

## Form ADV Part 2A: Firm Brochure

### Centiva Capital, LP

March 27, 2020

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This brochure provides information about the qualifications and business practices of Centiva Capital, LP (“Centiva”). If you have any questions about the contents of this brochure, please contact our Chief Compliance Officer (“CCO”) at 212-554-4180 or email [compliance@centivacapital.com](mailto:compliance@centivacapital.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.

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

Centiva is registered as an investment adviser under the Investment Advisers Act of 1940 (the “Advisers Act”). Registration as an investment adviser with the SEC does not imply a certain level of skill or training.

## **Item 2 Material Changes**

Centiva is required to identify and discuss any material changes made to this brochure (“Brochure”) since its last annual updating amendment on March 26, 2019.

James J. Murray was appointed to the role of Chief Compliance Officer in February 2020.

Please be aware that certain non-material changes were made to the Brochure, such as updates to various disclosures, which Centiva recommends that you read in its entirety.

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## Item 4 Advisory Business

Centiva is a limited partnership organized under the laws of the State of Delaware to provide investment management services to several pooled investment vehicles organized in a master-feeder structure. Formed in 2016, Centiva and its general partner, Centiva Capital GP, LLC, are owned and controlled by Edward McBride and Karim Abbadi, each a Founder (the “Founders”). The investment activities of Centiva are led by the Founders together with other investment professionals who assist in executing Centiva’s investment strategy.

Centiva, together with its affiliated advisory and management entities, the “Centiva Group Entities,” provides discretionary investment advice to the following private investment funds (collectively, the “Funds”): (i) Centiva Onshore Fund, LP (the “Onshore Fund”), a Delaware limited partnership; (ii) Centiva Master Fund, LP (the “Master Fund”), a Cayman Islands limited partnership; and (iii) Centiva Offshore Fund, Ltd. (the “Offshore Fund”), a Cayman Islands exempted company. The Onshore Fund and Offshore Fund will invest all or substantially all of its assets in the Master Fund. Centiva Fund GP, LLC serves as the general partner (“General Partner”) to the Master Fund and Onshore Fund.

In providing services to the Funds, among other things, Centiva (i) manages the Funds’ assets in accordance with the terms of the Confidential Private Offering Memoranda, limited partnership agreements, subscription documents, and other constituent documents (“Governing Fund Documents”); (ii) formulates investment objectives; (iii) directs and manages the investment and reinvestment of the Funds’ assets; and (iv) provides periodic reports to investors. Centiva provides investment advice directly to the Funds and not individually to a Fund’s limited partners or investors. Investment restrictions for the Funds, if any, are generally established in the applicable Fund’s governing documents.

The investment objective of the Funds is to achieve consistent, attractive risk-adjusted absolute returns with low correlation to major markets. Centiva seeks to achieve the Funds’ investment objective by allocating and reallocating the Funds’ assets among various portfolio managers and their respective associated team members (together, “Portfolio Management Teams”) that employ various investment strategies. In addition, Centiva may pursue certain “center book,” best ideas and/or hedging trades on behalf of the Funds, although there is no obligation for Centiva to engage in such activities.

Portfolio Management Teams typically comprise of one or more individuals operating as a single team to manage a portion of the Funds’ assets. Members of Portfolio Management Teams trade and are involved in day-to-day investment decision making with respect to their strategies. Portfolio managers are employed by Centiva, and subject to Centiva’s supervision and control and risk management.

Shares or limited partnership interests in the Funds are not registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), and the Funds are not registered under the Investment Company Act of 1940, as amended (the “Investment Company Act”). Accordingly, interests or shares in the Funds are offered and sold exclusively to investors satisfying the applicable eligibility and suitability requirements, in private transactions within and outside the United States.

As of December 31, 2019, Centiva had approximately \$3,206,517,896 in regulatory assets under management, all on a discretionary basis. Centiva does not currently manage any assets on a non-discretionary basis.

## **Item 5 Fees and Compensation**

### General

Centiva provides investment advisory services to each of the Funds pursuant to separate investment management and/or limited partner agreements (the “Agreements”). The Agreements for each Fund, along with specific organizational documents of the Funds, set forth in detail the fee structure relevant to each such Fund. The terms of the Agreements are generally established at the time of the formation of the applicable Fund.

The Onshore Fund is currently offering multiple series of units (“Units”) and the Offshore Fund is currently offering multiple classes of shares (“Shares”). Certain series of Units or Shares are subject to a reduced or no Incentive Allocation (as defined below), as well as caps on Pass-Through Expenses (as defined below) as described in supplements to the Governing Fund Documents in respect of such series.

Centiva will typically receive compensation in the form of incentive allocations. Centiva will not charge the Funds a management fee. The Funds are responsible for bearing, either directly or by reimbursing Centiva or other applicable Centiva Group Entity, for its allocable portion of all fees, costs and expenses of the Centiva Group Entities, including the compensation (including performance-based compensation), benefits and other payments to the Portfolio Management Teams and other personnel of the Centiva Group Entities.

### Incentive Allocation

At the close of business on the last day of each calendar year the General Partner (in its capacity as general partner of the Master Fund) will be entitled to receive an incentive allocation (the “Incentive Allocation”) with respect to certain Units or Shares, as the case may be, ranging between 0% and 20% of the amount, if any, by which the net asset value of such Units or Shares (determined prior to any Incentive Allocation accrual as of such date, but after the deduction of all expenses allocable to those Units or Shares and appropriately adjusted as determined by the General Partner, in its sole discretion, for contributions, distributions and redemptions) exceeds the prior high net asset value (as defined in the Governing Fund Documents) of such Units or Shares as of such date the Incentive Allocation is determined.

### Strategic Investor

Centiva has entered into an arrangement with a strategic investor (the “Strategic Investor”) which is itself a registered investment adviser. Certain clients of the Strategic Investor have invested in the Funds, and in consideration for their investment, these clients are allocated a portion of the Incentive Allocation attributable to such Funds. In addition, these clients are subject to certain caps

on Pass-Through Expenses. Additional details relating to this arrangement are contained in the relevant Governing Fund Documents, in this Item 5, and in Item 10 below.

### Organizational and Offering Expenses

Under the terms of the Governing Fund Documents, the Funds bear (i) all of their organizational fees, costs and expenses (including those relating to the negotiation and preparation of its governing documents and counterparty agreements) (“Organizational Expenses”) and (ii) the initial and ongoing offering fees, costs and expenses incurred in connection with the offer and sale of units (including those relating to the preparation, negotiation and modifications to governing documents, questionnaires, subscription agreements, side letters and other agreements with investors, and marketing, including marketing materials and travel, lodging, meals and entertainment) (collectively, “Offering Expenses”).

Organizational Expenses, initial Offering Expenses and Start-Up Costs (as defined below) may be amortized over the Funds’ first 60 months of operations. If, at any time, the effect of this accounting treatment becomes material to any Fund’s financial statements, such Fund’s allocable share of the unamortized balance of such fees, costs and expenses may be included in full as a liability on its financial statements for purposes of calculating such Fund’s net asset value at such time.

### Fund Expenses

The Funds bear all of their fees, costs and expenses, including, but not limited to: (i) Organizational Expenses and Offering Expenses; (ii) all investment-related fees, costs and expenses (including brokerage commissions and fees, access fees, exchange fees, clearing fees, settlement fees, custodial fees, intermediation fees, ticket charges and other trading expenses, financing costs, the fees, costs and expenses associated with investments in funds or accounts sponsored, managed or advised by third-party investment managers (including any asset-based fees and incentive fees or allocations or other performance-based compensation of such investment managers), expenses associated with short sales, the costs implicit in repurchase and reverse repurchase agreements, appraisal fees and expenses, professional fees or compensation relating to particular investments or prospective investments, and investment-related travel, lodging, meals and entertainment costs); (iii) market data and other data costs (whether or not used for research and including risk analytical software), including Bloomberg terminals, licenses, applications and data, Thomson Reuters data, research, risk and investment-related data (e.g., index comparison data, third-party dividend forecasts, corporate action data, risk factor data, historical time-series); (iv) costs attributable to hardware (including telecommunication) used in support of production trading and research; (v) costs attributable to software and hardware used for research and/or processing market data and other data (including software and hardware (including telecommunication) used for collecting, distributing, and storing such data and used for risk management and the investment process); (vi) co-located data center costs (including hardware (and telecommunication) costs and third-party technology service costs); (vii) technology costs (including hardware, software and telecommunication costs and third-party technology service costs) associated with trade execution and management systems, portfolio management systems, risk systems, order management systems, analytics, proxy voting systems, class action filing systems, accounting systems, anti-money laundering compliance systems and connecting to trading venues, trading counterparties, prime brokers, and similar service providers; (viii) expenses associated with obtaining and maintaining

