

Akaris Global Partners, LP

Part 2A of Form ADV

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This brochure provides information about the qualifications and business practices of Akaris Global Partners, LP (“Akaris Global” or the “Company”). If you have any questions about the contents of this brochure, please contact us at phone. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about Akaris Global is also available on the SEC’s website at: www.adviserinfo.sec.gov.

REGISTRATION WITH THE SEC AS AN INVESTMENT ADVISER DOES NOT IMPLY THAT AKARIS GLOBAL OR ANY PRINCIPALS OR EMPLOYEES OF AKARIS GLOBAL POSSESS A PARTICULAR LEVEL OF SKILL OR TRAINING IN THE INVESTMENT ADVISORY OR ANY OTHER BUSINESS.

Item 2 - Material Changes

There have been no material changes since the last update filing of November 20, 2019.

Akaris Global's complete Firm Brochure is always available upon request by contacting Shameel Danish, Chief Compliance Officer at 212-390-9507, or by emailing shameel@akarisglobal.com.

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Item 4 - Advisory Business

Akaris Global Partners, LP is a Delaware limited partnership formed in 2018 by Aman Kapadia and Asad Rahman (the “Principal Owners”). In July 2019, the Company registered with the SEC as an investment adviser.

Akaris Global is an adviser to private funds (the “Funds”) and managed accounts (the “Separately Managed Accounts”), (together, the “Clients” or “Client Accounts”). Its principal strategy is focused on concentrated, global, longer term investments. Akaris Global seeks to compound capital at attractive absolute rates of return over the long-term by investing in high-quality, growing businesses led by top-tier managers, and allocating capital to dislocations. Akaris Global intends to focus on generating fundamentally-based ideas in the technology, media and telecom, industrials, and consumer industries, while remaining opportunistic across asset classes and industries where investments have attractive asymmetric return profiles. The investments are expected to consist primarily of equity securities (including equity-linked derivatives), but Akaris Global may also invest in a broad range of financial instruments, including exchange-traded and over-the-counter (OTC) equity securities, bonds, convertible bonds, preferred stock, bank debt and credit default swaps. Further, Akaris Global may invest in securities of both the secondary and new issue markets.

Information about the Clients included in this brochure is qualified in its entirety by information in the confidential private placement memoranda, investment management agreements, limited partnership agreements, and other governing documents (the “Governing Documents”) of the Fund or Separately Managed Account. Investors and prospective investors in the Funds should refer to the Governing Documents for complete information on the investment objectives and investment restrictions with respect to the Funds. There is no assurance that any of the Funds’ investment objectives will be achieved. This brochure is designed solely to provide information about Akaris Global and should not be considered to be an offer of interests in any Akaris Global Funds. Any such offer may be made only by delivery to the prospective investor of the Governing Documents of the relevant Fund under consideration.

Akaris Global also provides investment and advisory services to Separately Managed Accounts. Such services are provided pursuant to the agreed upon investment guideline terms set forth in the investment management agreement. Unlike investors in the Funds, Separately Managed Account clients may impose reasonable mandates, guidelines, or restrictions relating to investments. For example, Separately Managed Account clients may impose limits on concentration, risk, exposure, and liquidity that may be different from those in the Funds. A Separately Managed Account client directly owns the positions in its separately managed account; therefore, the Client will typically have full, real-time transparency to all transactions and holdings in such account, and may be better able to assess the future prospects of a portfolio that is substantially similar to the portfolios of the Funds. The account owner in a separately managed account typically has the right to withdraw all or a portion of their capital from such managed account on shorter notice and/or with more frequency than the terms applicable to an investment in the Funds. Akaris Global may advise other Separately Managed Accounts in the future.

Akaris Global currently provides advice to Clients, but reserves the right to provide advice to other types of clients. The privately offered pooled investment vehicles that Akaris Global manages have a master-feeder structure, and Akaris Global does not tailor investments by the Funds to meet the individual needs of investors in the pools. Any other client accounts would be managed in accordance with the client’s stated investment strategies, objectives, restrictions, and any other agreed upon guidelines.

The amount of client regulatory assets that Akaris Global advises or manages on a discretionary basis, as of December 31, 2019 is approximately \$162,000,000.

Item 5 - Fees and Compensation

All investors and potential investors should review the Governing Documents for the Funds in conjunction with this brochure for more complete information on the fees and compensation payable with respect to the Funds.

Akaris Global and its affiliate, the Funds' general partner, Akaris Global Partners Gen Par LLC (the "General Partner"); receive an annual management fee that ranges from 1.0% to 1.75% of assets under management, and an annual performance allocation that ranges from 12.5% to 20% of net profits. Initial investors pay reduced fees, as described in the offering documents of the Funds. Management fees are generally collected quarterly in advance, while incentive allocations are generally assessed annually and are subject to each investor's respective high water mark. Akaris Global debits management fees directly from the Fund's custodial accounts, and any incentive allocations are assessed directly against investors' capital account balances; investors are not invoiced for the Company's services. The management, performance allocation and other fees described above are generally subject to waiver or reduction by Akaris Global in its sole discretion with certain investors. The management and performance fees may vary by Client Account. The Governing Documents will specify the fees applicable to the Client Account. For example, investors in the Funds who are associated with Akaris Global, such as its officers or employees, or their family members or friends, generally do not pay management fees or incur performance fees though they do pay their pro-rata share of private fund operating costs.

In addition to management fees and incentive allocations, investors in the Funds bear expenses including, without limitation: (i) expenses incurred in connection with the evaluation, acquisition, monitoring or disposition of the Funds' investments (whether or not consummated), including private placement fees, sales commissions, appraisal fees, certain taxes, brokerage fees, underwriting commissions and discounts, expenses related to short sales, legal, accounting, investment banking, consulting, information services and professional fees, research fees, interest and commitment fees, transfer taxes and premiums, travel and communications and all other expenses related to the discovery, investigation, development, making and disposition of investments or proposed investments; (ii) expenses incurred in connection with the carrying or management of the Funds' investments, including interest and related expenses and custodial, trustee, record keeping and other administrative fees and expenses; (iii) expenses incurred in connection with any leverage or other indebtedness of the Funds; (iv) expenses incurred in connection with the preparation and delivery of the Funds' financial statements, reports, tax returns and K-1's (or similar schedules); (v) attorneys' and accountants' fees and disbursements; (vi) taxes and other governmental charges levied against the Onshore Fund; (vii) insurance premiums or expenses in connection with the activities of the Funds (including in respect of errors, omissions, fidelity, general partner liability, directors' and officers' liability and similar coverage for the General Partner or its affiliates and related entities, and any other person acting on behalf of the Funds, the General Partner, the Company or their respective affiliates); (viii) expenses (including legal fees and expenses) incurred to comply with any law or regulation related to the activities of the Funds or incurred in connection with any litigation or governmental inquiry, investigation or proceeding involving the Funds, including the amount of any judgments, settlements or fines paid in connection therewith; (ix) expenses incurred in connection with any restructuring or amendments to the constituent documents of the Funds and related entities, including the General Partner; (x) expenses relating to on-going offerings of the Interests in the Onshore Fund, including any "blue sky" filing fees; (xi) expenses incurred in connection with dissolution and winding-up or termination of the Onshore Fund; (xii) expenses incurred in connection with the Funds' indemnification obligations; (xiii) expenses incurred in connection with administration fees payable to an administrator of the Funds; (xiv) expenses incurred in connection with computing the value of the assets of the Funds; (xv) expenses incurred in connection with the preparation and delivery of reports of the Funds and any meetings with investors; and (xvi) expenses related to complying with Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "*Code*").

To the extent that any of the foregoing expenses relate to the operations of one or more other funds or accounts managed by the General Partner, the Company or any of their respective affiliates, the General Partner will attempt to allocate such expenses based on a good faith determination of the relative benefits of such expenses to all such funds and accounts benefiting from such expenses.

The General Partner and the Advisor will bear all of their own overhead expenses (“*Overhead*”). Overhead will include rent, employee compensation, employee benefits (including health insurance), furnishings and certain office expenses. The Governing Documents will specify the expenses to be borne by the Client Account.

The allocation of these costs to the Client Accounts, rather than to the Company, creates a conflict of interest for Akaris Global. Expense allocation practices differ for various investment advisers and private fund complexes, and in some cases expenses that are the same or similar to those listed above may be borne by a private fund complex’s investment adviser. Any expense common to any other private fund clients or accounts managed by the Company or its affiliates generally will be paid pro rata by such entities based on the approximate size of the relevant investment relating to such expense or otherwise on assets under management, as appropriate (or in any other manner deemed fair and equitable by Akaris Global, in its sole discretion). To the extent that a Fund or Separately Managed Account is invested in an exchange-traded fund or mutual fund, the Fund or Separately Managed Account will bear, along with other shareholders, its pro rata portion of the exchange-traded fund’s or mutual fund’s management, trading, and administrative fees and expenses.

Akaris Global or the Funds may enter into separate agreements, including “side letters,” with certain investors or Clients to waive certain terms or to allow such investors to invest on terms different than those specifically described in the Funds’ Governing Documents. The side letters may waive or change terms including annual management fees, performance allocation and limit the investor’s payment of Fund expenses, described above. These agreements (i) create preferences or priorities for investors with side letters relative to other investors in a Fund, (ii) need not be offered to any other investor in the private funds and (iii) need not be communicated to other private fund investors.

Investors should review the Client Account’s Governing Documents for more detailed information about the expenses borne by the Client Accounts.

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

See discussion of performance based fees in the *Fees and Compensation* section above.

Akaris Global has an incentive to favor higher fee paying Client accounts, which frequently include those that pay performance-based compensation, over other accounts. Akaris Global has a conflict of interest when one fee structure causes higher fees to be paid to Akaris Global than the other fee structure, because Akaris Global has an incentive to favor the Client accounts that pay the higher fees. To the extent that any Clients did not pay performance-based fees, Akaris Global could have an incentive to favor its performance-based compensation Clients when allocating investment opportunities. Similarly, if different Clients have Fund Investors with different high water marks for purposes of calculating incentive allocations, Akaris Global could have an interest in favoring a private fund client or Fund Investors that are most likely to pay performance-based compensation. To address this conflict, Akaris Global typically allocates all investment opportunities on a pro rata basis based on each Client assets under management. In addition, Akaris Global has processes to review Client account investment allocations on a regular basis.

Incentive allocations based on Client account performance could motivate Akaris Global to invest assets aggressively. Finally, performance-based compensation at times is based in part on unrealized gains and losses, so Akaris Global may have an incentive to inflate the value of client assets through fair valuation determinations. Although Akaris Global will always seek to invest Client assets appropriately, investors in the Client Accounts should nonetheless be aware of the potential conflicts of interest posed by incentive-based compensation. Akaris Global has also adopted written policies and procedures that are designed to ensure fair allocations and valuations over time. Current and prospective Clients and Fund investors are invited to discuss the allocation and valuation policies and procedures.

Item 7 -Types of Clients

Akaris Global provides investment advisory services to the Funds and a managed account. Investment advice is provided directly to the Funds and not individually to its investors. Investors in the Funds may include, but are not limited to, high net worth individuals, banks, thrift institutions, pension and profit-sharing plans, sovereign wealth funds, trusts, estates, endowments, foundations, and corporate or other business entities.

Details concerning applicable investor suitability criteria are set forth in the Funds' Governing Documents. Generally, investors must invest a minimum dollar amount of \$1,000,000; the General Partner or Board of Directors of the Funds may waive the minimum investment amount. Each investor is required to meet certain suitability qualifications, such as being an "accredited investor" and "qualified purchaser" within the meaning set forth under the United States federal securities laws. This brochure is not an offer to invest in the Funds. Any offer to invest in the Funds will only be made through the provision of their confidential offering documents. The Funds are not registered under the Securities Act of 1933 or the Investment Company Act of 1940. The Governing Documents of Client Accounts will specify the minimum investment amount.

Requirements for establishing a separately managed account or dedicated investment vehicle are negotiable and will vary by Client.

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis and Investment Strategies

Akaris Global's principal strategy is focused on concentrated, global, longer term investments. Whilst Akaris Global's primary emphasis is on equities, the Company may seek to achieve the Client Accounts' investment objective by flexibly investing across the entire capital structure, including first and second lien, high yield notes, convertible bonds and distressed bank debt and securities. The Client Accounts may opportunistically invest in the equity of companies with levered capital structures. The Client Accounts will periodically gain exposure to these companies through derivatives, including credit default swaps, options and other instruments. From time to time, the Client Accounts may occasionally originate and invest in the private debt of companies, but Akaris Global does not anticipate that these originated debt instruments will ever be more than 10% of the Client Accounts' portfolio.

Business Risks

Business and Market Risks

The Funds' investments may involve a high degree of business and financial risk that can result in substantial losses. In particular, these risks could arise from changes in the financial condition or prospects of the applicable issuer, changes in national or international economic and market conditions and changes in laws, regulations, fiscal policies, or political conditions of countries in which investments are made, including the risks of war and the effects of terrorist attacks and security operations. In addition, the ability of the Company to successfully implement its strategy may entail a high degree of uncertainty. The possibility of partial or total loss of capital will exist and investors should not invest unless they can readily bear the consequences of such loss.

Investment and Trading Risks

All investments in securities and other obligations risk the loss of capital, including the risk of a total loss of invested capital. No guarantee or representation is made that the Funds' investment program will be successful. The Funds' investment program may utilize such investment techniques as margin transactions, short sales, swaps, options and forward contracts, practices which may, in certain circumstances, increase the adverse impact to which the Funds may be subject. The Funds may invest in, among other things, equities, equity-linked derivatives, bonds or other fixed-income securities and fixed-income-linked derivatives, including, without limitation, public and private non-investment grade bonds, secured loans, second lien debt, convertible securities, options, swaps and other securities with fixed-income characteristics. Such securities will primarily be below investment grade and face ongoing uncertainties and exposure to adverse business, financial or economic conditions which could lead to the applicable issuer's inability to meet timely interest and principal payments. The market prices of such securities are also subject to abrupt and erratic market movements and changes in liquidity and above-average price volatility, and the spread between the bid and ask prices of such securities may be greater than those prevailing in other securities markets.

