter.

Skye Global's portfolio manager consults with the investment team concerning the best method to resolve any actual or apparent conflicts of interest between the interests of Skye Global and its clients, in a manner that affords priority to the interests of the clients. If the conflict is personal to the portfolio manager, the portfolio manager will designate others to address the issues presented by the proxy vote.

Clients may obtain a copy of the proxy voting policy and information on how Skye Global voted client securities by addressing a request for such policy or information to Skye Global's Chief Compliance Officer at 767 Fifth Avenue, 12<sup>th</sup> Floor, New York, NY 10153.

While Skye Global does not serve as the lead plaintiff in any class action litigations, Skye Global has retained a third-party service provider to monitor class action settlements pertaining to securities in which a client has invested, and to process any class action claims.

## **Item 18 – Financial Information**

Skye Global does not charge or solicit pre-payment of fees six months or more in advance. Skye Global has no financial commitment that is reasonably likely to impair its ability to meet contractual and fiduciary commitments to clients. Skye Global has not been the subject of a bankruptcy proceeding.

## **Item 19 – Requirements for State-Registered Advisers**

Not applicable.