regulatory licenses, exchange memberships, registrations and credit ratings and of acquiring or developing and operating any business (including, potentially, a broker-dealer or clearing broker) that is, directly or indirectly, an asset of the Funds; (ix) all administrative fees, costs and expenses of the Funds, including those of the administrator in their standard service, including but not limited to, audit support, support in compliance with Form PF, CPO-PQR, AIFMD, FATCA; (x) fees, costs and expenses relating to the maintenance of registered offices; (xi) fees, costs and expenses of opening and maintaining bank accounts, (xii) all fees, costs and expenses of preparing and distributing reports, financial statements and other documents to investors and prospective investors; (xiii) all quotation, appraisal and other valuation costs and expenses, including those of any third-party appraisal or valuation service; (xiv) all external accounting, auditing, consulting, expert, finders and tax preparation fees, costs and expenses; (xv) any taxes (including any penalties and interest thereon), duties, fees or other governmental charges; (xvi) all fees, costs and expenses related to the Funds' legal, tax, regulatory and compliance affairs, including outsourced consulting and compliance programs; (xvii) all insurance premiums, including the Funds' allocation of E&O and D&O insurance; (xviii) all costs and expenses relating to redemptions and transfers of units, dividends and distributions; (xix) proxy service provider fees; (xx) fees paid to third-party service providers to file class-action settlement claims; (xxi) principal and interest on, and fees and expenses arising out of, all permitted borrowings made by the Funds; (xxii) all costs and expenses related to investor meetings and meetings and the activities of the any Review Committee or similar committee or group, as described in the Funds' governing documents; (xxiii) all costs and expenses incurred in connection with any restructuring or amendments to the constituent documents of the Funds and related entities, the reorganization, dissolution, winding up or termination of the Funds or following the required redemption of all or substantially all outstanding units (including the fees and expenses associated with any agents (including affiliates of the General Partner) to assist it following the occurrence of a dissolution event; (xxiv) all fees costs and expenses associated with litigation arbitration, regulatory examinations, or governmental investigations related to, and other extraordinary fees, costs and expenses (including costs of indemnification or contribution to any person) of, the Funds, including those incurred by Centiva and/or any other Centiva Group Entity; (xxv) their pro rata share of the fees, costs and expenses of any entities through which the Funds invest, including the Master Fund and any portfolio vehicles; and (xxvi) all fees, costs and expenses associated with establishing, operating and maintaining the General Partner, including making any regulatory or other filings in respect of the General Partner (as more fully defined in the Fund Agreements, "Fund Expenses"). Centiva will periodically consult with the Review Committee (as defined in the Governing Fund Documents), or the Board of Directors of the Offshore Fund ("Board of Directors"), as applicable, on Fund Expenses.

In the event that any Fund Expenses or costs are paid on behalf of any Funds by the General Partner, Centiva or any other Centiva Group Entity, such Fund will reimburse the General Partner, Centiva or such other Centiva Group Entity therefor.

Fund Expenses will generally be borne pro rata by investors; provided, however, that the General Partner may (i) waive such obligation with respect to any investor so long as the General Partner or another Centiva Group Entity bears the amount of any Fund Expenses so waived and/or (ii) allocate certain Fund Expenses to one or certain, but not all, of the investors if such an allocation is determined by the General Partner in good faith to be more equitable. Fund Expenses are not subject to a cap.

### Pass-Through Expenses

In addition to its allocable portion of Fund Expenses and instead of being charged a management fee, each Fund is responsible for bearing, either directly or by reimbursing Centiva or other applicable Centiva Group Entity for, its allocable portion of Pass-Through Expenses. The amount of such expenses is expected to be substantial and, until such time as the Funds reach a certain size, will likely exceed a more traditional management fee were the Funds to charge such a fee. The amount of such expenses on an annual basis relative to the net asset value of the Funds will depend, in large part, on the size of the Funds at such time. Pass-Through Expenses allocated to the Funds will be subject to periodic reviews by the Review Committee or Board of Directors, as applicable. Estimates of such expenses are available to investors and prospective investors upon request.

“Pass-Through Expenses” means all other fees, costs and expenses of Centiva or any other Centiva Group Entity not otherwise considered Fund Expenses as provided above, including, those relating to: (i) office space, utilities, equipment, furniture and fixtures, and the maintenance thereof; (ii) general operations and administration; (iii) compensation (including salary, bonuses (including Payout Compensation (as defined in the Governing Fund Documents), sign-on bonuses, other upfront compensation and guaranteed bonuses), deferred compensation, grants, buy-out payments, severance and other awards) and benefits of, and other payments to, personnel of Centiva or any other Centiva Group Entity, including the Founders and Portfolio Management Team members, and payroll taxes related to the foregoing; (iv) human resources and personnel recruitment, hiring, onboarding and termination, including recruitment-related travel, lodging, meals and entertainment costs, recruitment fees, retainers paid to recruiters and legal expenses incurred in connection with the hiring or termination of such personnel; (v) taxes (including any penalties and interest thereon but excluding, for the avoidance of doubt, taxes owed by the Founders other than payroll taxes related to the compensation and benefits of, and other payments to, the Founders), duties, fees or other governmental charges; (vi) registration fees; (vii) insurance premiums; (viii) the ordinary-course legal, tax, audit, regulatory, administrative, governance, risk management and compliance affairs of the Centiva Group Entities (including those relating to Centiva’s obligations); (ix) the acquisition and development of strategies, models and other intellectual property; (x) the organization of Centiva and the other Centiva Group Entities (“Start-Up Costs”), including their formation and the negotiation and preparation of their respective constituent documents, pre-launch costs including rent, consulting fees, employee compensation, employer taxes and benefits, travel, office expenses, marketing, subscriptions and administrative costs; (xi) interest on, and fees and expenses arising out of, all borrowings made by Centiva or any other Centiva Group Entity in connection with the ordinary course operations of Centiva and such Centiva Group Entity; (xii) any restructuring or amendments to the constituent documents of Centiva, any other Centiva Group Entity or any affiliate thereof; (xiii) the reorganization, dissolution, winding up or termination of Centiva or any other Centiva Group Entity and any fees and expenses associated with such reorganization, dissolution, winding up or termination; (xiv) fees, costs or expenses associated with the Advisory Panel (if formed, as defined in the Governing Fund Documents), including any compensation of members of the Advisory Panel and their out-of-pocket expenses (including meals, travel and lodging) in connection with the performance of their responsibilities as members of the Advisory Panel; (xv) all extraordinary expenses and liabilities of Centiva or any other Centiva Group Entity, including those associated with litigation, arbitration, regulatory examinations, or



governmental investigations related solely to, and other extraordinary fees, costs and expenses (including costs of indemnification or contribution to any person, but excluding any costs of indemnification or contribution to any Covered Person (as defined in the Governing Fund Documents) where a Covered Item (as defined in the Governing Fund Documents) was incurred as a result of such Covered Person's Disabling Conduct (as defined in the Governing Fund Documents)) of, Centiva and/or any other Centiva Group Entity; (xvi) IT services and maintenance, software applications, hardware used for the general support of Centiva; (xvii) communications and connectivity, internet service providers, cable TV, phone and the service, mobile devices; (xviii) compensation paid to consultants for advice, projects, and other forms of engagement; (xix) office supplies and expenses, including printing, postage, courier and pantry expenses; (xx) employee travel and expenses, meals and travel; (xxi) legal and other costs associated with maintaining regulatory registration and licenses including SEC and NFA regulations and ensuring compliance therewith, including compliance programs and the preparation and update of Form ADV; (xxii) subscriptions and publications; and (xxiii) expenses for outsourced providers, including but not limited to professional employment organizations, architects, designers, background checks, and registered agents.