In addition, many of the issuers in which the Funds invest will be highly leveraged and many of the Funds' investments may be in securities which are unrated or rated below investment grade. Such investments are subject to additional risks, including an increased risk of default during periods of economic downturn, the possibility that the obligor may not be able to meet its debt payments and limited secondary market support, among other risks. See also "*Highly Leveraged Companies*" below.

Flexible Investment Approach

While the Funds will focus on long and short equity positions, the investment strategies, approaches and techniques described herein may evolve over time and the Company may trade in various types of securities, issuer or group of related issuers, country, region and sector that it believes will help the Funds

achieve their investment objective. The Company has broad latitude with respect to the management of the Funds' risk parameters. Although the Company will maintain internal risk guidelines (which may be amended from time to time), the Funds may make investment decisions that fall outside such guidelines. The Company may utilize such leverage, position size, duration and other portfolio management techniques as it believes are appropriate for the Funds. Prospective investors must recognize that in investing in the Funds, they are placing their capital indirectly under the full discretionary management of the Company and authorizing the Company indirectly to trade for the Funds using whatever techniques, discretionary approaches and investment tactics the Company determines appropriate, each of which may not be thoroughly tested before being employed and may have operational or other shortcomings that could result in unsuccessful investments and, ultimately, losses to the Funds. In addition, any new technique and tactic developed by the Funds may be more speculative than earlier techniques and tactics and may involve material and as-yet-unanticipated risks that could increase the risk of an investment in the Funds. Investors will not generally be informed of any non-material changes in the Company's strategies, techniques, discretionary approach and tactics. There can be no assurance that the Company will be successful in applying its approach and there is material risk that an investor may suffer significant impairment or total loss of its capital.

Investments in Equity Securities

The Funds intend to invest in equity securities and equity-related security derivatives. The value of these financial instruments generally will vary with the performance of the issuer and movements in the equity markets. As a result, the Funds may suffer losses if it invests in equity instruments of issuers whose performance diverges from the Company's expectations or if equity markets generally move in a single direction and the Funds have not hedged against such a general move. For example, Funds with long equity investments runs the risk that the market prices of those investments will decline. The market price of an equity investment may decline for a number of reasons that directly relate to the issuer, such as poor management performance or reduced demand for its goods or services. It also may decline due to factors which affect a particular industry, such as decline in demand, labor or raw material shortages or increased production costs. In addition, market prices may decline as a result of general market conditions not specifically related to a company or industry, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally.

Further, equity investments may be even more susceptible to such events than other types of investments the Funds may make, given their subordinate position in the issuer's capital structure. As such, equity investments generally have greater price volatility than fixed income and other investments with a scheduled stream of payments, and the market price of equity investments is more susceptible to moving up or down in a rapid or unpredictable manner.

If the Funds purchase equity investments at a discount from their value as determined by the Company, the Funds run the risk that the market prices of these investments will not appreciate to that value or will decline for a variety of reasons, one of which may be the Company's overestimation of the value of those investments.

Equity investments trading at high multiples of current earnings may be more sensitive to changes in future earnings expectations than securities trading at lower multiples. At times when the market is concerned that these expectations may not be met, the market prices of those securities typically fall.

Certain issuers of equity securities may be subject to different, often less comprehensive accounting, reporting and disclosure requirements, may be listed on less liquid and more volatile markets, and may be subject to high brokerage commissions and other fees.

Concentration of Investments

The Funds may invest a substantial portion of their assets in a single market sector and may hold a few relatively large positions in a single issuer or market sector. Adverse movements in the value of the securities of such issuer or market sector could therefore result in considerably greater risks and volatility than if the Funds were not permitted to concentrate their investments to such an extent.

Non-U.S. Investments

Investments outside the United States or denominated in non-U.S. currencies pose currency exchange risks (including blockage, devaluation and non-exchangeability) as well as a range of other potential risks which could include, depending on the country involved, expropriation, confiscatory taxation, political or social instability, illiquidity, price volatility and market manipulation. In addition, less information may be available regarding non-U.S. investments and non-U.S. companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to or as uniform as those of U.S. companies. Transaction costs of investing outside the U.S. are generally higher than in the U.S. There is generally less government supervision and regulation of exchanges, brokers and funds than there is in the U.S. Non-U.S. investments pose certain legal risks, including that laws and regulations governing investments in securities may not exist or may be subject to inconsistent or arbitrary appreciation or interpretation, both the independence of judicial systems and their immunity from economic, political or nationalistic influences remain largely untested in many countries and the Funds may encounter difficulties in pursuing legal remedies or in obtaining and enforcing judgments in non-U.S. courts. Non-U.S. markets also have different clearance and settlement procedures which in some markets have at times failed to keep pace with the volume of transactions, thereby creating substantial delays and settlement failures that could adversely affect the Funds' performance. Greater tax risks and complexities also may be associated with these investments.

Duration of Investment Positions

The General Partner may not know, except in the case of certain options or derivatives positions which have pre-established expiration dates, the maximum—or even the expected (as opposed to optimal)—duration of any particular position at the time of initiation. The length of time for which a position is maintained may vary significantly, based on the General Partner's subjective judgment of the appropriate point at which to liquidate a position so as to augment gains or reduce losses. Many of the Funds' transactions may involve acquiring related positions in a variety of different instruments or markets at or about the same time. Frequently, optimizing the probability of being able to exploit the pricing anomalies among these positions requires holding periods of significant length—often many months to a year or more. Actual holding periods depend on numerous market factors which can both expedite and disrupt price convergences. There can be no assurance that the Funds will be able to maintain any particular position, or group of related positions, for the duration required to realize the expected gains, or avoid losses, from such positions.

Short Selling

The Funds' investment program will include short selling. Short selling can involve selling securities that it does not own and borrowing the same securities for delivery to the purchaser, with an obligation under the terms of the transaction to replace the borrowed securities at a later date. Short selling allows the investor to profit from declines in a security's price. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the Funds of buying those securities to cover the short position. There can be no assurance that the securities necessary to cover a short position will be available for purchase. Additionally, certain market participants could accumulate such securities in a "short squeeze," which would reduce the available supply, and thus increase the cost, of such securities. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. The General Partner will have discretion in determining when, whether and in what manner to engage in short selling and therefore the Funds may be exposed to the risks outlined in this provision. In addition, the securities

borrowed by the Funds to effect the short sale may be recalled by the lender of those securities at any time, thus forcing the Funds to purchase the securities to close out the short position at a loss.

In response to dislocations in the financial services industry and other market events, the SEC and foreign regulators have imposed, and may continue to impose, restrictions on and reporting obligations with respect to short selling. Uncertainty surrounding the confidential nature of the required disclosures of the Funds' short sales could discourage short selling by the Funds in circumstances where the General Partner believes that the public disclosure of such short sales may be adverse to their interests. In addition, limitations on the short selling of securities could interfere with the ability of the Funds to execute certain aspects of their investment strategies, including their ability to hedge certain exposures and execute transactions to implement their risk management guidelines and any such limitations may adversely affect the performance of the Funds.

Importance of Market Judgment

Although the General Partner uses valuation models in evaluating the financial health of companies it may invest in, the General Partner's does not use wholly systematic valuation or quantitative strategies; the market judgment and discretion of the General Partner's personnel are Fundamental to the implementation it's investments. The greater the importance of subjective factors, the more unpredictable a trading strategy becomes.

Investments in Event-Oriented Situations

The Funds may opportunistically invest in event-oriented situations. The price offered for securities of a company involved in an announced deal can generally represent a significant premium above the market price prior to the announcement. Therefore, the value of such securities, if held by the Funds, may decline in the event the proposed transaction is not consummated and if the market price of the securities returns to a level comparable to the price prior to the announcement of the deal. Furthermore, the difference between the price paid by the Funds for securities of a company involved in an announced deal and the anticipated value to be received for such securities upon consummation of the proposed transaction will often be very small. If the proposed transaction appears likely not to be consummated or, in fact, is not consummated or is delayed, the market price of the securities will usually decline, perhaps by more than the Funds' anticipated profit. In addition, when the Funds have sold short the securities it anticipates receiving in an exchange or merger, and the proposed transaction is not consummated, the Funds may be forced to cover their short position in the market at a higher price than their short sale, with a resulting loss. If the Funds have sold short securities that are the subject of a proposed cash tender offer or cash merger and the transaction is consummated, the Funds also may be forced to cover their short position at a loss.

Where the Funds have purchased put options with respect to the securities it anticipates receiving in an exchange or merger, if the proposed transaction is not consummated, the exercise price of the put options held by the Funds may be lower than the market price of the underlying securities, with the result that the cost of the options will not be recovered. If the Funds are purchased put options with respect to securities which are the subject of a proposed cash tender offer or cash merger and the transaction is consummated, the Funds also may not exercise their options and may lose the premiums paid therefore. In addition, premiums paid for put options increase the Funds' transaction costs and, in certain situations, may result in a sufficient reduction in the spread between the acquisition price and the anticipated price to be received to make the arbitrage investment so unattractive based upon a return on capital/risk-reward analysis that the General Partner may determine not to take a portfolio position. Since options expire on defined dates, in the event consummation of a transaction is delayed beyond the expiration of a put option held by the Funds it may lose the anticipated benefit of the option.

The Funds may determine that the offer price for a security that is the subject of a tender offer is likely to be increased, either by the original bidder or by another party. In those circumstances, the Funds may purchase securities above the offer price, and such purchases are subject to the added risk that the offer price will not be increased or that the offer will be withdrawn.

The consummation of refinancings, restructurings, mergers and tender and exchange offers can be prevented or delayed by a variety of factors, including: (i) opposition of the management or stockholders of the target company, which will often result in litigation to enjoin the proposed transaction; (ii) intervention of a regulatory agency; (iii) efforts by the involved company to pursue a “defensive” strategy, including a merger with, or a friendly tender offer by, a company other than the offeror; (iv) in the case of a merger, failure to obtain the necessary stockholder approvals; (v) market conditions resulting in material changes in securities prices; (vi) compliance with any applicable securities laws; and (vii) inability to obtain adequate financing.

Often a tender or exchange offer will be made for less than all of the outstanding securities of an issuer or a higher price will be offered for a limited amount of the securities, with the provision that, if a greater number is tendered, securities will be accepted *pro rata*. Thus, a portion of the securities tendered by the Funds may not be accepted and may be returned to the Funds. Since, after completion of the tender offer, the market price of the securities may have declined below the Funds’ cost, a sale of any returned securities may result in a loss.

Financial Market and Interest Rate Fluctuations

General fluctuations in the market prices of securities and other obligations as well as interest rates may affect the value of the Investments held by the Funds. Volatility and instability in the securities markets may also increase the risks inherent in the Funds’ Investments. The ability of companies or businesses in which the Funds may invest to refinance their debt securities may depend on their ability to sell new securities in the high yield debt or bank financing markets, which could be difficult to access at favorable rates. Interest rate changes may affect the value of a debt instrument indirectly (especially in the case of fixed rate securities) and directly (especially in the case of instruments whose rates are adjustable). In general, rising interest rates will negatively impact the price of a fixed rate debt instrument and falling interest rates will have a positive effect on price. Adjustable rate instruments also react to interest rate changes in a similar manner although generally to a lesser degree (depending, however, on the characteristics of the reset terms, including the index chosen, frequency of reset and reset caps or floors, among other factors). Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules. The Funds’ Investments will expose them to interest rate risks, meaning that changes in prevailing market interest rates could negatively affect the value of such Investments. Factors that may affect market interest rates include, without limitation, inflation, slow or stagnant economic growth or recession, unemployment, money supply, governmental monetary policies, international disorder and instability in domestic and foreign financial markets. The Funds expect that they will periodically experience imbalances in the interest rate sensitivities of their assets and liabilities and the relationships of various interest rates to each other. In a changing interest rate environment, the Funds may not be able to manage this risk effectively. If the Funds are unable to manage interest rate risk effectively, the Funds’ performance could be adversely affected. While the Funds may seek to do so, they are not required to hedge their interest rate risk.

General Economic Conditions and Recent Events

Various sectors of the global financial markets have in the past experienced extended periods of adverse conditions. During such periods, global market uncertainty increased dramatically. Those conditions resulted in disruption of the global credit markets, periods of reduced liquidity, greater volatility, general widening of credit spreads and a lack of price transparency. Such volatile and often difficult global credit market conditions have episodically adversely affected the market values of equity, fixed-income and other financial instruments and there is no guarantee that a period of adverse conditions will not return in which these circumstances may occur again. The Funds’ investments are expected to be sensitive to the performance of the overall global economy. If such adverse conditions were to return, a negative impact on economic fundamentals and consumer and business confidence would likely increase market volatility and reduce liquidity, both of which could have a material adverse effect on the performance of the Funds and these or similar events may affect the ability of the Funds to execute their investment strategies.