For the avoidance of doubt, (i) Fund Expenses are not Pass-Through Expenses; (ii) Pass-Through Expenses only include fees, costs and expenses of Centiva and other Centiva Group Entities that relate to their respective business and affairs and are not otherwise considered Fund Expenses; (iii) Pass-Through Expenses will not include any of the Founders' personal expenses, including without limitation, taxes owed by the Founders (other than payroll taxes related to the compensation and benefits of, and other payments to, the Founders, which constitute Pass-Through Expenses) and (iv) to the extent that any fees, costs and expenses (e.g., rent) are incurred on behalf of Centiva or any other Centiva Group Entity by any other persons (e.g., the Funds or other Funds), such fees, costs and expenses will be treated as Pass-Through Expenses.

Pass-Through Expenses will be allocated among the funds and accounts managed by Centiva or any other Centiva Group Entity in a fair and equitable manner (as determined by Centiva in its discretion) in accordance with its expense allocation policies. The criteria used to determine how Pass-Through Expenses are allocated may include but are not limited to utilization of personnel, space, technology, resources, capital and strategy capacity, assets under management, revenue, trading volume and estimates of value contribution.

Any Pass-Through Expenses allocated to a Centiva Fund will generally be borne pro rata by the investors therein; provided, that (i) to the extent the Master Fund makes any non-pro rata allocations of investments and strategies, Centiva may allocate the applicable Pass-Through Expenses among the investors in the Master Fund on a non-pro rata basis in such manner as it determines to be equitable and (ii) Centiva may, and has agreed in certain circumstances to, waive or reduce an investor's obligation to bear its allocable portion of Pass-Through Expenses (e.g., in exchange for the payment by such investor of a fixed fee based on the net asset value of such investor's Units), including by limiting such investor's obligation to bear Pass-Through Expenses to certain specified levels in a given period, so long as Centiva or another Centiva Group Entity (and not any other investor) bears the amount of any Pass-Through Expenses so waived.

As of the date hereof, the Centiva Group Entities have not established any other Funds. Accordingly, until any such other Funds are established, the Funds will bear all Pass-Through Expenses, unless otherwise agreed by Centiva.

Centiva will make all determinations regarding Fund Expenses and Pass-Through Expenses and will have potential conflicts of interest in making such determinations. For example, Centiva will determine which costs and expenses are Fund Expenses and which are Pass-Through Expenses and will determine the allocation of Pass-Through Expenses among the Funds and the other funds and accounts managed by Centiva and the other Centiva Group Entities, including costs related to goods and services that benefit both the Funds and such other funds and accounts. Such allocations will involve certain subjective determinations and may be made by Centiva using any method determined by Centiva, including any objective criteria, any subjective criteria, or any combination of the foregoing selected by Centiva. There can be no assurance that the allocations determined by Centiva will accurately reflect the Pass-Through Expenses actually incurred on behalf of the Funds and such other funds and accounts, or that these allocations will not confer an economic benefit on another fund and/or account at the expense of the Funds. However, Centiva will seek to make such allocations in a manner that it deems equitable.

Investors are encouraged to review the Governing Fund Documents in order to fully understand the nature of Fund Expenses that are borne by the Funds, and indirectly, the Investors, and as well as Pass-Through Expenses.

#### Expense Capped Investors

As described above under “Strategic Investor,” Centiva has entered into an agreement (the “Seed Investor Agreement”) with the Strategic Investor. Under the Seed Investor Agreement, the Strategic Investor’s clients will not bear their share of Pass-Through Expenses for certain periods, or the Payout Compensation of the Portfolio Management Teams, to the extent that such amounts exceed certain specified levels (measured on a periodic basis), or certain other costs and payments as described in the Seed Investor Agreement. Similar to the Strategic Investor, Centiva has agreed that certain series of Units or Shares held by other investors in the Centiva Funds will not bear their share of Pass-Through Expenses for certain periods (excluding Payout Compensation and any uncapped payroll taxes relating to such Payout Compensation) to the extent that such amounts exceed certain specified levels (measured on a periodic basis), or certain other costs and expenses as described in supplements to the Governing Fund Documents in respect of such series. To the extent that any of these expenses are not ultimately borne by the Strategic Investor’s clients or other investors described above, Centiva or another Centiva Group Entity will bear such expenses. Except as otherwise agreed by Centiva, these limitations will not apply to other investors in the Centiva Funds.

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

As described above, Centiva or its affiliates will receive performance-based compensation and because the performance compensation is calculated on a basis which includes unrealized

appreciation of the Funds' portfolio, it may be greater than if such compensation were based solely on realized gains. These fees may create an incentive to make more speculative investments and make different decisions regarding the timing and manner of the realization of such investments, than would be made if such incentive fees were not allocated to Centiva.

Each Fund, the General Partner and/or Centiva have entered, and, subject to the approval of the Review Committee or Board of Directors, as applicable, may from time to time in the future enter into letter agreements or other similar agreements or undertakings (collectively, "Side Letters") with one or more limited partners or an investment adviser to one or more limited partners, without any further act, approval or vote of any other limited partner, that have the effect of establishing rights under, or altering or supplementing the terms of, the fund agreement and/or the subscription agreement with respect to each such limited partner in a manner more favorable with respect to such limited partner and/or investment adviser than those applicable to other limited partners. Such rights or terms may include: "most favored nation" rights; different fees, including performance-based allocations or fees; expense caps or other limits; enhanced or otherwise different reporting and/or disclosure rights; different transfer and/or liquidity terms; restrictions on or special rights with respect to the activities of the General Partner and/or Centiva; special representations, warranties and/or covenants by the Funds, the General Partner and/or Centiva; and rights or terms necessary in light of particular legal, regulatory, tax or public policy characteristics of such limited partner. Any rights or terms so established in a Side Letter with a limited partner will govern solely with respect to such limited partner. In general, none of the Funds, the General Partner or Centiva will be required to notify any or all of the other limited partners of any such Side Letter or any of the rights and/or terms or provisions thereof, nor will any of the Funds, the General Partner or Centiva be required to offer such additional and/or different rights and/or terms to any or all of the other limited partners.

## **Item 7 Types of Clients**

Centiva provides discretionary management and advisory services to the Funds directly, subject to the direction and control of the General Partner or Board of Directors, as the case may be, and not individually to the investors. Investors in the Funds may include, but are not limited to, high net worth individuals, pension plans (corporate, state and foreign), sovereign wealth funds, endowments, foundations, banks, pooled investment vehicles (e.g., funds-of-funds), trusts, estates or charitable organizations, and corporate or business entities.

The minimum commitment for an investor is \$5,000,000; however, Centiva and/or its affiliates maintain discretion to accept less than the minimum investment threshold. Investors in the Funds will be required to meet certain suitability qualifications, such as being an "accredited investor" within the meaning set forth in Rule 501(a) of Regulation D under the Securities Act and also "qualified purchasers" within the meaning set forth in Section 2(a)(51) of the Investment Company Act and the regulations thereunder.

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

### Investment Strategies

Centiva seeks to achieve the Funds' investment objective by allocating and reallocating the Funds' assets among various Portfolio Management Teams that employ various investment strategies. In addition, Centiva may pursue "center book," best ideas and/or hedging trades on behalf of the Funds, although there is no obligation for Centiva to engage in such activities.

The Funds will invest opportunistically, and Centiva is not limited as to the strategies that it might employ on behalf of the Funds. The Funds are generally focused on capacity constrained, systematic, structural and arbitrage strategies including but not limited to equity derivative and event, relative value credit and systematic and quantitative. Additional strategies that Centiva may employ on behalf of the Funds also include, without limitation, quantitative macro, merger arbitrage, fundamental macro, convertible bond arbitrage, foreign exchange, equity fundamental long/short, fixed income relative value, and less-liquid fixed income and credit. Details regarding investment and other risks related to an investment in the Funds are set forth in the Funds' governing documents.

The Funds may invest in all manner of financial instruments, including (but not limited to) equities, preferred stocks, warrants, fixed income instruments, any currency or any contract for future or forward delivery of any security, commodity or currency, any contract (including notional principal contracts) based on any security, securities or currency index or group of securities or currencies, any option on any contracts referred to herein, any derivatives of any of the securities referred to herein (including without limitation swaps relating thereto and foreign exchange derivatives), any evidence of indebtedness, private placement and securities purchase agreements, shareholders' agreements, credit-related instruments, municipal bonds, credit default swaps, collateralized loan obligations, credit derivatives of all types, exchange-traded funds, exchange-traded notes, master limited partnerships, royalty trusts, mortgage securities, mortgage loans and REITs, repurchase agreements, reverse repurchase agreements, securities lending and hypothecation agreements, counterparty agreements, all other forms of investment, financial and commercial agreements, contracts and undertakings, bespoke and index tranch and untranch credit products, synthetic instruments and instruments accessing related indices, and any other such instrument to effectuate its investment strategies. The Funds invest on both a cash and synthetic basis and take short positions for both speculative and hedging purposes. Centiva anticipates causing the Funds to incur substantial leverage in executing the investment program through both cash and synthetic borrowings, margin financing and any leverage embedded in any instrument or derivative that is held by the Funds.

Investors should review the respective Fund's Governing Fund Documents for more details on the manner in which Centiva intends to implement the Funds' investment strategy and the methods of analysis that Centiva seeks to utilize in order to reach these investment objectives. There are no limits on the investment strategies that may be employed by Centiva on behalf of the Master Fund. There are no limits on the types of instruments or investment techniques that Centiva may trade or utilize on behalf of the Master Fund or the markets to which the Master Fund may have exposure.

The method(s) and investment strategies described above involve certain risks. A summary of the principal risks is set out below. An investment in the Funds involves a significant degree of risk, including the risk of a complete loss of capital, and prospective investors should be aware that significant conflicts of interest may arise in connection with the operation of the Funds, as disclosed in the Governing Fund Documents.

### Summary of the Principal Investment Risks

#### *No Fixed Strategy, Instruments, Markets, Sectors or Issuer Weightings*

Centiva will opportunistically implement whatever strategies or discretionary approaches Centiva believes from time to time may be suited to prevailing market conditions. The risks associated with such strategies may be different from those described herein. There can be no assurance that Centiva will be successful in selecting any such strategy or discretionary approach or that losses will be avoided.

Although the diversification of the Funds' investments among a variety of strategies and securities and other instruments is intended to reduce the Funds' exposure to adverse events associated with specific strategies and issuers, the amount of that diversification may be limited. As a result, the Funds' assets may become highly concentrated within particular issuers, industries, asset types, strategies and/or markets at any given time, and the Funds will therefore be more susceptible to fluctuations in value resulting from adverse economic conditions affecting the performance of particular companies, industries, asset types, strategies and/or markets than would be the case of a less concentrated portfolio.

#### *Index Strategies*

The success of index strategies is dependent on the ability to exploit relative mispricings among interrelated instruments. Although relative value positions are considered to have a lower risk profile than directional trades as the former attempt to exploit price differentials not overall price movements, index strategies are by no means without risk. Mispricings, even if correctly identified, may not converge within the time frame within which the Fund maintains its positions. Even pure "riskless" arbitrage, which is rare, can result in significant losses if the arbitrage cannot be sustained (due, for example, to margin calls) until expiration. The Funds' index strategies are subject to the risks of disruptions in historical price relationships, the restricted availability of credit and the obsolescence or inaccuracy of its or third-party valuation models. Market disruptions may also force the Funds to close out one or more positions. Such disruptions have in the past resulted in substantial losses for index strategies.

Certain of the index strategies pursued by Centiva on behalf of the Funds will involve the use of significant amounts of leverage for very short periods of time, will entail expedited and time-sensitive decision-making and will be subject to the risks of technical disruptions, market movements and disruptions, trading, execution or operational errors, algorithmic trading risks and the failure to make timely trading decisions or other actions (including the failure to hedge related positions in a timely manner). Any failure by Centiva to effectively execute such strategies may have a material adverse effect on the Funds, including significant losses.

#### *Arbitrage Strategies*

The Funds may engage in a number of arbitrage strategies, including ETF arbitrage, statistical arbitrage, equity volatility arbitrage, fixed-income arbitrage, merger arbitrage and relative value arbitrage. Arbitrage strategies attempt to take advantage of perceived price discrepancies of identical or similar financial instruments, on different markets or in other forms.

If the requisite elements of an arbitrage strategy are not properly analyzed, or unexpected events or price movements intervene, losses can occur which can be magnified to the extent the Funds are employing leverage. Moreover, arbitrage strategies often depend upon identifying favorable “spreads”, which can also be identified, reduced or eliminated by other market participants. In the event that the perceived mispricings underlying the Funds’ trading positions were to fail to converge toward, or were to diverge further from, Centiva’s expectations, the Funds may incur a loss.

For reasons not necessarily attributable to any of the risks set forth herein (e.g., supply/demand imbalances or other market forces), the prices of the securities in which the Fund invests may decline substantially. In particular, purchasing assets at what may appear to be “undervalued” levels or selling assets at what may appear to be “overvalued” levels is no guarantee that these assets will not be trading at even more “undervalued” or “overvalued” levels at a time of valuation or at the time of purchase or sale. It may not be possible to predict, or to hedge against, such “spread widening” risk.

In implementing arbitrage strategies the Funds will seek to reduce exposure to the risk of overall market price movements, but will be fully exposed to the risks of disruptions in historical price relationships, the restricted availability of credit and the obsolescence of its valuation models.

#### *Event-Driven Strategies*

Event-driven strategies seek to identify security price changes resulting from corporate events such as restructurings, mergers, takeovers, spin-offs, exchange offers, tender offers and other special situations. Corporate event arbitrageurs generally choose their investments based on their perceptions of the likelihood that the event or transaction will occur the amount of time that the process will take and the perceived ratio of return to risk. Strategies that may be utilized in the event-driven sector include, among others, merger arbitrage, high yield/distressed securities, and special situations.

The success of event driven trading depends on the successful prediction of whether various corporate events will occur or be consummated. The consummation of mergers, exchange offers, tender offers and other similar transactions can be prevented or delayed, or the terms changed, by a variety of factors. If a proposed transaction appears likely not to be consummated or in fact is not consummated or is delayed, the market price of the Funds’ investments may decline sharply and result in losses to the Funds.

#### *Relative Value Strategies*

The success of relative value strategies depends on market values converging towards the theoretical values determined by the valuation models utilized by Centiva. In the event of market disruptions, significant losses may be incurred which may force the Funds to close out one or more positions. Such disruptions have in the past resulted in substantial losses for funds employing relative value strategies and could have a material negative impact on the performance of the Funds. Furthermore, the valuation models used to determine whether a position is mispriced may become outdated and inaccurate as market conditions change.

*Quantitative Strategies; Model Risk*

In managing the Funds' portfolio, Centiva will use quantitative models that trade on signals that it believes, in the aggregate, are indications of future price movement. However, financial markets are complicated and can perform in unpredictable ways. The models utilized by Centiva will not be able to take into account all of the complexities of the financial markets. Even if all of the assumptions underlying the models are correct, there is no assurance that prices will move as the models predict.

The performance of quantitative models decays over time. Models must be constantly adjusted to account for rapidly changing market environments. Limited partners may not be made aware of any weaknesses or errors in models discovered by Centiva (regardless of whether or not such weaknesses or errors are corrected by Centiva). Even new model and new generation of existing models (including incremental improvements to current models) may expose the Funds to the possibility of unforeseen losses from a variety of factors, including conceptual failures and implementation failures.

*Fundamental or Directional Investments*

The identification of investment opportunities in undervalued or overvalued securities is a difficult task, and there are no assurances that such opportunities will be successfully recognized. While these investments might offer the opportunity for above-average capital appreciation, they also involve a high degree of financial risk and can result in substantial losses. There is a risk that the price of a security or other instrument can move up or down along with the overall market regardless of the company's economic and financial condition.

*Fundamental Analysis*

Fundamental analysis, which is based on the theory that market mispricings exist because market prices do not accurately incorporate all knowable economic and other relevant data, examines factors that are external to the relevant market which may affect the price of an instrument or set of instruments, such as economic and political conditions, supply and demand, interest rates and other economic data. Fundamental analysis is subject to the risk of inaccurate or incomplete market information, faulty analysis of known information and the difficulty of predicting future prices based upon analysis of all known information. Fundamental analysis may not result in profitable trading because Centiva may not correctly interpret the information, prices may often be affected by unrelated factors and fundamental analysis may not enable Centiva to determine that its previous decisions were incorrect in sufficient time to avoid substantial losses. Investments made based upon fundamental analysis are subject to significant losses when market sentiment leads to material discounting of market prices from the expected prices indicated by fundamental analysis (as in the case of "flights to quality" when the demand for certain risky investment instruments plummets) or when technical factors, such as price momentum encouraged by trend following, dominate the market.