Highly Leveraged Companies

The Funds' investments are expected to include investments in issuers whose capital structures may have significant leverage (including to the extent the Funds holds second-lien debt interests, certain leverage senior to the Funds' investment). Such investments are inherently more sensitive to declines in revenues, competitive pressures and increases in expenses and interest rates. The leveraged capital structure of such issuers will increase their exposure to adverse economic factors, such as downturns in the economy or deterioration in the condition of the issuers or their industries, and, to the extent the Funds holds second-lien debt or other types of subordinated debt interests therein, such issuers may be subject to restrictive financial and operating covenants in more senior debt instruments and contracts that adversely impact the Funds' investments. If an issuer in which the Funds invests cannot generate adequate cash flow to meet its debt obligations, the issuer may default on its loan agreements or be forced into bankruptcy resulting in a restructuring of the issuer's capital structure or liquidation of the issuer. Furthermore, to the extent issuers in which the Funds invested have become insolvent, the Funds may determine, in cooperation with other debtholders or on their own, to engage, at the Funds' expense, in whole or in part, counsel and other advisors in connection therewith.

Market Disruptions

General

The Funds may incur major losses in the event of market disruptions and other extraordinary events in which historical pricing relationships (on which the General Partner and/or the Company may base a number of their trading positions) become materially distorted. The risk of loss from pricing distortions is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving. Market disruptions caused by unexpected political, environmental, military, terrorist and other events may from time to time cause dramatic losses for the Funds and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk.

Terrorist Action

There is a risk of terrorist attacks on the United States and elsewhere causing significant loss of life and property damage and disruptions in global markets. As a result of such attacks, economic and diplomatic sanctions may be in place or imposed on certain countries, and military action may be commenced. The impact of such events is difficult to predict, but could have a material effect on general economic conditions and market liquidity.

Environmental Hazards

Investments (including real estate investments) of the Funds are subject to loss due to so-called "special hazards" (e.g., floods, earthquakes and hurricanes). It may be impractical or impossible to fully insure against such events and, should such an event occur, the Funds could incur substantial costs and suffer a complete loss of their investment. Moreover, ordinary operation or the occurrence of an accident with respect to an issuer could cause major environmental damage, which may result in significant financial distress to such issuer, even if covered by insurance.

Similarly, under environmental laws enacted by the United States and the various states within the United States, owners of property may be liable for the clean-up and removal of hazardous substances even where the owner was not responsible for placing the hazardous substances on the property or where the property was contaminated prior to the time the owner took title. Similar laws may be in effect in other jurisdictions where the Funds invests. The costs of removal and clean-up of hazardous substances and wastes can be extremely expensive and, in some cases, can exceed the value of a property. If any property acquired by the Funds through foreclosure or otherwise subsequently were found to have an environmental problem, such

acquiring entity could incur substantial costs and suffer a complete loss of their investment in such property as well as of other assets.

Purchasing Initial Public Offerings

The Funds may purchase securities of companies in initial public offerings or shortly thereafter. Special risks associated with these securities may include a limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the company, and limited operating history. These factors may contribute to substantial price volatility for the shares of these companies and, thus, for the Funds' interests. The limited number of shares available for trading in some initial public offering may make it more difficult for the Funds to buy or sell significant amounts of shares without an unfavorable impact on prevailing market prices. In addition, some companies in initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or the near-term prospects of achieving them. All of the factors that affect the performance of an economy or equity markets may have a greater impact on the shares of companies in initial public offerings. Such securities tend to expose the Funds to greater risk due, in part, to public perception and the lack of publicly available information and trading history.

Investments in Convertible Securities

The Funds may invest in convertible securities. Convertible securities are bonds, debentures, notes, preferred stocks or other securities that may be converted into, or exchanged for, a specified amount of common stock of the same or different issuer within a particular period of time at a specified price or formula. A convertible security entitles its holder to receive interest that is generally paid or accrued on debt or a dividend that is paid or accrued on preferred stock until the convertible security matures or is redeemed, converted or exchanged. Convertible securities have unique investment characteristics in that they generally (i) have higher yields than common stocks, but lower yields than comparable non-convertible securities, (ii) are less subject to fluctuation in value than the underlying common stock due to their fixed-income characteristics and (iii) provide the potential for capital appreciation if the market price of the underlying common stock increases.

The value of a convertible security is a function of its "investment value" (determined by its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion feature) and its "conversion value" (the security's worth, at market value, if converted into the underlying common stock). The investment value of a convertible security is influenced by changes in interest rates, with investment value declining as interest rates increase and increasing as interest rates decline. The credit standing of the issuer and other factors may also have an effect on the convertible security's investment value. The conversion value of a convertible security is determined by the market price of the underlying common stock. If the conversion value is low relative to the investment value, the price of the convertible security is governed principally by its investment value. To the extent the market price of the underlying common stock approaches or exceeds the conversion price, the price of the convertible security will be increasingly influenced by its conversion value. A convertible security generally will sell at a premium over its conversion value by the extent to which investors place value on the right to acquire the underlying common stock while holding a fixed-income security. Generally, the amount of the premium decreases as the convertible security approaches maturity.

A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument. If a convertible security held by the Funds are called for redemption, the Funds will be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third party. Any of these actions could have an adverse effect on the Funds' ability to achieve their investment objective.

Preferred and Hybrid Securities Risks

The Funds may invest in preferred stock and hybrid securities, which may have special risks. Preferred and hybrid securities may include provisions that permit the issuer, at its discretion, to defer distributions for a stated period without any adverse consequences to the issuer. If the Funds owns a preferred or hybrid security that is deferring its distributions, the Funds may be required to report income for tax purposes even though it has not yet received such income. Some preferred and hybrid securities are non-cumulative, meaning that the dividends do not accumulate and need not ever be paid.

Preferred and hybrid securities are subordinated to bonds and other debt instruments in an issuer's capital structure in terms of priority to corporate income and liquidation payments and, therefore, will be subject to greater credit risk than more senior debt instruments. For example, deterioration in the credit quality of the issuer will cause greater changes in the value of such instruments than senior debt securities with similarly stated yield characteristics. Preferred and hybrid securities may be substantially less liquid than many other securities, such as common stocks or U.S. government securities.

Small or Mid-Sized Capitalization issuers

Investments in equity securities of small or medium-sized market capitalization companies will have more limited liquidity than the securities of larger companies. While smaller companies generally have potential for rapid growth, they often involve higher risks because they may lack the management experience, financial resources, product diversification and competitive strength of larger companies. In addition, in many instances, the frequency and volume of their trading may be substantially less than is typical of larger companies. As such, when making large sales, the Funds may have to sell portfolio holdings at discounts from quoted prices or may have to make a series of small sales over an extended period of time due to the lower trading volume of smaller company securities. Such companies may be followed by relatively few securities analysts with the result that there tends to be less publicly available information concerning these securities compared to what is available for exchange-listed or larger companies. As a result, such companies may not be well-known to the investing public, may not have significant institutional ownership and may have cyclical, static or only moderate growth prospects. As a result, the securities of smaller companies may have greater price volatility. All of the Funds' investments in stocks will be subject to normal market risks. While diversification among issuers may mitigate these risks, the Funds may not be required to diversify their investments in equity securities; and investors must expect fluctuations in value of equity securities held by the Funds based on market conditions.

Disclosure of Positions

The Funds may obtain a position in any public company that requires it to make filings concerning their holdings with the Securities and Exchange Commission (the "SEC") and may become subject to other regulatory restrictions that could limit the ability of the Funds to dispose of their holdings at the times and in the manner the Funds would prefer, preventing the Funds from realizing profit or avoiding loss. Violations of these regulatory requirements could subject the Funds to significant liabilities.

In an effort to protect the confidentiality of their positions, the Funds generally will not disclose all of their positions to investors on an ongoing basis, although the General Partner, in its sole discretion, may permit such disclosure on a select basis to certain investors, if it determines that there are sufficient confidentiality agreements and/or procedures in place.

"Widening" Risk

For reasons not necessarily attributable to any of the risks enumerated above (for example, supply/demand imbalances or other market forces), the prices of the securities in which the Funds invests may decline substantially. In particular, purchasing assets at what may appear to be "undervalued" levels is no guarantee that these assets will not be trading at even more "undervalued" levels at a time of valuation or at the time of sale. It may not be possible to predict, or to hedge against, such "spread widening" risk.

Expedited Transactions

Investment analyses and decisions by the General Partner and the Company will often be undertaken on an expedited basis in order for the Funds to take advantage of investment opportunities. In such cases, the information available to the General Partner and the Company at the time of an investment decision may be limited, and the General Partner and the Company may not have access to the detailed information necessary for a full evaluation of the investment opportunity. In addition, the General Partner and the Company may rely upon independent consultants in connection with its evaluation of proposed investments. There can be no assurance that these consultants will accurately evaluate such investments.

Ability to Acquire Assets at Favorable Spreads; Competition and Supply

The Funds' potential for current income and capital appreciation for their investors will depend, in large part, on the ability of the General Partner and the Company to acquire investments for the Funds on advantageous terms. There is currently and will likely be competition for investment opportunities by investment vehicles and others with investment objectives and strategies identical or similar to the Funds' investment objectives and strategies. Increased competition for, or a reduction in the available supply of, qualifying investments could result in higher prices for, and thus lower yields on, such investments.

Portfolio Turnover

The investment strategy of the Funds may require the General Partner to actively trade the Funds' portfolio, and as a result, turnover and brokerage commission expenses of the Funds may significantly exceed those of other investment entities of comparable size. In addition, active trading may act to reduce the Funds' investment profits, or create a loss for investors and may result in additional taxes for investors depending on the tax rules applicable to such investors. The after-tax impact of portfolio turnover is not generally considered when making investment decisions for the Funds.

Liquidity

Some of the investments that are made by the Funds may lack liquidity or be thinly traded. This could present a problem in realizing the prices quoted and in effectively trading the position(s). To the extent the Funds invests in less liquid investments it could result in significant loss in value should the Funds be forced to sell the less liquid investments as a result of rapidly changing market conditions or as a result of margin calls or other factors. In certain circumstances, the Funds may also be contractually prohibited from disposing of investments for a specified period of time. Accordingly, the Funds may be forced to sell their more liquid positions at a disadvantageous time, resulting in a greater percentage of the portfolio consisting of less liquid investments.

Synthetic Investment Strategies

The Funds may utilize customized derivative instruments, such as swap or notional principal contracts, to receive synthetically the economic attributes associated with an investment in a security or financial instrument or a basket of securities or financial instruments. There may be circumstances in which the General Partner or the Company would conclude that the best or only means by which the Funds could make a desirable investment is through the use of such derivative structures. The Funds may be exposed to certain risks should the General Partner or the Company use derivatives as a means to implement synthetically its investment strategies. If the Funds enters into a derivative instrument whereby it agrees to receive the return of a security or financial instrument or a basket of securities or other financial instruments, it will typically contract to receive such returns for a predetermined period of time. During such period, the Funds may not have the ability to increase or decrease their exposure. In addition, such customized derivative instruments may not provide early optional termination rights to the Funds and may be highly illiquid. As a result, it is possible that the Funds will not be able to terminate such derivative instruments prior to their expiration date or that the penalties associated with such a termination will impact the Funds' performance in a material adverse manner. In the event the Funds seeks to invest in a security or other financial instrument or basket of securities or other financial instruments through such

synthetic derivative instruments, the Funds will not acquire any voting interests or other shareholder rights that would be acquired with a direct investment in the underlying securities or other financial instruments. Accordingly, the Funds will not participate in matters submitted to a vote of the shareholders. In addition, the Funds may not receive all of the information and reports to shareholders that the Funds would receive with a direct investment. Further, it is expected that the Funds will pay the counterparty to any such customized derivative instrument structuring fees and ongoing transaction fees, which will reduce the investment performance of the Funds. These transactions will likely also require the posting of collateral. A bankruptcy of the collateral holder may result in losses to the extent posted collateral exceeds the obligations of the pledging party under such transaction. Finally, certain aspects of the appropriate U.S. federal income tax treatment of such customized derivative instruments are uncertain and, if the Funds' U.S. federal income tax treatment of such instruments proves to be inappropriate, an investor's after-tax return from its investment in the Funds may be adversely affected.

Trading in Options

The Funds may buy or sell (write) both call options and put options (either exchange-traded, over-the-counter or issued in private transactions), and when it writes options it may do so on a "covered" or an "uncovered" basis. The Funds' options transactions may be part of a hedging tactic (*i.e.*, offsetting the risk involved in another securities position) or a form of leverage, in which the Funds have the ability to benefit from price movements in a large number of securities with a small commitment of capital. These activities involve risks that can be large, depending on the circumstances. In general, the principal risks involved in options trading can be described as follows, without taking into account other positions or transactions the Funds may enter into.

A call option is "covered" when the writer owns securities of the class and amount of those as to which the call option applies. A put option is covered when the writer has an open short position in securities of the relevant class and amount.

When the Funds buys an option, a decrease (or inadequate increase) in the price of the underlying security in the case of a call, or an increase (or inadequate decrease) in the security in the case of a put, could result in a total loss of the Funds' investment in the option (including commissions). The Funds could mitigate those losses by selling short the securities as to which it holds call options or taking a long position (*i.e.*, by buying the securities or buying options on them) on securities underlying put options.

When the Funds sells (writes) an option, the risk can be substantially greater than when it buys an option. The seller of an uncovered call option bears the risk of an increase in the market price of the underlying security above the exercise price. The risk is theoretically unlimited unless the option is "covered." If it is covered, an increase in the market price of the security above the exercise price would cause the Funds to lose the opportunity for gain on the underlying security--assuming it bought the security for less than the exercise price. If the price of the underlying security were to drop below the exercise price, the premium received on the option (after transaction costs) would provide profit that would reduce or offset any loss the Funds might suffer as a result of owning the security.

The seller of an uncovered put option theoretically could lose an amount equal to the entire aggregate exercise price of the option, if the underlying security were to become valueless. If the option were covered with a short position in the underlying security, this risk would be limited, but a drop in the security's price below the exercise price would cause the Funds to lose some or all of the opportunity for profit on the "covering" short position—assuming the Funds sold short for more than the exercise price. If the price of the underlying security were to increase above the exercise price, the premium on the option (after transaction costs) would provide profit that would reduce or offset any loss the Funds might suffer in closing out their short position.

Swap Agreements

The Funds may enter into swap agreements for hedging purposes. Swap agreements can be individually negotiated and structured to provide the Funds with exposure to a variety of different types of assets, including currencies, interest rates, securities, commodities, and credit risks. Depending on their structure, swap agreements may increase or decrease the exposure of the Funds to long-term or short-term interest rates (in the United States or abroad), non-U.S. currency values, mortgage securities, corporate borrowing rates, asset backed securities, collateralized debt obligations, indices, or other assets or factors such as security prices, baskets of equity securities, or inflation rates. Swap agreements can take many different forms and are known by a variety of names. In general, swaps and other custom instruments that are not cleared are subject to counterparty risk, which is the risk of non-performance by the swap counterparty, including risks relating to the creditworthiness of the swap counterparty. Depending on the type of swap, the Funds may instead be subject to the risk of the failure of the exchange on which it trades the swap or the clearinghouse through which it clears the swap. The Funds are not precluded from entering into any particular form of swap agreement if the Company determines it is consistent with the hedging objective and policies of the Funds.

Swap agreements tend to shift investment exposure from one type of investment to another. For example, if the Funds agrees to exchange payments in U.S. dollars for payments in a non-U.S. currency, the swap agreement would tend to decrease the Funds' exposure to the U.S. dollar and interest rates and increase their exposure to the relevant non-U.S. currency and related interest rates. Depending on how they are used, swap agreements may increase or decrease the overall volatility or risk of the portfolio of the Funds. The most significant factor in the performance of swap agreements is the change in the referenced asset, whether an interest rate, currency, security, commodity or reference entity, along with other factors that impact the amounts of payments due to and from the Funds. If a swap agreement calls for payments by the Funds, the Funds must be prepared to make such payments when due. In addition, if a counterparty's creditworthiness declines, the value of swap agreements with such counterparty can be expected to decline, potentially resulting in losses by the Funds. Generally speaking, swap agreements require each party to post margin at the beginning of the trade and throughout the life of the agreement to collateralize any adverse mark to market movement in the value of the swap to such party. A bankruptcy of the collateral holder may result in losses to the extent posted collateral exceeds the obligations of the pledging party under the swap agreement.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "*Dodd-Frank Act*") requires clearing and trading on regulated platforms of those certain products mandated by the U.S. Commodity Futures Trading Commission (the "*CFTC*"). The CFTC currently requires the centralized clearing and trading on swap execution facilities ("*SEFs*") of certain interest rate and credit index derivatives. Additional products are expected to be required to be cleared and traded in this manner in the future. However, other swaps will not necessarily be cleared or traded through registered clearinghouses or traded on regulated platforms, and therefore may not be subject to the protections afforded to participants in cleared swaps (for example, centralized counterparty, guaranteed Funds, customer asset segregation and mandatory margin requirements) and trades executed on SEFs (for example, price transparency). Clearinghouse collateral requirements may differ from and be greater than the collateral terms negotiated with swap counterparties in the "over-the-counter" market. This may increase the Funds' cost in entering into these products and impact the Company's ability to pursue certain hedging strategies. For swaps that are cleared through a clearinghouse, the Funds will face the clearinghouse as legal counterparty and will be subject to clearinghouse performance and credit risk. It is worth noting that the Dodd-Frank Act requires that over time a large proportion of transactions in the derivatives markets to be cleared on registered clearinghouses and traded on SEFs. The impact of centralized clearing and SEFs on transaction liquidity and pricing cannot be determined at this time

In addition, the Dodd-Frank Act and related CFTC and SEC rules (certain of which have not yet been released or finalized) impose other significant new regulations on the derivatives markets, including the registration of and regulations on persons deemed to be swap dealers or major swap participants. Such regulated swap entities are subject to a number of regulatory requirements that may result in such counterparties increasing the Funds' and its issuers' cost of trading derivative instruments through increased fees or spreads to offset the compliance costs and requirements. On the other hand, the Funds and the issuers in which they invest may trade in certain swaps or derivative instruments with unregistered and unregulated entities, and therefore may not benefit from protections afforded to counterparties of registered and regulated swap entities.

There is significant uncertainty regarding the Dodd-Frank Act and the regulations that are being developed pursuant to such legislation and, consequently, the full impact that such legislation ultimately will have on the Funds and its issuers' derivatives instruments is not fully known to date.

Moreover, the Internal Revenue Service (the "IRS") has issued proposed regulations regarding the taxation of swaps, and it is uncertain whether these proposed regulations or other proposals will be adopted (with or without modification).

Although the Dodd-Frank Act has imposed new and significant regulations regarding swap agreements, these transactions are substantially unregulated in other ways. 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 may be periods during which certain participants in these markets refuse to quote prices for certain swap agreements or the assets referenced in such agreements, 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 the market for any particular type of swap agreement due to unusually high trading volume, political intervention or other factors. The imposition of controls by government authorities might also limit such trading in swap agreements to a level that is less than that which the Company would otherwise recommend, to the possible detriment of the Funds. Market illiquidity or disruption could result in significant losses to the Funds.

For all the foregoing reasons, swap agreements can expose the Funds and their investments to significant risk of loss and may result in a poorer overall performance for the Funds than if it had not entered into such transactions.

Investments in Credit Default Swaps

The Funds may invest in credit default swaps. A credit default swap is a contract between two parties that transfers the risk of loss if a company experiences a credit event such as a failure to pay principal or interest on time or filing for bankruptcy. In essence, an institution that owns corporate debt instruments can purchase a limited form of default protection by entering into a credit default swap with another bank, broker-dealer or financial intermediary. Upon a credit event of the company, the swap may be terminated in one of two ways: (i) by the purchaser of credit protection delivering the referenced instrument to the swap counterparty and receiving a payment of par value, or (ii) by the parties pairing off payments, with the purchaser of the protection receiving a payment equal to the par value of the reference security less the price at which the reference security trades subsequent to default.

In the manner described above, credit default swaps can be used to hedge a portion of the default risk on a single corporate bond or a portfolio of bonds. The Funds may also "purchase" credit default protection even in the case in which it does not own the referenced instrument if, in the judgment of the General Partner and the Company, there is a high likelihood of credit deterioration. Swap transactions dependent upon credit events are priced incorporating many variables including the pricing and volatility of the

common stock, potential loss upon default and the shape of the U.S. Treasury Market curve, among other factors. As such, there are many factors upon which market participants may have divergent views. The Funds may also enter into credit default swap transactions, even if the credit outlook is positive, if the General Partner and the Company believe that participants in the marketplace have incorrectly valued the components which determine the value of a swap.

Trade Errors

In order to seek positive returns in global markets, the Company's trading and investment for the Funds may involve multiple instruments, multiple brokers and counterparties and multiple strategies. As a result, the execution of the trading and investment strategies employed by the Company for the Funds may require rapid execution of trades, high volume of trades, complex trades, difficult to execute trades, use of negotiated terms with counterparties such as in the use of derivatives and the execution of trades involving less common or novel instruments. However, in light of the high volumes, complexity and global diversity involved, some slippage, errors and miscommunications with brokers and counterparties may occur, and could result in losses to the Funds. In such circumstances, the Company will evaluate the merits of potential claims for damage against brokers and counterparties who are at fault and, to the extent practicable, will seek to recover losses from those parties. In its discretion, the Company may choose to forgo pursuing claims against brokers and counterparties on behalf of the Funds for any reason, including, without limitation, the cost of pursuing claims relative to the likely amount of any recovery and the maintenance of its business relationships with brokers and counterparties. In addition, the Company's own execution and operational staff may be solely or partly responsible for errors in placing, processing and settling trades that result in losses to the Funds based on the standards discussed in the immediately foregoing paragraph under "*Indemnification and Exculpation.*"

Recourse to Funds' Assets

The Funds' assets, including, without limitation, all investments made by the Funds and any capital held by the Funds, are available to satisfy all liabilities and other obligations of the Funds, including, without limitation, indemnification of Indemnified Persons. If the Funds or an issuer defaults on secured indebtedness, for example, the lender may foreclose and the Funds could lose their entire investment in the security for such loan. If the Funds themselves become subject to a liability, parties seeking to have the liability satisfied may have recourse to all of the Funds' assets.

Litigation Risk

Certain of the Funds' investments, including investments relating to companies undergoing reorganizations, may be contentious and adversarial. It is by no means unusual for parties to use the threat of, as well as actual, litigation as a negotiating technique. During the term of the Funds, the Company, the Funds, their respective affiliates and perhaps certain of their larger investors may be named as defendants or subpoenaed as a non-party witness in civil proceedings. Similarly, the Funds, the Company or their respective affiliates may file objections, pursue lawsuits or adversarial proceedings or take other legal action to pursue or defend rights as investors. The expense of defending against claims by third parties, responding to subpoenas, pursuing rights through legal action and paying any amounts pursuant to settlements or judgments would generally be borne by the Funds and would reduce net assets.

Counterparty Risk

Many of the markets in which the Funds effects their transactions are "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange based" markets. This exposes the Funds to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Funds to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Funds are concentrated their

transactions with a single or small group of counterparties. The General Partner is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. The ability of the Funds to transact business with any one or number of counterparties, the lack of any meaningful and independent evaluation of such counterparties' financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Funds.

General Economic Conditions and Recent Events

Various sectors of the global financial markets have in the past experienced extended periods of adverse conditions. During such periods, global market uncertainty increased dramatically. Those conditions resulted in disruption of the global credit markets, periods of reduced liquidity, greater volatility, general widening of credit spreads and a lack of price transparency. While the current financial environment is relatively benign, there is no guarantee that a period of adverse conditions will not return. If such adverse conditions were to return, a negative impact on economic Fundamentals and consumer and business confidence would likely increase market volatility and reduce liquidity, both of which could have a material adverse effect on the performance of the Funds and these or similar events may affect the ability of the Funds to execute their investment strategies.

Highly Volatile Markets

Price movements of the Funds' investments may be highly volatile and influenced by, among other things, interest rates, inflation or deflation, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies, financial instruments, futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations.

Market Disruptions

The Funds may incur major losses in the event of market disruptions and other extraordinary events in which historical pricing relationships (on which the Company may base a number of its investments or trading positions) become materially distorted. The risk of loss from pricing distortions is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving. Market disruptions caused by unexpected political, environmental, military, terrorist and other events may from time to time cause dramatic losses for the Funds and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk.

Suspensions of Trading and Failure of Exchanges

Each securities exchange typically has the right to suspend or limit trading in all securities which it lists. Such a suspension involving securities owned by the Funds would render it impossible for the Funds to liquidate positions and, accordingly, could expose the Funds to losses. The Funds also is subject to the risk of the failure of any exchanges on which the positions of the Funds trade or of their clearinghouses.

Currency

The Funds may invest a portion of their assets in principal instruments denominated in currencies other than the U.S. dollar, the price of which is determined with reference to currencies other than the U.S. dollar. The Funds will, however, value their securities and other assets in U.S. dollars. 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 makes their investments will reduce the effect of increases and magnify the U.S. dollar equivalent of 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 securities. The Funds also may utilize options and forward contracts to hedge against currency fluctuations, but there can be no assurance that such hedging transactions will be entered into, or, if entered into, will be effective. Prospective investors whose assets and liabilities are predominantly in other currencies should take into account the potential risk of loss arising from fluctuations in value between U.S. dollars and such other currencies.

Hedging Transactions

The Funds may utilize a variety of financial instruments such as shorts, derivatives, options, swaps, caps and floors and forward contracts, both for investment purposes and for risk management purposes in order to: (i) protect against possible changes in the market value of the Funds' investment portfolio resulting from fluctuations in the securities markets and changes in interest rates; (ii) protect the Funds' unrealized gains in the value of the Funds' investment portfolio; (iii) facilitate the sale of any such investments; (iv) establish a position as a temporary substitute for other securities; (v) enhance or preserve returns, spreads or gains on any investment in the Funds' portfolio; (vi) hedge the interest rate or currency exchange rate on any of the Funds' liabilities or assets; (vii) protect against any increase in the price of any securities the Funds anticipates purchasing at a later date; or (viii) for any other reason that the General Partner deems appropriate.

Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the portfolio positions' value. Such hedging transactions also limit the opportunity for gain if the value of the portfolio position should increase. Moreover, it may not be possible for the Funds to hedge against an exchange rate, interest rate or security price fluctuation that is so generally anticipated that the Funds are unable to enter into a hedging transaction at a price sufficient to protect their assets from the decline in value of the portfolio positions anticipated as a result of such fluctuations.

The Funds are not required to attempt to hedge portfolio positions and, for various reasons, may determine not to do so. Moreover, the Funds are not obligated to hedge against fluctuations in the value of the Funds' portfolio positions as a result of changes in market interest rates or any other developments. Furthermore, the Funds may not anticipate a particular risk so as to hedge against it. While the Funds may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Funds than if the Funds had not engaged in any such hedging transaction. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio position being hedged may vary. For a variety of reasons, the Funds may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent the Funds from achieving the intended hedge or expose the Funds to risk of loss. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of the Funds' portfolio holdings. Moreover, it should be noted that a portfolio will always be exposed to certain risks that cannot be hedged, such as credit risk (relating both to particular securities and counterparties), "liquidity risk" and "widening" risk.