*Technical Analysis*

Technical, as distinguished from fundamental, analysis involves the analysis of current and historical market data as a means of predicting the future course of price movements. These factors

may include periodic price fluctuations, volume variations, market volatility and changes in open interest. The profitability of technical analysis depends upon the ability to interact profitably with price movements. However, in a trendless or erratic market, a technical method may fail to identify a profitable price move on which action should be taken or may overreact to minor price movements and thus establish a position that may result in losses. In addition, a technical trading method may underperform other trading methods when fundamental factors dominate price moves within a given market.

Technical analysis is subject to the risk that unexpected fundamental factors or other factors that were not present during the periods from which historical data were generated and on which decisions are based may arise and become dominant, at least for a time. A common premise of technical analysis is that past market conditions are indicative of future market prices. Among other things, an influx of new participants in a particular market, structural changes in the markets, the introduction of new financial products and other developments could materially adversely affect the validity of inferences from historical data and thus the profitability of investments based on technical analysis.

### *Leverage*

The Funds will utilize leverage as part of its investment program and the amount of such leverage may be significant. The Funds may obtain leverage by trading on margin, trading derivative instruments that are inherently leveraged (including, among other things, futures contracts, forward contracts, options, swaps and swaptions), and through such other forms of direct and indirect borrowings and other instruments and transactions that are inherently leveraged as Centiva determines in its sole discretion. The amount of leverage employed at any time will vary, in Centiva's discretion, as a function of the risk characteristics of the portfolio, investment opportunities, borrowing rates, and other factors determined by Centiva in its discretion. Leverage will exaggerate the effect on the value of interests in the Funds of any increase or decrease in the market value of its securities, thus increasing the volatility of the Funds.

Monies borrowed will be subject to interest costs that may or may not be recovered through appreciation of the securities purchased or the yield from such securities. The amount of leverage or borrowings which the Funds may have outstanding at any time may be large in relation to its capital.

### *Short-Term Trading; Trade Errors*

Centiva is expected to employ certain strategies that require short-term trading, high portfolio turnover and/or significant brokerage and clearing costs. Consequently, the Funds may incur significant brokerage, clearing and exchange fees. Since the Onshore Fund and the Offshore Fund will bear its pro rata share of the trading expenses of the Master Fund, these Funds' trading expenses may constitute a higher percentage of their respective net asset values than for investment funds that do not engage in such frequent trading. In addition, new financial transaction taxes and higher exchange fees (for placing and/or cancelling orders) have been proposed, and even de minimis taxes or a small increase in exchange fees could have a substantial negative impact on the returns of the Funds.



Given the expected volume of transactions executed by Centiva or investment professionals of Centiva on behalf of the Funds, investors should assume that trading errors (which may include, without limitation, technical disruptions, market movements and disruptions, trading, execution or operational errors, algorithmic trading risks and the failure to make timely trading decisions or other actions) will occur and that the Funds will both benefit from any resulting gains and be responsible for any resulting losses, which may be significant. Trading errors might include, for example, the purchase or sale of a security in the wrong amount or on the wrong side of the market or key stroke errors that occur when entering trades into an electronic trading system. Centiva has established policies and procedures for the handling of trade errors that require that errors be corrected as soon as practicable after discovery.

### *Investments in Private Companies*

The Funds may invest in private companies, including at an early stage of development, which involves a high degree of business and financial risk. Early-stage companies with little or no operating history may require substantial additional capital to support expansion or to achieve or maintain a competitive position, may produce substantial variations in operating results from period to period or may operate at a loss. Such companies may face intense competition, including competition from companies with greater financial resources, more extensive development, better marketing and service capabilities and a larger number of qualified management and technical personnel. Such risks may adversely affect the performance of such investments and result in substantial losses.

Some of the companies that the Funds invest in may have substantial debt, which in turn will increase the exposure of such companies to adverse economic factors such as downturns in the economy or deterioration in the conditions of such companies or their respective industries. In the event that any such company cannot generate adequate cash flow to meet debt service, the Funds may suffer a total loss of capital invested in the company.

### *Illiquid Portfolio Investments*

The Funds may invest in investments that Centiva believes either lack a readily assessable market value or should be held until the resolution of a special event or circumstance. The Funds may not be able to readily dispose of any such investments and, in some cases, may be contractually prohibited from disposing of such investments for a specified period of time. The sale of restricted and/or illiquid securities often requires more time and may result in higher brokerage charges than does the sale of more liquid securities. The limited liquidity of these investments may subject them to more extensive fluctuations in value and may impair the ability of the Funds to exit such investments. Companies whose securities are not publicly traded generally will not be subject to public disclosure and other investor protection requirements applicable to publicly-traded securities. Illiquid positions also may be difficult to value and such valuation may require the exercise of substantial discretion by Centiva.

Illiquid investments and other assets and liabilities for which no market prices are available will generally be carried on the books of the Funds at fair value (which may be cost) as reasonably determined by Centiva in accordance with the valuation policy established by Centiva and approved by the Review Committee or Board of Directors, as applicable. There is no guarantee that fair value

will represent the value that will be realized by the Funds on the eventual disposition of the investment or that would, in fact, be realized upon an immediate disposition of the investment.

### *Third-Party Involvement*

The Funds may from time to time provide capital (including seed or early stage capital) to existing or newly established third-party investment managers, invest in or through funds and accounts sponsored, managed or advised by third-party investment managers (including former Portfolio Management Team Members or companies formed by any of them and/or in which one or more Centiva Group Entities holds an interest) employing a variety of strategies deemed appropriate by Centiva in its sole discretion (including strategies not described herein), co-invest or enter into joint venture arrangements with third parties and enter into such other arrangements or utilize such other structures as Centiva determines are appropriate in its sole discretion. Such activities may involve risks not present in investments where a third party is not involved, including, for example, the possibility that a third-party might become bankrupt, may at any time have economic or business interests or goals that are inconsistent with those of the Funds, or may be in a position to take action contrary to the investment objectives of the Funds. In addition, the Funds may in certain circumstances be liable for the actions of any such third party. Centiva may have no, or only limited, access to information regarding the activities of such third-parties. Furthermore, Centiva cannot guarantee the accuracy or completeness of such information. Accordingly, it may be difficult, if not impossible, for Centiva to protect the Funds from the risk of any such third party's fraud, misrepresentation, material strategy alteration or poor judgment.

### *Equity Securities and Equity-Related Securities*

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

### *Preferred Stock, Convertible Securities, and Warrants*

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

Convertible securities (which may take the form of convertible preferred stock, convertible bonds or debentures, stock purchase warrants, zero-coupon bonds or liquid-yield option notes, stock index notes, mandatories, or a combination of the features of these securities) are securities that may be exchanged or converted into a predetermined number of the issuer's underlying shares or the shares of another company or that are indexed to an unmanaged market index at the option of the holder during a specified time period. Prior to conversion, convertible securities have the same general characteristics as non-convertible fixed income securities. As with all fixed income securities, the market value of such securities tends to decline as interest rates increase and, conversely, to increase as interest rates decline. However, when the market price of the common stock underlying a convertible security exceeds the conversion price, the convertible security tends to reflect the market price of the underlying common stock. As the market price of the underlying common stock declines, the convertible security tends to trade increasingly on a yield basis and thus, may not decline in price to the same extent as the underlying common stock. Convertible securities rank senior to common stock in an issuer's capital structure and consequently entail less risk than the issuer's common stock. If a convertible security held by the Funds is called for redemption, the Funds will be required to permit the issuer to redeem the security, convert it into the underlying stock or sell it to a third-party. Any of these actions could have an adverse effect on the Funds' ability to achieve its investment objective.

#### *Exchange-Traded Funds*

The Funds may invest in ETFs for hedging and/or speculative purposes. Authorized participants (who are authorized to create ETFs from their constituent instruments and redeem ETFs into their constituent instruments) manage the supply and demand of ETFs. If an ETF's constituent instruments become difficult to buy or sell or an authorized participant, for another reason, destabilizes the supply and demand balance of an ETF, the liquidity of the ETF may be adversely affected, and the performance of the ETF may cease to track the prices of its constituent instruments, which could have an adverse effect on the Funds if they are trading ETFs at such time. In addition, the Funds will be subject to fees (including management fees and/or distribution fees) in respect of their investment in ETFs, which will not offset the fees and expenses to which limited partners will be subject in respect of their investment in the Funds. Moreover, as ETFs are investment companies that are registered under the Investment Company Act, the Funds (as a private investment fund) will be limited in the percentage of any single ETF that it can acquire.