Legal Infrastructure

Investment in non-U.S. securities and other obligations involves considerations and possible risks not typically involved with investment in the securities of U.S. issuers, including changes in applicable laws, changes in governmental administration or economic or monetary policy (in the United States or elsewhere) or changed circumstances in dealings between nations. The application of non-U.S. tax laws (e.g., the imposition of withholding taxes on dividend or interest payments) may also affect investment in non-U.S. securities and other obligations. Higher expenses may result from investment in non-U.S. securities and other obligations than would result from investment in U.S. securities and other obligations

because of the costs that must be incurred in connection with conversions between various currencies and non-U.S. brokerage commissions that may be higher than in the United States. Non-U.S. securities markets also may be less liquid and more volatile.

Laws affecting international investment and business continue to evolve, although at times in an uncertain manner that may not coincide with local or accepted international practices. Laws and regulations, particularly those concerning foreign investment and taxation, can change quickly and unpredictably. Inconsistencies and discrepancies among the vast number of local, regional and national laws, the lack of judicial or legislative guidance on unclear or conflicting laws and broad discretion on the part of government authorities implementing the laws produce additional legal uncertainties. The burden of complying with conflicting laws may have an adverse impact on the operations of the Funds.

Brexit

A referendum on the United Kingdom's membership in the European Union was held on 23 June 2016, the result of which was a vote that the United Kingdom should leave the European Union. The referendum result introduces significant new uncertainties and has resulted in volatility in financial markets. These uncertainties could have a material adverse effect on the business, financial condition, results of operations and prospects of the issuers in which the Funds invests. On March 29, 2017, the government of the United Kingdom invoked article 50 of the Treaty of Lisbon (the "*Treaty*"), which had the effect of formally initiating the withdrawal of the United Kingdom from the European Union. The Treaty provides for a period of up to two years for negotiation of withdrawal arrangements, at the end of which (whether or not agreement has been reached) the treaties cease to apply to the withdrawing Member State unless the European Council, in agreement with the Member State concerned, unanimously decides to extend this period. During, and possibly after, this period there is likely to be considerable uncertainty as to the position of the United Kingdom and the arrangements that will apply to its relationships with the European Union and other countries following its withdrawal. This uncertainty may affect other countries in the European Union, or elsewhere, if they are considered to be impacted by these events.

Risks Associated with the Eurozone Debt Crisis

The Funds' investments and their investment performance may be affected by economic and fiscal conditions in Eurozone countries and developments relating to the Euro. The deterioration of the sovereign debt of several Eurozone countries, together with the risk of contagion to other more stable economies exacerbated the global financial crisis of 2008-2009 (the "*Global Financial Crisis*"). This situation raised a number of uncertainties regarding the stability and overall standing of the European Monetary Union. Economic, political or other factors could still result in changes to the composition of the European Monetary Union.

The risk that other Eurozone countries could be subject to higher borrowing costs and face further deterioration in their economies, together with the risk that some countries could withdraw from the Eurozone (either voluntarily or involuntarily), could have a negative impact on the Funds' investment activities. A reintroduction of national currencies in one or more Eurozone countries or, in more extreme circumstances, the possible dissolution of the European Monetary Union cannot be ruled out. The departure or risk of departure from the European Monetary Union by one or more Eurozone countries and/or the abandonment of the Euro as a currency could have major negative effects on the Funds. If the European Monetary Union is dissolved entirely, the legal and contractual consequences for holders of Euro-denominated obligations would be determined by laws in effect at such time. These potential developments, or market perceptions concerning these and related issues, could adversely affect the Interests.

Regulated Industries

The Funds may invest in issuers that operate in regulated industries. Examples include, without limitation, the technology, media and telecom, industrials, consumer and services industries. To the extent that the

Funds makes investments in issuers that are involved in industries that are subject to greater amounts of regulation than other industries generally, such investments would pose additional risks relative to investments in other issuers. The operations of such issuers will be subject to compliance with applicable regulations, and such issuers may be subject to increased regulations resulting from both new requirements and re-regulation of previously de-regulated markets. Prices may be artificially controlled, and regulatory burdens may increase costs of operations. Additionally, such issuers may be highly dependent on government contracts, which could further increase the risks of investing in such issuers. Issuers also could be materially and adversely affected as a result of statutory or regulatory changes or judicial or administrative interpretations of existing laws and regulations that impose more comprehensive or stringent requirements on them. Governments have considerable discretion in implementing regulations that could impact an issuer's business, and governments may be influenced by political considerations and may make decisions that adversely affect an issuer's business. Additionally, certain issuers may have a unionized workforce or employees who are covered by a collective bargaining agreement, which could subject their activities and labor relations matters to complex laws and regulations relating thereto. Moreover, their operations and profitability could suffer if they experience labor relations problems. Upon the expiration of their collective bargaining agreements, they may be unable to negotiate new collective bargaining agreements on terms favorable to them, and their business operations at one or more of their facilities may be interrupted as a result of labor disputes or difficulties and delays in the process of renegotiating their collective bargaining agreements. Work stoppages could have a material adverse effect on the business, results of operations and financial condition of any such issuers. Any such problems could impact the credit quality of any such issuer or otherwise adversely impact an investment in such issuer by the Funds and additionally may bring scrutiny and attention to the Funds themselves, which could adversely affect the Funds' ability to implement their investment objectives.

Use of Leverage

The investment program of the Funds may include a moderately high degree of leverage. The use of leverage will, in many instances, enable the Funds to achieve a higher rate of return than would be otherwise possible. Generally, the Company will seek to balance the amount of leverage to be employed by the Funds and the estimated long-term volatility of the portfolio. The Funds' perception of any strategy's volatility is expected to change from time to time and the market for leverage is expected to be dynamic. Accordingly, the amount, sources and pricing of leverage utilized with respect to such strategy will also change. An inability of the Funds to obtain a desired amount of leverage, however, may limit the Funds' overall investment exposure and may reduce the Funds' performance. Leverage may take the form of any of the financial instruments described herein, including derivative instruments and products with inherent leverage such as options, short sales, swaps and forwards.

The use of leverage will allow the Funds to borrow in order to make additional investments, thereby increasing their exposure to assets, such that their total assets are greater than their capital. The use of leverage will magnify the volatility of changes in the value of the investments of the Funds. Accordingly, any event that adversely affects the value of an investment would be magnified to the extent the investment is leveraged. The cumulative effect of the use of leverage by the Funds in a market that moves adversely to their investments could result in substantial losses to the Funds, which would be greater than if the Funds were not leveraged. In addition, the amount of the Funds' borrowings and the interest rates on those borrowings, which will fluctuate, may have a significant effect on the Funds' profitability.

In general, the use of short-term margin borrowings with respect to portfolio securities results in certain additional risks to the Funds. For example, should the securities pledged to brokers to secure the Funds' margin accounts decline in value, the Funds could be subject to a "margin call," pursuant to which the Funds must either deposit additional funds or securities with the broker, or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden drop in the value of the assets of the Funds, the Funds might not be able to liquidate assets quickly enough to satisfy their

margin requirements. In such circumstances, the forced liquidation of all or a portion of the Funds' portfolio at distressed prices could result in significant losses to the Funds.

In the futures markets, margin deposits are typically low relative to the value of the futures contracts purchased or sold because any futures contract trading is typically accompanied by a high degree of leverage. Low margin deposits mean that a relatively small price movement in a futures contract may result in immediate and substantial losses to the investor. For example, if at the time of purchase, 10% of the price of a futures contract is deposited as margin, a 10% decrease in the price of the futures contract would, if the contract is then closed out, result in a total loss of the margin deposit before any deduction for brokerage commissions. Thus, like other leveraged investments, any purchase or sale of a futures contract may result in losses in excess of the amount invested.

The financing used by the Funds to leverage their portfolio is expected to be extended by securities brokers and dealers in the marketplace in which the Funds will invest. While the Funds attempts to negotiate the terms of these financing arrangements with such brokers and dealers, their ability to do so is limited. The Funds are therefore subject to changes in the value that the broker-dealer ascribes to a given security or position, the amount of margin required to support such security or position, the borrowing rate to finance such security or position and/or such broker-dealer's willingness to continue to provide any such credit to the Funds. In certain circumstances, the Funds may also borrow from banks.

Reliance on Corporate Management and Financial Reporting

Many of the strategies implemented by the Funds rely on the financial information made available by the issuers in which the Funds invests. The Company and the General Partner have no ability to independently verify the financial information disseminated by the issuer in which the Funds invests and is dependent upon the integrity of both the management of these issuers and the financial reporting process in general.

Risk of Litigation

The Funds may accumulate substantial positions in the securities of a specific company. Sometimes the Funds may become involved in a proxy fight, litigation or other security holders attempts to gain control of a company. Under such circumstances, the Funds may be named as a defendant in a lawsuit or regulatory action and be subject to the costs involved.

Publicly Available Information

The General Partner will select investments for the Funds on the basis of publicly available information. Although the General Partner intends to evaluate carefully all such information and to seek independent corroboration when it considers it appropriate and when it is reasonably available, it will not be in a position to confirm the completeness, genuineness or accuracy of such information.

Fund Risks

Dependence Upon Principals and Other Professionals

The success of the Funds is significantly dependent upon the expertise of the Principals and other professionals of the General Partner and the Company and any future unavailability of their services could have an adverse impact on the Funds' performance.

Reliance on the General Partner and the Company

Certain of the Funds' investments may be structured on terms negotiated by the General Partner or the Company. If the General Partner or the Company resigns or otherwise no longer serves as the general partner or advisor of the Funds, such investments may be terminated or otherwise no longer be available to the Funds, which may have an adverse impact on the Funds' investment performance. Moreover, subjective decisions made by the General Partner or the Company may cause the Funds to incur losses or to miss profit opportunities on which it may otherwise have capitalized.

Master-Feeder Funds Structure

The Funds will invest all of their investable assets in the Master Funds in a “master-feeder” structure. In addition to the Funds, other investment vehicles may from time to time invest their assets in the Master Funds. As the Master Funds are registered in the Cayman Islands, changes in governmental regulation, political structure, local economics and tax laws (U.S. or non-U.S.) may adversely impact the Funds and the Master Funds.

Business and Regulatory Risks of Hedge Funds

The General Partner, the Company, the Funds and/or their respective affiliates are subject to a number of unusual risks in the current environment, including changing laws and regulations, developing interpretations of such laws and regulations, judicial decisions and increased scrutiny by regulators. For example, in addition to U.S. legislation, other jurisdictions, including many European jurisdictions, have proposed modernizing financial regulations that have called for, among other things, increased regulation of and disclosure with respect to, and possibly registration of, hedge funds and private equity funds. Some of this evolution may be directed at the hedge funds industry in general or certain segments of the industry, and may result in scrutiny or claims against the General Partner, the Company or the Funds directly for actions taken or not taken by the General Partner, the Company or the Funds or result in ambiguity or conflict among legal or regulatory schemes applicable to their businesses, all of which could adversely affect the investment or trading strategies pursued by the Funds or investments or the value of investments. Thus, the General Partner, the Company, the Funds, and/or their respective affiliates face the continuing risk of pending and potential litigation and regulatory action. These risks are often difficult or impossible to predict, avoid or mitigate in advance. The effect on the General Partner, the Company, the Funds or any affiliate of any such legal risk, litigation or regulatory action could be substantial and adverse. In addition, a number of investments may involve derivative transactions. The regulation of derivatives is an evolving area of law and is subject to modification by government and judicial action.

Because the Funds’ business is dynamic and is expected to change over time, the Funds may be subject to new or additional regulatory constraints in the future. This Memorandum cannot address or anticipate every possible current or future regulation that may affect the Company, the Funds or their businesses. Such regulations may have a significant impact on investors or the operations of the Funds. The Company may, in its sole discretion, cause the Funds to be subject to such regulations if it believes that an investment or business activity is in the Funds’ interest, even if such regulations may have a detrimental effect on one or more investors. Prospective investors are encouraged to consult their own advisors regarding an investment in the Funds.

Relation to Other Investment Results

The prior investment results of any person or entity provided to investors are provided for illustrative purposes only and may not be indicative of the Funds’ future investment results. The nature of, and risks associated with, the Funds’ future investments may differ substantially from those investments and strategies undertaken historically by such persons or entities. There can be no assurance that the Funds’ investments will achieve their investment objectives or that the Funds will be able to avoid losses.

Forward-Looking Statements

This Memorandum contains forward-looking statements. These forward-looking statements reflect the General Partner’s and the Company’s view with respect to future events. Due to various risks and uncertainties, including those set forth herein, actual events or results or the actual performance of the Funds may differ materially from those reflected or contemplated in such forward-looking statements. Investors are cautioned not to place undue reliance on such statements. Investors are cautioned not to place undue reliance on such statements. These forward-looking statements can be identified by the use of forward-looking terminology such as “may,” “can,” “will,” “would,” “seek,” “should,” “expect,”

“anticipate,” “project,” “estimate,” “intend,” “forecast,” “continue,” “target” or “believe” or the negatives thereof, or other variations thereon or comparable terminology.

Difficulty of Locating Suitable Investments

There can be no assurance that there will be a sufficient number of suitable investment opportunities that the General Partner or the Company will be able to identify to enable the Funds to invest all of the Partners’ Capital Contributions in opportunities that satisfy the Funds’ investment objectives or that such investment opportunities will lead to completed investments by the Funds. The activity of identifying, completing and realizing an attractive investment opportunity is highly competitive and involves a high degree of uncertainty. The Funds will compete for the acquisition of investments with many other investors, some of which may have greater resources than the Funds. Such competitors may include other private investment funds, as well as individuals, financial institutions and other institutional investors. Further, over the past several years, an ever-increasing number of private investment funds have been formed (and many existing funds have grown in size). Additional funds with similar investment objectives may be formed in the future by other unrelated parties. In addition, the availability of investment opportunities generally will be subject to market conditions, as well as, in some cases, the prevailing regulatory or political climate. Therefore, identification of attractive investment opportunities is difficult and involves a high degree of uncertainty, and competition for such opportunities may become more intense.