#### *Fixed Income Securities*

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

risk relates to the ability of the issuer to make payments of principal and interest. The values of fixed income securities may be affected by changes in the credit rating or financial condition of the issuer of those securities.

The Funds may invest in investment grade or other debt instruments of companies or other entities not affiliated with countries or governments, including but not limited to, senior and subordinated corporate debt, bank debt, high yield securities and distressed securities. The Funds may also acquire debt securities on a private placement basis and may invest in loan assignments or participations. As with other investments of the Funds, there may not be a liquid market for these debt instruments, which may limit the Funds' ability to sell these debt instruments or to obtain the desired price.

### *Mortgages and Mortgage-Related Instruments*

The investment characteristics of mortgage loans and mortgage-related instruments differ from traditional debt instruments. Among the major differences are that interest and principal payments are made more frequently, usually monthly, and that principal may be prepaid at any time because the underlying mortgage loans or other assets generally may be prepaid at any time. Although mortgage loans and/or mortgage-related instruments (whether performing, sub-performing or non-performing) are often government guaranteed or privately insured, they are still subject to numerous risks, including: (i) continued declines in the value of commercial and residential real estate; (ii) risks related to general and local economic conditions; (iii) possible lack of availability of mortgage funds for borrowers to refinance or sell their property; (iv) overbuilding; (v) the general deterioration of the borrower's ability to keep a rehabilitated sub-performing or non-performing mortgage loan current; (vi) increases in property taxes and operating expenses; (vii) changes in zoning laws; (viii) costs resulting from the clean-up of, and liability to third parties for damages resulting from, environmental hazards and other problems; (ix) casualty or condemnation losses; (x) uninsured damages from floods, earthquakes or other natural disasters; (xi) limitations on and variations in rents; (xii) fluctuations in interest rates; and (xiii) fraud by borrowers, originators and/or sellers of mortgage loans (including, but not limited to, material misrepresentation or omission). To the extent that assets underlying such investments are concentrated geographically, by property type or in certain other respects, the Funds may be subject to certain of the foregoing risks to a greater extent. Additionally, the Funds may be required to foreclose distressed mortgage loans and such actions would subject the Funds to greater concentration of the risks of the commercial and residential real estate markets and risks related to the ownership and management of real property.

### *Structured Products*

The Funds may invest in structured products, including asset-backed securities, collateralized loan obligations and agency and non-agency mortgage securities, including residential mortgage-backed securities and commercial mortgage-backed securities. These investments may consist of equity or subordinated debt securities issued by a private investment fund or pool that invests, on a leveraged basis, in the real estate, bank loan, high yield debt or other asset groups, including those in which the Funds may invest, and/or synthetic exposures to the same. Many structured products contain covenants designed to protect the providers of debt financing to such structured products. A failure to satisfy those covenants could result in the untimely liquidation of the structured product, a

diversion of payments from lower tranches of the securitization financing vehicle owned by the Funds to holders of higher tranches, and possibly a complete loss of the Funds' investment therein.

The value of an investment in a structured product will depend on the investment performance of the assets in which the structured product invests and will therefore be subject to all of the risks associated with an investment in those assets. These risks include the possibility of a default by, or bankruptcy of, the issuers of such assets or a claim that the pledging of collateral to secure any such asset constituted a fraudulent conveyance or preferential transfer that can be subordinated to the rights of other credits of the issuer of such asset or nullified under applicable law. These risks could be exacerbated to the extent that the portfolio of the applicable structured products is more concentrated in one or more particular investments, types of investments or industries. In addition, if the particular structured product is invested in a security in which the Fund is also invested, this would tend to increase the Funds' overall exposure to the credit of the issuer of such security, at least on an absolute, if not relative basis. The Funds will not directly own the assets held by a structured product in which it invests and will therefore not benefit from general rights applicable to the holders of assets, such as the right to indemnification and the rights to setoff, or have voting rights with respect to such assets, and in such cases, all decisions related to such assets, including whether to exercise certain remedies, will be controlled by the structured product.

#### *Currencies and Non-Dollar Denominated Investments*

The Funds may invest in currencies on a speculative basis or for risk management purposes, including through foreign currency spot and forward contracts, including non-deliverable forward contracts, and may otherwise have exposure to currencies through securities, derivatives, and other instruments that may affect the value of the Funds' investments and the unrealized appreciation or depreciation of investments. The Funds may seek to protect the value of its portfolio and is authorized to use various investment strategies to hedge currency exchange risks. The use of hedging involves certain risks, including the risk of imperfect correlation between the risk sought to be hedged and the transaction, and there can be no assurance that any investment strategy undertaken to hedge currency exchange risks will be successful. Alternatively, the Funds may choose not to hedge against the U.S. dollar. To the extent unhedged, the value of the Funds' assets will fluctuate with U.S. dollar exchange rates as well as the price changes of the Funds' investments in the various local markets and currencies. Thus, an increase in the value of the U.S. dollar compared to the other currencies in which the Funds make its investments will reduce the effect of increases and magnify the effect of decreases in the prices of the Funds' securities in their local markets. Conversely, a decrease in the value of the U.S. dollar will have the opposite effect on the Funds' non-U.S. dollar denominated securities. Exchange rates can change dramatically over short periods of time, particularly during times of political or economic unrest or as a result of actions taken by central banks, which may be intended directly to affect prevailing exchange rates.

#### *Investment Funds*

Centiva may allocate a portion of the Funds' assets to investment funds or accounts sponsored, managed or advised by third-party investment managers (including former Portfolio Management Team members or companies formed by any of them and/or in which one or more Centiva Group Entities holds an interest) employing a variety of strategies deemed appropriate by Centiva in its sole discretion (including strategies not described herein). The Funds may be unable to withdraw

assets from such funds or accounts at times when it would otherwise be desirable to do so and generally will be less able to monitor and control such investments than they are with respect to other investments. In addition, the Funds generally will receive less current and complete information than they receive with respect to other investments, generally will rely on the estimates of the value of such investments provided by such funds or such third-party managers and generally will have insufficient information with which to verify such valuations.

### *Swaps and Swaptions*

The Funds may enter into swap agreements. Swap agreements are privately negotiated over-the-counter derivative products in which two parties agree to exchange payment streams that may be calculated in relation to a rate, index, instrument, or certain securities and a particular “notional amount.” Swaps may be subject to various types of risks, including market risk, interest-rate risk, credit risk, liquidity risk, structuring risk, settlement risk, risk relating to the use of leverage, legal, regulatory and tax risk and the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty. Swaps can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, swaps may increase or decrease the Funds’ exposure to securities or other instruments, long-term or short-term interest rates, non-U.S. currency values, corporate borrowing rates, or other factors such as security prices, baskets of securities, or inflation rates and may increase or decrease the overall volatility of the Funds’ portfolio.

### *Options*

Although options may be used as a hedge against changes in market conditions, investing in options may also be aggressive and speculative. Options transactions may be highly leveraged and gains and losses are therefore magnified. There could be adverse consequences to the Funds in options transactions, for example, if Centiva’s prediction of movements in the direction of the securities markets is inaccurate. If the Funds were to write an uncovered option, the Funds would be subject to the risk of unlimited loss.

### *Forward Contracts*

Forward contracts and options thereon, unlike futures contracts, generally are 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 trading (to the extent forward contracts are not traded on exchanges) and “cash” trading are 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 Funds due to unusually high trading volume, political intervention or other factors. The imposition of controls by government authorities might also limit such forward (and futures) trading to less than that which

Centiva would otherwise recommend, to the possible detriment of the Funds. Market illiquidity or disruption could result in major losses to the Funds.

### *Futures Contracts*

The Funds may invest in futures contracts. Futures transactions are typically executed and cleared through a futures commission merchant (“FCM”) who receives compensation for its services. The selection of an FCM is generally based on an assessment of the FCM’s creditworthiness and on the overall quality of execution and other services, including research, provided by the FCM.

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

### *Commodities*

Commodity investments are affected by business, financial market or legal uncertainties. There can be no assurance that Centiva will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on the Funds’ commodity investments. Prices of commodity investments may be volatile, and a variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of the Funds’ portfolio and the value of its investments. In addition, the value of the Funds’ portfolio may fluctuate as the general level of interest rates fluctuates.