Limited Right of Withdrawal

An investor in a fund is restricted in its right to withdraw all or any portion of its Capital Account balance pursuant to the terms of the Governing Documents. Withdrawal notices are irrevocable except with the consent of the General Partner. If any investor provides a withdrawal notice but subsequently notifies the General Partner that it desires to rescind such notice, the General Partner in its sole discretion may reject the rescission and proceed with any or all of the withdrawal. The General Partner may, in its sole discretion, waive or reduce the prior written notice required from an investor upon a good faith determination that such withdrawals will not have a material adverse effect on other investors.

Possible Effect of Withdrawals

A withdrawal by one or more investors of all or a portion of their Capital Account balances could require the Funds to liquidate investments more rapidly than otherwise desirable to raise the necessary cash to Funds the withdrawals and to achieve an investment allocation appropriately reflecting a smaller equity. This may cause imbalance in the Funds’ portfolio, which may adversely affect the remaining investors. In order to ensure that any withdrawal does not adversely affect non-withdrawing investors, in the event that the feeder funds and/or the master funds incurs certain expenses in connection with any such withdrawal, the General Partner, in its sole discretion, will make a reasonable reallocation of such expenses to the withdrawing investor.

Involuntary Withdrawals

The General Partner may cause a investor to withdraw all or any portion of such investor’s Capital Account balance at any time, with five calendar days’ prior written notice, and for any reason, in its sole discretion, including if the investor’s continued investment is likely to result in regulatory, pecuniary, legal, taxation or administrative disadvantage to the Funds or their investors; provided, that no investor will be charged a withdrawal charge in the event of such a mandatory withdrawal.

Material Non-Public Information

By reason of their responsibilities in connection with the Funds and other investment activities, and notwithstanding procedural safeguards including, without limitation, restricted securities lists, personnel of the Company may acquire confidential or material, non-public information that would limit the ability of the Funds to buy and sell certain of their investments. The Funds’ investment flexibility may be

constrained due to the inability of the Company to use such information for investment purposes. Moreover, the Company may be restricted from initiating transactions in certain securities or selling certain investments, due to its acquisition of confidential or material, non-public information, at a time when the Company would otherwise take such action.

Expert Networks and Meetings with Management of Issuers

From time to time, the Company may consult so-called expert networks or other paid consultant networks in order to provide support for investment theses, including broad industry trends, long-term competitive and supplier analysis, and similar fundamental due diligence. The Adviser may also meet with the management of companies in which the Funds may invest. During the course of such consultations the Company may acquire material, non-public information, which, if acted upon by the Company to make investment decisions, could expose the Funds to significant civil and criminal liability. Although the Company has put in place policies designed to prevent the acquisition and use of such information, there can be no assurance that such policies will be successful.

No Assurance of Investment Return

The Funds' task of identifying and evaluating investment opportunities, managing such investments and realizing a significant return for investors is difficult. Many organizations operated by persons of competence and integrity have been unable to make, manage, and realize on such investments successfully. There is no assurance that the Funds will be able to invest their capital on attractive terms or generate returns for their investors. Investors in the Funds could experience losses on their investment.

Distributions In-Kind

The Funds expects to distribute cash to an investor upon a withdrawal from the investor's Capital Account. However, there can be no assurance that the Funds will have sufficient cash to satisfy withdrawal requests or that it will be able to liquidate investments at the time of such withdrawal request at favorable prices. Accordingly, the General Partner may cause the Funds to satisfy an investor's withdrawal request by distributing securities in kind from the Funds' portfolio. Although the General Partner does not currently intend to distribute non-marketable securities, such investments so distributed may not always be readily marketable or saleable and may have to be held by such investor for an indefinite period of time. In such event, the risk of loss and delay in, and the cost of, liquidating such in-kind securities will be borne by the investor, with the result that such investor may receive less cash than it would have received on the date of withdrawal.

In-kind distributions may be comprised of, among other things, participations or other derivative instruments referring to certain assets of the Funds, interests in special purpose vehicles or trading vehicles (each, a "*Liquidating SPV*") holding financial instruments also being held or that were held by the Master Funds, or participations or other derivatives instruments referring to such Liquidating SPVs. In such case, each withdrawing investor will receive interests in a Liquidating SPV or other asset, the value of which will reflect the withdrawing investor's share of the net asset value of the Funds on the relevant date of withdrawal.

The Funds expect that, in the event that the Funds utilize a Liquidating SPV to facilitate in-kind distributions of withdrawal proceeds, the Company would manage any Liquidating SPV for a management fee with the intention of distributing the net proceeds attributable to the SPV assets as they are realized over time. The Liquidating SPV generally would not make new investments. A Liquidating SPV may receive in-kind payments of assets and liabilities from the Funds which it, in turn, would distribute to withdrawing investors. There can be no assurance that the Company will be able to sell or otherwise dispose of all or any portion of the assets held by a liquidating SPV in a timely manner, if at all, or at prices that reflect the value of such assets. Any Liquidating SPV would be responsible for paying its operating and overhead costs and expenses, including management fees and other professional fees and expenses.

Indemnification and Exculpation

The Governing Documents of the Funds provide that, to the fullest extent permitted by law, the Funds will indemnify and hold harmless each Indemnified Person, from and against any loss, expense, judgment, settlement cost, fee and related expenses (including attorneys' fees and expenses), costs or damages suffered or sustained by reason of being or having been a person in the class of Indemnified Persons or arising out of, or in connection with, action or failure to act (even if negligent) on the part of such Indemnified Person, unless such act or failure to act was determined by a court of competent jurisdiction in a final judgment that is no longer subject to appeal or further review to be the result of the fraud, willful misconduct or gross negligence of such Indemnified Person.

The Governing Documents of the Funds also provide that the Funds will advance to any Indemnified Person reasonable attorneys' fees and other costs and expenses incurred in connection with the defense of any action or proceeding that arises out of such conduct. If such an advance is made by the Funds, it will be subject to repayment to the extent that it is determined by a court of competent jurisdiction in a final judgment that is no longer subject to appeal or further review that the Indemnified Person was not entitled to indemnification. At the expense of the Funds, the General Partner may purchase liability insurance to cover the Indemnified Persons.

Broker or Dealer Insolvency

The Funds' assets may be held in one or more accounts maintained for the Funds by their Prime Broker or at other brokers, which may be located in various jurisdictions. Such Prime Broker and local brokers, as brokerage firms or commercial banks, are subject to various laws and regulations in various jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to the Funds' assets are subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a Prime Broker or any of its sub-custodians, agents or affiliates, or a local broker, it is impossible to generalize about the effect of their insolvency on the Funds and their assets. Investors should assume that the insolvency of any of the Prime Brokers or such other service providers would result in a loss to the Funds, which could be material.

Lack of Management Control by investors

The investors have no right or power to take part in the management or control of the business of the Funds. The Master Funds, through which the Funds conducts their investment program, is managed solely by the General Partner and the Company. Investors must rely solely on the judgment of the General Partner and the Company in selecting investments and should not invest in the Funds unless willing to entrust all aspects of the portfolio management of the Funds to the General Partner and the Company.

Systems Risk and Cybersecurity Risks

The Funds depends on the General Partner and the Company to develop and implement appropriate systems for their activities. The Funds relies heavily on computer programs and systems (and may rely on new systems and technology in the future) for various purposes in connection with their activities on behalf of their investors, including to trade, clear and settle transactions, to evaluate certain financial instruments, to monitor their portfolios and net capital, and to generate risk management and other reports that are critical to oversight of such activities. Certain of the Company's and the Funds' activities will be dependent upon systems operated by third parties, including prime brokers, market counterparties and their sub-custodians and other service providers, and the General Partner or the Company may not be in a position to verify the risks or reliability of such third-party systems. The failure, corruption or breach of one or more systems (including as a result of the occurrence of a disaster such as a cyber-attack, a natural catastrophe, an industrial accident, a terrorist attack or war, events unanticipated in the Company's disaster recovery systems, or a support failure from external providers) or the inability of such systems to perform

as expected, could have a material adverse effect on the General Partner or the Company's ability to conduct business and thus, the Funds, particularly if these events were to affect the General Partner's or the Company's computer-based data processing, transmission, storage and retrieval systems or destroy the General Partner's or the Company's data. If a significant number of the General Partner's or the Company's personnel were to be unavailable in the event of a disaster, the General Partner's or the Company's ability to effectively conduct the Funds' business could be severely compromised.

The General Partner, the Company and the Funds depend heavily upon computer systems to perform necessary business functions. Despite its implementation of a variety of security measures, the General Partner's or the Company's computer systems could be subject to cyber-attacks and unauthorized access, such as physical and electronic break-ins, unauthorized tampering or unauthorized access to sensitive information, including information regarding the investors and the Funds' investment activities, or to render data or systems unusable, which could result in significant losses. Like other companies, the General Partner, the Company and the Funds may experience threats to their data and systems, including through malware and computer virus attacks, unauthorized access, system failures and disruptions. If one or more of these events occurs, it could potentially jeopardize the confidential, proprietary and other information processed and stored in, and transmitted through, the General Partner's, the Company's and the Funds' computer systems and networks, which could lead to or cause (i) losses of sensitive information or capabilities essential to the Funds' operations, (ii) the disclosure of investors' personal information and/or (iii) interruptions or malfunctions in their operations, all of which could result in damage to their reputation, financial losses, potential liability, litigation, remedial actions, loss of business, increased costs, regulatory penalties and/or customer dissatisfaction or attrition. While the Company has controls, procedures, business continuity systems and data security systems in place, such measures could prove to be inadequate and any of the foregoing events could have a material adverse effect on the Funds.

Operational Risk

The Funds depend on the General Partner and the Company to develop the appropriate systems and procedures to control operational risk. Operational risks arising from mistakes made in the confirmation or settlement of transactions, from transactions not being properly booked, evaluated or accounted for or other similar disruption in the Funds' operations may cause the Funds to suffer financial loss, the disruption of their businesses, liability to clients or third parties, regulatory intervention or reputational damage. The Funds' businesses are highly dependent on their ability to process, on a daily basis, a large number of transactions across numerous and diverse markets. Consequently, the Funds rely heavily on their financial, accounting and other data processing systems. The ability of the Company's systems to accommodate an increasing volume of transactions could also constrain the Funds' abilities to properly manage the portfolios.

Misconduct of Employees and of Third Party Service Providers

Misconduct by employees of the Company, the General Partner or by third-party service providers could cause significant losses to the Funds. Employee misconduct may include binding the Funds to transactions that exceed authorized limits or present unacceptable risks and unauthorized trading activities or concealing unsuccessful trading activities (which, in either case, may result in unknown and unmanaged risks or losses). Losses could also result from actions by third-party service providers, including, without limitation, failing to recognize trades and misappropriating assets. In addition, employees and third-party service providers may improperly use or disclose confidential information, which could result in litigation or serious financial harm, including limiting the Funds' business prospects or future marketing activities. No assurances can be given that the due diligence performed by the General Partner or the Company will identify or prevent any such misconduct.

Delayed Schedules K-1

The Funds may be unable to provide final Schedules K-1 to the investors for any given fiscal year until after April 15 of the following year. The General Partner will endeavor to provide investors with estimates of the taxable income or loss allocated to their investment in the Funds on or before such date, but final Schedules K-1 may not be available until after the completion of the Funds' annual audit. Investors may be required to obtain extensions of the filing date for their income tax returns at the federal, state and local levels.

Electronic Delivery of Certain Documents

Each investor (i) consents to the electronic delivery of Parts 2A and 2B of the Company's Form ADV, investor communications, investor reports, potential amendments/waivers, etc., privacy notices, Schedule K-1s and any other documents or information to be provided to such investor that relate to the Company and/or any of its Affiliates or such investor's investment in the Funds (collectively, the "*Investment Documents*") and (ii) agrees that such electronic delivery will be in place of delivery of such documents in paper form. The term of this consent will be indefinite, but such investor may terminate this consent at any time by notifying the Company in writing. This consent to electronic delivery will extend to delivery of Investment Documents now and in the future, whether such delivery is (now or in the future) required by law, or is not required but is made by the Company to provide such investor with additional information.

Investment Documents may be delivered (a) through an internet website designated by the Company; provided, that the Company will notify each investor when such investor should visit the website to view or print the Investment Documents or (b) through electronic mail to the e-mail address provided by such investor in its subscription agreement. Each investor will require Adobe Reader, which is available free of charge at Adobe's website (www.adobe.com), to view or print documents provided in PDF format. If Adobe Reader is not installed on an investor's computer, such investor will have to obtain and install it.

There are certain costs (*e.g.*, on-line time) and possible risks (*e.g.*, slow downloading time and system outages) associated with electronic delivery. Moreover, the Company cannot provide any assurance that these communication methods are secure and will not be responsible for any computer viruses, problems or malfunctions resulting from any computer viruses or related problems that may be associated with the use of an internet-based system.

Private Offering Exemption

The Funds intend to offer Interests on a continuing basis without registration under any securities laws in reliance on an exemption from the registration requirements of the Securities Act provided by Section 4(a)(2) thereof, Regulation D and/or other regulations promulgated thereunder and other exemptions of similar import in the laws of the states and other jurisdictions where the offering will be made. While the General Partner believes reliance on such exemption is justified, there can be no assurance that factors such as the manner in which offers and sales are made, concurrent offerings by other companies, the scope of disclosure provided, failures to make notices, filings, or changes in applicable laws, regulations or interpretations will not cause the Funds to fail to qualify for such exemptions under U.S. federal or one or more states' securities laws. Failure to so qualify could result in the rescission of sales of Interests at prices higher than the current value of those Interests, potentially materially and adversely affecting the Funds' performance and business. Further, even non-meritorious claims that offers and sales of Interests were not made in compliance with applicable securities laws could materially and adversely affect the General Partner's ability to conduct the Funds' business.

Company Registration

The Company is registered with the SEC as an investment adviser under the Advisers Act. Consequently, the Company is subject to the record-keeping, disclosure and other obligations specified in the Advisers Act. The Company is permitted to assign all or any portion of its rights, obligations or liabilities under any or all of the investment management agreements to any of its affiliates (which may or may not be

registered as investment advisors) without the prior consent of the Funds, the Master Funds or any of their respective limited partners or shareholders, as applicable; *provided*, that such assignment would not result in an assignment (as such term is defined under the Advisers Act) of its investment management agreements.

Government Regulation

Pursuant to exemptions granted to certain pools under Rule 4.13(a)(3) of the Commodity Exchange Act, with respect to the Master Funds and the Funds, and to managers of such pools under Rule 4.14(a)(8) of the Commodity Exchange Act, the General Partner and the Company are not required to register, and are not registered, with the CFTC as a CPO or, with respect to the Company as a CTA. Rule 4.13(a)(3) requires that at all times either: (a) the aggregate initial margin and premiums required to establish commodity interest positions does not exceed 5% of the liquidation value of the Funds' investment portfolio; or (b) the aggregate net notional value of the Funds' commodity interest positions does not exceed 100% of the liquidation value of the Funds' investment portfolio. As a result of claiming the exemption, the General Partner would not be required to comply with certain disclosure, reporting and recordkeeping requirements generally applicable to registered CPOs, including delivery to investors of a disclosure document and a certified annual report designed to meet CFTC requirements.

Neither the Funds nor the Master Funds are registered under the Investment Company Act. The Investment Company Act provides certain protection to investors and imposes certain restrictions on registered investment companies (including, for example, limitations on the ability of registered investment companies to incur leverage), none of which will be applicable to the Funds. Because neither the Funds nor the Master Funds are a registered investment company, any custodial arrangement with a custodial agent of the Funds are not subject to SEC regulations governing registered investment companies. For example, a registered investment company that places its securities in the custody of a member of a national securities exchange is required to have a written custodian agreement which provides that securities held in custody will be at all times individually segregated from the securities of any other person and marked to clearly identify such securities as the property of such investment company and which contains other provisions complying with SEC regulations. The Funds may not have a written custodian agreement with their custodial agent (which may be a member of a national securities exchange). Accordingly, the custodial agent of certain of the Funds' securities and other assets is not required to comply with certain of the SEC regulations applicable to custodians of the securities of registered investment companies. Under the provisions of the Securities Investor Protection Act, the bankruptcy of the Funds' custodial agent might have a greater adverse effect on the Funds than would be the case if the custodial agent were required to mark the Funds' securities as property of the Funds and to comply with other SEC regulations governing the custody of the securities of registered investment companies.

Enhanced Scrutiny and Regulations of the Alternative Investment Industry

In response to the Global Financial Crisis, there have been unprecedented legislative and regulatory actions taken by numerous governments and their agencies, including the enactment of the Dodd-Frank Act. The Dodd-Frank Act is comprehensive in scope (including the so-called "*Volcker Rule*," providing significant changes to the structure of federal financial regulation and new substantive requirements that apply to a broad range of market participants, including private investment funds). Significantly, the Dodd-Frank Act also mandates significant changes to the authority of the Federal Reserve Board, the CFTC and the SEC, as well as enhanced oversight and regulation of investment advisors, banks and non-bank financial institutions. This enhanced oversight and regulation and the need for significant additional rule-making by various governmental bodies is creating uncertainty in the financial markets and, in particular, in the private Funds industry. Among other things, such uncertainty may result in enhanced compliance risks.

This enhanced oversight and regulation, and the need for significant additional rulemaking by various governmental bodies, has created uncertainty in the financial markets, including the private funds industry.

Many of the regulators to which the Company, Funds and the General Partner or their respective Affiliates are expected to be subject globally, including governmental agencies and self-regulatory organizations, are empowered to conduct investigations and administrative proceedings that can result in fines, suspensions of personnel or other sanctions, including censure, the issuance of cease-and-desist orders or the suspension or expulsion of applicable licenses or members. Even if an investigation or proceeding did not result in a sanction or the sanction imposed against the Company, the Funds, the General Partner or their respective Affiliates were small in monetary amount, the adverse publicity relating to the investigation, proceeding or imposition of these sanctions could harm the Company, the Funds, the General Partner or their respective Affiliates' reputations which may adversely affect the Funds' investment performance by hindering their ability to obtain favorable financing or consummate a potentially profitable investment.

Additional legislative and regulatory action is likely, as growth of the private Funds industry, and the increasing size and reach of transactions, as well as the increased attention to private funds, has prompted governmental and public attention to the private Funds industry and its practices. Changes to various laws and regulations (including tax laws) could occur during the term of the Funds and may adversely affect the Funds and their ability to operate and/or pursue their trading strategies. Such risks are often difficult or impossible to predict, avoid or mitigate in advance. The effect on the Funds of any such regulatory or legal changes could be substantial and adverse. For example, Commodity Exchange Act rule 4.27 and rule 204(b)-1 of the Advisers Act, implement Sections 404 and 406 of the Dodd-Frank Act, which require advisors to hedge funds and other private funds to report information for use by the Financial Stability Oversight Council in monitoring risk to the U.S. financial system. Among other things, certain large private Funds advisors are required to file a Form PF on a quarterly basis reporting on matters such as exposures by asset class, geographical concentration, turnover and, in certain cases, leverage, risk profile and liquidity. Such regulatory initiatives may be burdensome and may consume significant time and resources from both the Company and the Funds (which, for instance, will pay their allocable share of the expenses associated with preparing the Form PF filing). In addition, non-U.S. jurisdictions have proposed modernizing financial regulations that have called for, among other things, increased regulation of and disclosure with respect to, and possibly registration of, hedge funds and private equity funds.

In addition, as alternative asset managers become more influential participants in the U.S. and global financial markets and economy generally, the private funds industry has been subject to criticism by some politicians, regulators and market commentators. Various federal, state and local agencies have been examining the role of placement agents, finders and other similar private equity service providers in the context of investments by public pension plans and other similar entities, including investigations and requests for information. Moreover, as a result of highly publicized financial scandals, investors have exhibited concerns over the integrity of the U.S. financial markets. There has been an active debate both nationally and internationally over the appropriate extent of regulation and oversight of private investment funds and their managers. Any changes in the regulatory framework applicable to the Funds may impose additional expenses, require the attention of senior management or result in limitations in the manner in which the Funds' business is conducted.

It is anticipated that, in the normal course of business, the Funds, the General Partner and the Company will have contact with governmental authorities and/or may be subjected to responding to questionnaires or examinations. The Funds may also be subject to regulatory inquiries concerning their positions and trading.

In summary, regulation generally, as well as regulation more specifically, addressed to the private Funds industry, including tax laws and regulation, whether in the United States, Europe or elsewhere, could increase the cost of acquiring, holding or divesting investments, the profitability of enterprises and the cost of operating the Funds. Additional regulation could also increase the risk of third-party litigation.

Restrictions on Transfer

Interests in the Funds will be issued in reliance upon certain exemptions from registration or qualification under applicable U.S. federal and state securities laws and, accordingly, will be subject to certain restrictions on transferability. There will be no public market for the interests in the Funds, and none is expected to develop. In addition, the interests in the Funds may not be assigned or transferred without the prior written consent of the General Partner, which consent may be granted or withheld in its discretion; provided, that the consent of the General Partner will not be unreasonably withheld or delayed in the case of any transfer by an investor to an Affiliate of such investor. Accordingly, the Interests constitute illiquid investments and should only be purchased by persons that are able to bear the risk of their investment for an indefinite period of time.

Legal, Tax and Regulatory Risks of Alternative Investment Funds

Legal, tax and regulatory developments that may adversely affect the Funds could occur during the term of the Funds. Securities markets are subject to comprehensive statutes, regulations and margin requirements enforced by the SEC, other regulators and self-regulatory organizations and exchanges authorized to take extraordinary actions in the event of market emergencies. The regulatory environment for private funds is continuously evolving, and changes in the regulation of private funds and their trading activities may adversely affect the ability of the Funds to pursue their investment strategy and the value of investments held by the Funds. There has been an increase in governmental, as well as self-regulatory, scrutiny of the alternative investment industry in general. It is impossible to predict what, if any, changes in regulations may occur, but any regulations that restrict the ability of the Funds to trade in securities or the ability of the Funds to employ, or brokers and other counterparties to commit trading capital (as well as other regulatory changes that result) could have a material adverse impact on the Funds' portfolio.

The Funds, the General Partner and/or the Company may also be subject to regulation in jurisdictions in which the Funds, the General Partner and/or the Company engage in business. Investors should understand that the Funds' business is dynamic and is expected to change over time. Therefore, the Funds may be subject to new or additional regulatory constraints in the future. This "*Section VIII. Certain Risk Factors*" cannot address or anticipate every possible current or future regulation that may affect the Funds, the General Partner, the Company or their respective businesses. Such regulations may have a significant impact on the investors or the operations of the Funds, including, without limitation, restricting the types of investments the Funds may make, preventing the Funds from exercising their voting rights with regard to certain financial instruments, requiring the Funds to disclose the identity of their investors or otherwise. The Company may, in its discretion, cause the Funds to be subject to such regulations if it believes that an investment or business activity is in the Funds' interest, even if such regulations may have a detrimental effect on one or more investors. Prospective investors are encouraged to consult their own advisors regarding an investment in the Funds.

Potential SEC Enforcement Actions

There can be no assurance that the Company or any of its Affiliates will not be subject to regulatory examination and possibly enforcement actions. Recent SEC enforcement actions and settlements involving U.S.-based private Funds advisers have involved a number of issues, including the undisclosed allocation of the fees, costs and expenses related to unconsummated co-investment transactions (*i.e.*, the allocation of broken deal expenses), undisclosed legal fee arrangements affording the applicable adviser with greater discounts than those afforded to funds advised by such adviser and the undisclosed acceleration of certain special fees. If the SEC or any other governmental authority, regulatory agency or similar body takes issue with the practices of the Company (or any of its Affiliates), it will be at risk for regulatory sanction. Even if an investigation or proceeding did not result in a sanction or the sanction imposed against the Company (or any of its Affiliates) was small in monetary amount, the adverse publicity relating to the investigation, proceeding or imposition of these sanctions could harm the reputations of the Company and may adversely

affect the investment performance of the Funds by hindering the Company's ability to conduct the business of the Funds.

Increased Reporting Requirements for Registered Advisers

As a result of the various reforms under the Dodd-Frank Act, registered advisers will be subject to substantial regulatory reporting and recordkeeping requirements regarding the private funds they advise, including Form PF as discussed under "*Enhanced Scrutiny and Regulation of the Alternative Investment Industry*" above, such regulatory reporting and recordkeeping requirements will require the attention of certain personnel of the Company.

Liquidity for Current Distributions

The General Partner does not anticipate making current distributions to the investors (except as to withdrawals and, in its discretion, possibly in amounts equal to the top marginal tax rate multiplied by the amount of any taxable income). Instead, the General Partner anticipates reinvesting the Funds' net investment income and realized gains not otherwise used to pay the Funds' expenses, establish reserves or redeem partnership interests. If the Funds are profitable, the Partners will be allocated operating income and capital gain with respect to realized gains, and will incur the corresponding income tax liability associated with such allocations. The General Partner may make distributions after the end of those taxable years in which the Funds are net income for tax purposes, but it is not required to do so and any such distributions may not be in amounts sufficient to cover an investor's federal, state and local tax liability. For these reasons, prior to investing in the Funds an investor should determine if it has sufficient liquidity from other sources to pay its income tax liability.

Limitations on Limited Liability of investors

The Funds are been organized as a limited partnership. Accordingly, an investor will not be personally liable for the debts of the Funds except that the investors may, under applicable law, be obligated to repay amounts previously received by them to the extent such amounts are deemed to have been wrongfully distributed to them.

No General Partner's Liability Beyond Funds Assets

Subject to the General Partner's fiduciary responsibility to the investors, the General Partner will have no personal liability to the Partners for the return of any capital contributions, it being understood that any such return shall be made solely from the Funds' assets.

Changes in Tax Law

New U.S. federal tax legislation enacted into law on December 22, 2017 (the "*2017 Tax Act*") has made many major changes to the taxation of individuals and businesses. There are a number of technical issues and uncertainties in the 2017 Tax Act, which may be clarified by future guidance. It is not possible to predict whether such clarifications will result in adverse consequences to the Funds. In addition, changes or modifications in existing judicial decisions or in the current positions of the IRS or any other or any other relevant taxing authority and the passage of new legislation could substantially modify the tax treatment described in this Memorandum, possibly on a retroactive basis. The Funds cannot predict whether the U.S. Congress or any other legislative body will enact new tax legislation or whether the Service or any other relevant taxing authority will issue new regulations or other guidance, nor can it predict what effect such legislation or regulations might have. There can be no assurance that new legislation or regulations, including changes to existing laws and regulations, will not have an adverse effect on the Funds' investment performance.

IRS Challenge

Although none are anticipated, the Funds may, from time to time, take tax positions that may be subject to challenge by the IRS. If the IRS does challenge such a position and is successful, there may be substantial retroactive taxes, plus interest and possibly penalties.