### *Repurchase and Reverse Repurchase Agreements*

The Funds may utilize repurchase and reverse repurchase agreements in its trading. Under repurchase agreements, the Funds may sell a security to a counterparty and simultaneously agree to repurchase the security back from the counterparty at an agreed upon price and date, with the difference between the sale price and the repurchase price establishing the cost of the transaction to the Funds. Repurchase agreements essentially constitute a form of borrowing secured by collateral in the form of securities and will have the effect of leveraging the Funds’ assets. These agreements may be entered into on an overnight, specified term or open-ended basis. Repurchase agreements involve certain risks. If the buyer of securities under a repurchase agreement defaults on its obligation to sell back the underlying securities to the Funds, as a result of its bankruptcy or otherwise, the Funds may suffer a loss to the extent proceeds from the original sale of the securities are less than the value of the securities.

The Funds may also enter into reverse repurchase agreements. Under reverse repurchase agreements, the Funds purchase a security from a counterparty and simultaneously agree to resell the security back to the counterparty at an agreed upon price and date, with the difference between the purchase price and the resale price establishing the Funds’ return. Reverse repurchase agreements involve certain risks. If the seller of securities under a reverse repurchase agreement defaults on its obligation to repurchase the underlying securities, as a result of its bankruptcy or otherwise, the Funds will seek to dispose of such securities, which action could involve costs or delays. If the seller becomes insolvent and subject to liquidation or reorganization under applicable

bankruptcy or other laws, the Funds' ability to dispose of the underlying securities may be restricted. If the seller fails to repurchase the securities, the Funds may suffer a loss to the extent proceeds from the sale of the underlying securities are less than the repurchase price.

### *General Investment and Trading Risks*

All investments present a risk of loss of capital. Supply and demand for securities and other financial instruments change rapidly and are affected by a variety of factors. Such factors include investment-specific price fluctuations as well as macro-economic, market and industry-specific conditions, including, but not limited to, national and international economic conditions, domestic and international financial policies and performance, conditions affecting particular investments (such as the results of operations, financial condition, sales and product lines of corporate issuers), national and international politics, governmental events and changes in interest rates and income tax laws. In addition, events such as political instability, terrorism, natural disasters, and regional and global health epidemics may occur. The Funds' may have only limited ability to vary their investment portfolio in response to changing economic, financial, investment and other conditions. No guarantee or representation can be made that the Funds' investment program will be successful. The market price of securities and other financial instruments owned by the Funds may go up or down, sometimes unpredictably, and investment results may vary substantially.

### *Dependence on the Manager, the General Partner and Key Individuals*

All decisions with respect to the management of the assets of the Funds and the day-to-day operations of the Funds will be made by Centiva and the General Partner, respectively. Limited partners will have no right to participate in the day-to-day management of the Funds or to make any decisions with respect to the investments to be made by, or the strategies to be pursued on behalf of, the Funds. Consequently, limited partners must rely entirely on Centiva and/or the General Partner, as applicable, with respect to the implementation and management of strategies, the selection of investments and the day-to-day management of the Funds.

Centiva is required to devote only the time and attention to the activities of the Funds as Centiva in its sole discretion deems necessary or appropriate. There are no limitations on the ability of Centiva or any other Centiva Group Entity to form or manage other funds or accounts or to engage in other business or investment activities, whether related or unrelated to the Funds. Similarly, the professionals responsible for the activities undertaken on behalf of the Funds may have other responsibilities on behalf of Centiva and/or any other Centiva Group Entity and may not devote all of their professional time to the affairs of the Funds.

The descriptions of risk factors contained above are a brief overview of different market risks related to Centiva's investment strategy; however, it is not intended to serve as an exhaustive list or a comprehensive description of all risks and conflicts that may arise in connection with the management and operations of the Funds. In addition, key risk areas inherent to investing also include risks related to the operations and investment activities of the Funds, risks related to specific investments, and risks related to non-U.S. and non-U.S. jurisdictions.

Investors are recommended to review the Governing Fund Documents for a more complete discussion of the risk factors associated with the Funds.



## **Item 9 Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or investor's evaluation of the adviser or the integrity of the adviser's management. Neither Centiva nor any of its officers, directors, employees or other management persons, have been involved in any legal or disciplinary events in the past 10 years that would require disclosure in response to this Item.

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

Centiva organizes and sponsors the Funds and will be responsible for all decisions regarding portfolio transactions of the Funds and any other Funds and have full discretion over the management of their investment activities. Various affiliates of Centiva will serve as managing member or general partner (depending on the legal structure used) of the Funds and other Funds.

As discussed in Item 5 above, Centiva has entered into an arrangement with the Strategic Investor whereby in consideration for its clients' investment in the Funds, these clients are allocated a portion of the Incentive Allocation attributable to such Funds. This portion of the Incentive Allocation will be allocated to a special series of Units and Shares issued by the Onshore Fund and the Offshore Fund, respectively, which will be held by clients of the Strategic Investor. The existence of this economic interest may diminish the alignment of the interest of the Strategic Investor's clients as investors in the Funds with the interests of other investors in the Funds. In addition, the Strategic Investor, itself a registered investment adviser, may have other relationships with other investment vehicles and accounts that may give rise to potential conflicts. The Strategic Investor will have no fiduciary or other duties to the Funds or other investors in exercising any of its rights. Furthermore, each of the Funds is a party to the Seed Investor Agreement, under which a Fund could incur liability to the Strategic Investor for certain acts or omissions by such Fund constituting a breach of the Seed Investor Agreement. The Seed Investor Agreement (as defined in the Governing Fund Documents) also contains certain restrictive terms that may prevent the Funds from obtaining the most favorable pricing or other terms in a given transaction, as described in "*Brokerage Practices*," below.

In addition, under the Seed Investor Agreement, the Strategic Investor's clients will not bear their share of Pass-Through Expenses for certain periods, or the Payout Compensation of the Portfolio Management Teams, to the extent that such amounts exceed certain specified levels (measured on a periodic basis), or certain other costs and payments as described in the Seed Investor Agreement. To the extent that any of these expenses are not ultimately borne by the Strategic Investor's clients, Centiva or another Centiva Group Entity will bear such expenses.

Prospective investors are encouraged to review the Governing Fund Documents for additional information regarding the Strategic Investor and its arrangement, including a discussion of certain additional economic, capacity, information, consent and other rights of the Strategic Investor.

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

Pursuant to Rule 204A-1 of the Advisers Act, Centiva has adopted a written Code of Ethics (the “Code”). The Code is designed to address and mitigate conflicts of interest and is applicable to all officers, directors, members, partners or employees of Centiva (the “Employees”). A summary of the Code is provided below. However, a full copy of the Code will be made available to investors upon request.

The Code places restrictions on personal trades by Employees, including that they disclose their personal securities holdings and transactions to Centiva on a periodic basis, and requires that Employees pre-clear most types of personal securities transactions. Centiva, its affiliates and its Employees may invest on behalf of themselves in securities that would be appropriate for, held by, or may fall within the investment guidelines of the Funds, subject to a pre-clearance process. All purchases in reportable securities must be held for a minimum of 30 days, unless an exception is granted.

## **Item 12 Brokerage Practices**

Centiva is responsible for placing all orders for the purchase and sale of securities for the Funds. When selecting trading and other counterparties, and evaluating the performance of those counterparties, Centiva will take into account a number of factors, including price, dealer spread, commission rates, trading and technology infrastructure (including speed and reliability of execution), stock lending supply and rates, value and quality of any research, statistical, quotation or valuation services, ability to execute and process transactions with appropriate levels of confidentiality, operational processes, and the financial strength, integrity, and stability of the broker or counterparty. Notwithstanding the foregoing, the Seed Investor Agreement contains certain terms that restrict the ability of the Funds to enter into any transaction with certain affiliate(s) of the Strategic Investor, without the prior written approval of the Strategic Investor. Such restrictions may prevent the Funds from obtaining the most favorable pricing or other terms in a given transaction. Centiva may determine in its sole discretion to seek to enter into trading arrangements or take other measures to mitigate the impact of such restrictions on the Funds, although there is no assurance that the terms of any final transaction will be as favorable as those offered by the Strategic Investor’s affiliate(s).

Research services provided by broker-dealers may include advice, either directly or through publications or writings, as to the value of securities, the advisability of purchasing or selling securities, the availability of securities or purchasers or sellers of securities, and analyses and reports concerning issuers, industries, securities, economic factors and trends and investment strategy.

Centiva may select a broker-dealer that furnishes Centiva directly or through correspondent relationships with research (including third-party research) or other services which provide, in Centiva’s view, appropriate assistance to Centiva in the investment decision-making process. Such research or other services may include research reports on companies, industries, and securities; economic and financial data; economic surveys and analyses; recommendations as to specific securities; financial publications; computer databases; quotation equipment and services; access to hardware that cannot be otherwise accessed in certain markets; research-oriented computed software; technological solutions relating to data distribution; data center space; and other services. In some circumstances, the commissions paid on transactions with broker-dealers or merchants providing such services may exceed the amount another broker-dealer or merchant would have

charged for effecting such transactions. It is currently Centiva's policy not to engage in any formal "soft dollar" arrangements with respect to securities transactions for the Funds, although Centiva may choose to do so at any time in the future. If Centiva chooses to engage in such arrangements, any "soft dollar" arrangements are expected to be in compliance with Section 28(e) of the U.S. Securities Exchange Act of 1934, as amended, and may be utilized for the benefit of the Funds and/or Centiva's other accounts (including accounts that do not pay such commissions or "soft dollars"). When Centiva uses brokerage commissions (or markups or markdowns) generated by the Funds to obtain research or other products or services, Centiva receives a benefit because it does not have to produce or pay for such products or services. Centiva may have an incentive to select or recommend a broker-dealer based on Centiva's interest in receiving research or other products or services, rather than on a Fund's interest in receiving most favorable execution. "Soft dollars" may be generated in various trading activities, including, among others, agency transactions, fixed-price offerings and over-the-counter transactions.

#### Aggregated Trades

Centiva and the other Centiva Group Entities are authorized to bunch or aggregate orders for the Funds with orders of other clients and to allocate the aggregate amount of the investment among accounts (including accounts in which Centiva, the other Centiva Group Entities and/or their respective personnel have beneficial interests) in the manner in which Centiva determines appropriate. When portfolio decisions are made on an aggregated basis, Centiva may, in its sole discretion, place a large order to purchase or sell a particular instrument or security for the Master Fund and the accounts of several other clients (or affiliates). Because of the prevailing trading activity, it is frequently not possible to receive the same price or execution on the entire volume of instruments or securities purchased or sold. When this occurs, the various prices may be averaged and the Master Fund will be charged or credited with the average price, and the effect of the aggregation may operate on some occasions to the disadvantage of the Master Fund. Neither Centiva nor any other Centiva Group Entity, however, is required to bunch or aggregate orders. Centiva will typically aggregate the Funds' securities transactions with those of other client trades that are being made simultaneously in the same security.

#### Principal Transactions and Cross Trades

Although not currently contemplated, the Onshore Fund and the Master Fund may in the future engage in cross transactions (i.e., buying securities from and selling securities to the account of other clients of Centiva or any other Centiva Group Entity). By virtue of entering into a Subscription Agreement, each limited partner consents to the Onshore Fund and the Master Fund entering into cross trades to the fullest extent permitted under applicable law. Centiva will only consider causing the Onshore Fund or the Master Fund to engage in a cross trade to the extent permitted by applicable law, including, if required or appropriate, by providing appropriate disclosure to and receiving the consent of a Review Committee (or an organization retained to serve as or in place of a Review Committee) or Board of Directors, as applicable. The consent of a Review Committee (or any such organization) or Board of Directors acting on behalf of the applicable Fund shall be deemed to constitute the consent of such Fund and its investors.

#### Trade Errors

Given the expected volume of transactions executed by Centiva or investment professionals of Centiva, investors should assume that trading errors (which may include, without limitation, technical disruptions, market movements and disruptions, trading, execution or operational errors, algorithmic trading risks and the failure to make timely trading decisions or other actions) will occur and that the Funds will both benefit from any resulting gains and be responsible for any resulting losses, which may be significant. Centiva seeks to detect trade errors prior to settlement and to correct them and/or attempt to minimize losses in a timely manner. To the extent an error is caused by a third party, such as a broker, Centiva will strive to recover any losses associated with the error from that third party. As further described in the Governing Fund Documents, the cost of trade errors in the Funds' accounts will be borne by the Funds unless an error is the result of Centiva's gross negligence or willful misconduct.

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

Investments within the Funds' portfolio will be monitored regularly, and Centiva investment personnel will meet regularly to discuss items such as the decision logic in the algorithms, risk limits of each portfolio and platform, and execution results.

Centiva will provide investors with regular reports as specified in the Governing Fund Documents. For each Fund, each investor receives audited financial statements for the Fund within 120 days after the conclusion of the Fund's fiscal year, including audited schedules of investments, balance sheets, income statements and cash flow statements.

In addition to the foregoing reports and statements, Centiva may provide individual investors or groups of investors with more frequent disclosure or provide additional information not contained in the above mentioned reports and statements, either due to legal/regulatory constraints that must be followed by some of the Funds' investors and/or the specific needs of and requests made by certain investors.

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

The Funds may, from time to time in the sole discretion of the General Partner, appoint one or more placement agents (each, a "Placement Agent," and, collectively, "Placement Agents"), including banks, registered broker-dealers, trust companies and others, to assist in the placement of units upon such terms as the General Partner and each such Placement Agent may agree. Placement Agents may be entitled to receive upfront commissions and/or ongoing fees from Centiva, the General Partner out of the Incentive Allocation or the Funds that are specially allocated to the accounts of the applicable limited partners. The General Partner may make such arrangements with a Placement Agent with respect to certain investors in the Funds without notice to other current or future investors, as determined by the General Partner in its sole discretion.

### **Item 15 Custody**

Centiva expects to have access to client accounts (i.e., the Funds) since an affiliate will serve as the General Partner for certain of the Funds or by virtue of having the authority to obtain possession of client funds or assets. Investors will not receive statements from any custodians. Instead, the Funds will be subject to an annual audit by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and the audited financial statements will be distributed to each Investor. The audited financial statements will be prepared in accordance with GAAP and distributed within 120 days of each Fund's fiscal year end.

## **Item 16 Investment Discretion**

In accordance with the terms and conditions of the Governing Fund Documents, and subject to the direction and control of the General Partner, Centiva will generally have discretionary authority to determine, without obtaining specific consent from the Funds or its investors, the securities and the amounts to be bought or sold on behalf of the Funds, and to perform the day-to-day investment operations of the Funds.

## **Item 17 Voting Client Securities**

In accordance with its fiduciary duty to clients and Rule 206(4)-6 of the Investment Advisers Act, Centiva has adopted and implemented written policies and procedures governing the voting of client securities. All proxies that Centiva receives are treated in accordance with these policies and procedures.

Centiva has retained a third party service provider as an expert in the proxy voting and corporate governance areas to assist in the due diligence process related to making appropriate proxy voting decisions related to all accounts. Centiva generally follows (but is not obligated to follow) the guidelines recommended by the proxy voting service provider. Centiva also utilizes the proxy voting service provider to facilitate the voting process and to provide recordkeeping with respect to how Centiva voted client proxies.

Centiva attempts to identify any conflicts of interests prior to voting proxies. If Centiva determines that our firm or one of our employees faces a material conflict of interest in voting a proxy (e.g., an employee of Centiva may personally benefit if the proxy is voted in a certain direction), the Company's procedures provide for the independent third party to determine the appropriate vote.

Our complete proxy voting policy, proxy voting record and procedures are available for review by Investors. Investors may obtain a copy of our proxy voting policy or proxy voting history by contacting Centiva's Chief Compliance Officer at 212-554-4180.

With respect to class actions, Centiva will evaluate the necessity to participate in shareholder class action litigation and similar matters as they arise but will not participate in class action litigation unless it is determined it would be in the best interest of the Funds. Centiva also engages a third party to assist in identifying and processing class action litigation. This third party is compensated on a contingency basis whereby it will receive a percentage of any recovery obtained. The Funds will bear ordinary and customary expenses (i.e., receive a reduced amount of any class action proceeds), including for any such third party that is used for class action recovery services. Centiva

will credit any class action settlements received for the Master Fund to the Master Fund at time of receipt.

## **Item 18 Financial Information**

A balance sheet is not required to be provided as Centiva (i) does not solicit fees more than six months in advance, (ii) does not have a financial condition that is likely to impair its ability to meet contractual commitments to clients or (iii) has not been subject to any bankruptcy proceeding during the past 10 years.