Tax Audits

The Funds may be audited by U.S. federal, state or local income tax authorities. Such an audit may result in an increased income tax liability of the Partners of the Funds, the Funds and/or the Master Funds. If the IRS audits the Master Funds under the partnership audit rules enacted by the Bipartisan Budget Act of 2015 (the “BBA Rules”), the Master Funds themselves will generally be responsible for paying any “imputed underpayment” of tax resulting from audit adjustments (including interest and penalties) in the taxable year during which the audit is finalized, unless the Master Funds makes an election pursuant to Section 6226 of the Code (which the Master Funds may or may not make). If the Master Funds makes such election, the audit adjustments (together with interest and penalties) at the Master Funds level will be assessed against the partners of the Master Funds, including the Funds.

If the IRS audits the Funds under the BBA Rules or the Master Funds makes an election to “push out” any audit adjustments (including interest and penalties) to the Funds pursuant to Section 6226 of the Code, the Funds themselves, and not the persons that were investors in the Funds during the taxable year under audit, will generally be responsible for paying any “imputed underpayment” of tax resulting from audit adjustments (including interest and penalties) in the taxable year during which the audit is finalized, (unless the Funds makes an election pursuant to Section 6226 of the Code). As a result, under the BBA Rules, Partners in the year of the adjustment, rather than Partners in the year under audit, may effectively bear the cost of such adjustments. Instead of the Funds paying the “imputed underpayment” (including interest and penalties) as described above, the General Partner (or a person appointed by it) may (but is not obligated to) make an election pursuant to Section 6226 of the Code to cause any such audit adjustments (together with interest and penalties) to be assessed instead against the Partners of the Funds.

The above description is based in part on proposed regulations, which are subject to change and may be finalized in a materially different form. Prospective investors are urged to consult their own tax advisors regarding the BBA Rules.

Non-U.S. Taxes

The Funds may invest in securities of corporations and other entities organized outside the United States. It is possible that certain dividends, interest and other items of income received by the Funds from sources within non-U.S. countries will be subject to withholding or other taxes imposed by such countries. In addition, the Funds may also be subject to capital gains taxes in some of the non-U.S. countries where the Funds purchases and sells securities. Any such non-U.S. taxes may or may not be reduced or eliminated by an income tax treaty.

Pay-to-Play Laws, Regulations and Policies.

A number of U.S. states and municipal pension plans have adopted so-called “pay-to-play” laws, regulations or policies, which prohibit, restrict or require disclosure of payments to (and/or certain contacts with) state and municipal officials by individuals and entities seeking to do business with state and municipal entities, including those seeking investments by public retirement funds. The SEC has adopted rules that, among other things, prohibit an investment adviser from providing advisory services for compensation to a government client for two years after the adviser or certain of its executives, employees or agents makes a contribution to certain elected officials or candidates. The Company has established policies to comply with such “pay-to-play” laws and SEC rules.

Combination or “Layering” of Multiple Risk Factors May Significantly Increase Your Risk of Loss

Although the various risks discussed in this Memorandum are generally described separately, prospective investors should consider the potential effects of the interplay of multiple risk factors. Where more than one significant risk factor is present, the risk of loss to an investor may be significantly increased.

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment. Prospective investors should read the Governing Documents in their entirety and consult with their own independent advisors before deciding to invest.

Item 9 - Disciplinary Information

Neither Akaris Global nor any of its officers, directors, or employees or other management persons, has been involved in any legal or disciplinary events that would require disclosure in response to this Item.

Item 10 - Other Financial Industry Activities and Affiliations

Akaris Global and Akaris Global GenPar LLC are controlled by the same owners. As noted above in Item 4 Advisory Business, Akaris Global serves as the general partner to some its private fund clients. The Funds do not have independent management, and while the offshore fund clients have a majority of independent directors, Akaris Global or an affiliate hires and retains those directors. Although this arrangement may give Akaris Global heightened control and discretion over the Funds, the Company manages any potential conflicts of interest by strictly adhering to the investment strategy and investment allocation policy discussed in the Fund offering documents.

Registered Broker-Dealers

No one at Akaris Global is registered as a broker-dealer or a registered representative of a broker-dealer.

Registered Futures Commission Merchants, Commodity Pool Operators and Commodity Trading Advisors

No one at Akaris Global is registered as a registered futures commission merchant, commodity pool operator or commodity trading advisor.

Relationships with Related Persons

The principal clients of Akaris Global are currently the Funds, which are pooled investment vehicle exempt from registration under the Investment Company Act.

As discussed throughout, the Company and its related persons are, directly or indirectly, the General Partner, and limited partners of the Funds.

Selection or Recommendation of Other Advisers

Akaris Global does not recommend or select other investment advisers or receive compensation from such advisers in a manner that would create a material conflict of interest. Akaris Global does not have other business relationships with other advisers that create a material conflict of interest.

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

As an SEC registered investment adviser, Akaris Global has adopted and implemented a written Code of Ethics (“Code” or “the Code”) under Rule 204A-1 of the Investment Advisers Act of 1940 (“Advisers Act”) that is applicable to all employees. Akaris Global’s Code describes its fiduciary duties and responsibilities to its clients, and sets forth Akaris Global’s (i) policies on receipt of gifts by employees and campaign contributions and (ii) practices of reporting and monitoring the personal securities transactions of supervised persons with access to client investment recommendations. Under Akaris Global’s Code, all supervised personnel have a duty to act only in the best interests of its Clients and all potential conflicts and violations of the Code must be promptly reported to Chief Compliance Officer (“CCO”). All supervised personnel must acknowledge their receipt and understanding of the terms of the Code annually, or as amended.

Akaris Global, its employees and affiliates (collectively “Related Persons”) have investments in private fund clients managed by Akaris Global. As a result, Related Persons have an interest in an investment that Akaris Global or affiliates will also recommend to Clients, prospective Clients, or Fund Investors. In addition, under certain circumstances, employees may hold personal investments in the same portfolio securities that private fund clients hold. These personal investments could be in the same security or in different parts or issues of the same issuer’s capital structure. If such an investment poses a conflict of interest, Akaris Global will seek to act in a way that favors the interests of its clients.

Code of Ethics

The Code contains policies and procedures with respect to personal securities transactions by employees and related accounts that are designed to prevent front-running, scalping, the misuse of any material non-public inside information, and other improper activities. Employees generally may not conduct personal securities transactions in single name equity and debt securities, or options, and must report all personal transactions to the CCO on at least a quarterly basis. The CCO monitors all transactions by employees in order to identify any pattern of conduct that may evidence conflicts or potential conflicts with the principles and objectives of the Code, or other inappropriate behavior.

Statement on Insider Trading

Akaris Global and/or its employees may, from time to time, come into possession of material non-public or other confidential information which, if disclosed, might affect an investor’s decision to buy, sell, or hold a security. Under applicable law, Akaris Global and its employees may be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any other third party. Accordingly, should Akaris Global and/or its employees come into possession of material non-public or other confidential information with respect to any company, they may be prohibited from communicating such information to, or using such information for the benefit of, Akaris Global’s private funds and their underlying investors. Akaris Global has adopted a Statement on Insider Trading (“Insider Trading Policy”) in accordance with Section 204A under the Advisers Act, which establishes procedures to prevent the misuse of material non-public information by Akaris Global and its employees.

A copy of Akaris Global’s Code of Ethics is available upon request by calling 212-390-9507.

Statement on Principal and Cross Trades

Section 206(3) of the Advisers Act makes it unlawful for any investment adviser, directly or indirectly, acting as principal for its own account, knowingly to sell any security to or purchase any security from a Client without disclosing to the Client in writing the capacity in which the adviser is acting and obtaining the Client's consent to the transaction. The SEC has indicated that when an investment adviser and/or its controlling persons own more than 25% of a private fund client's outstanding securities, a trade with another Client account or private fund client should be treated as a principal transaction. Akaris Global does not anticipate engaging in principal transactions with Clients. However, the Company adopted specific policies and procedures for monitoring the level of proprietary ownership in each private fund client. Should Akaris Global decide to engage in a principal transaction with a Client, it will affect the transaction in compliance with Section 206(3) of the Advisers Act.

Item 12 - Brokerage Practices

Best Execution Considerations

Subject to the investment objectives, policies and restrictions of the Funds as set forth in the Funds Governing Documents, Akaris Global has discretionary authority to determine the type, amount, and price of securities and investments to be bought and sold on behalf of each Fund, including the selection of, and commissions paid to, brokers. Akaris Global considers a variety of factors in its selection of trading counterparties.

Akaris Global seeks to trade with reputable counterparties. In addition to trading costs and listed prices, the Company periodically and systematically evaluates approved counterparties based on factors such as:

- Listed bids and asks;
- The opportunity for price improvement;
- Transaction costs;
- Anonymity;
- Liquidity;
- Speed of execution;
- Quality of research;
- Expertise with difficult securities;
- Trading style and strategy;
- Geographic location;
- Frequency of errors; and
- Access to new issues.

Akaris Global has entered into an arrangement with Jefferies Outsourced Trading (“Jefferies”), a third party trader, whereby Jefferies may execute certain trades on Akaris Global’s behalf. Jefferies is a registered broker-dealer and is capable (depending on Akaris Global’s instructions) of directly executing trades for Akaris Global’s Clients or instructing another broker-dealer to do so on its behalf. When using Jefferies, Akaris Global may or may not select a specific broker-dealer that Jefferies must use to execute the trade in question. Akaris Global’s decision to instruct Jefferies to use a specific broker-dealer (or otherwise) is subject to the various broker-dealer selection criteria described above.

The Receipt of Research and Other Soft Dollar Benefits

In addition to the factors listed above, Akaris Global receives products and services available from brokers include internally generated items (such as research reports prepared by employees of the broker), and this research may be a factor in the allocation of brokerage. Akaris Global benefits from the research and services that it receives because it does not need to pay for or generate the research internally, and this benefit could incentivize Akaris Global to select a counterparty based on its interest in receiving research rather than investor’s interests in receiving the most favorable execution available.

Akaris Global may cause a higher commission to be paid to a broker or dealer that furnishes research, services than might be charged by another broker or dealer for effecting the same transaction, provided that Akaris Global determines in good faith that the amount of commissions charged is reasonable in relation to the value of the brokerage and research or investment management-related services provided by such broker or dealer. Akaris Global does not necessarily solicit competitive bids and does not have an obligation to seek the lowest available commission cost.

Akaris Global will only use soft dollars to obtain products and services that fall within the safe harbor under Section 28(e) of the Securities Exchange Act of 1934, as amended, for the use of commissions or “soft dollars” to obtain “research and brokerage” services.

Research and brokerage services obtained by the use of commissions arising from Client Accounts’ portfolio transactions may be used by Akaris Global in its other investment activities. Research and brokerage services obtained by the use of commissions arising from Client Accounts’ portfolio transactions generally benefit all Akaris Global Clients though they may benefit Akaris Global as well.

The generation and use of soft dollars to acquire brokerage and research-related products and services benefits Akaris Global by allowing Akaris Global, at no cost to it, to supplement its own research and analysis activities, to receive the views and information of individuals and research staff of other securities firms, and to gain access to persons having special expertise on certain companies, industries, areas of the economy, and market factors. Akaris Global may have an incentive to select or recommend a broker-dealer based on its interest in receiving the research or other products or services, rather than on its clients’ interest in receiving most favorable execution.

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

Brokerage for Client Referrals

In addition to any soft dollar arrangements that Akaris Global enters into with brokers, brokers may provide certain research or other products or services to all of their customers, including Akaris Global, without being requested to do so. Akaris Global or affiliates may also receive introductions to Fund Investors through broker-dealers that are prime brokers or who execute trades on behalf of Akaris Global. In these situations, Akaris Global receives a benefit because it does not have to pay for the products or services, such as research, or because it will receive additional compensation if a private fund client accepts new investments through the service provider introduction. Akaris Global does not believe that it pays any additional fees or higher commissions as a result of these introductions or other products or services. Akaris Global seeks best execution on all transactions. However, Akaris Global may have an incentive to select a counterparty, an executing, or prime broker based on Akaris Global or an affiliate

receiving Fund Investor referrals or other products or services from that counterparty. Akaris Global does not consider Client or Fund Investor referrals from broker-dealers when making brokerage allocation decisions. Any products or services that Akaris Global receives from broker-dealers or counterparties may be used in connection with its management of all client accounts, not just selected accounts.

Directed Brokerage

Clients generally do not direct the Company to trade through any particular counterparty. A Client's insistence on the use of one or more particular counterparties in connection with the trading of its account can have a materially adverse effect on the quality of execution that is available to the client. Among other things, Clients that direct the use of trading counterparties may pay higher transaction costs be excluded from aggregated orders, and trade after other Clients have traded.

Trade Aggregation and Allocation

Trading activities of Client accounts will overlap. While Client accounts invest in the same issuers, the purchase and sale of such investments may be at different times and upon different terms, based on each Client's overall investment objectives and strategy, legal or regulatory concerns, and/or other relevant considerations.

When Akaris Global purchases or sells securities of the same issuer at the same time for the Clients, Akaris Global may submit an aggregated trade for execution if Akaris Global believes that the use of an aggregated trade reasonably furthers its efforts to seek best execution. Participants in aggregated trades receive the average execution price and incur their pro rata share of the trading costs.

To the extent that partial fills occur, Akaris Global will allocate the results of the partially completed trade pro rata between participating Clients based on the initial allocation instructions submitted for execution. Impacted accounts receive the average execution price and incur their pro rata share of the trading costs with respect to the partially completed trade.

Instances in which Client orders may not be aggregated include, but are not limited to, the following: (1) Akaris Global determines that the aggregation is not appropriate because of market conditions; (2) Situations where Akaris Global must effect the transactions at different times or prices, making aggregation unfeasible; and (3) A determination is made by Akaris Global not to aggregate orders because of tax, legal, regulatory or administrative reasons such as typical trading increments or quantities.

"New Issues"

Akaris Global allocates new issues of equity securities registered under the Securities Act ("new issues") in accordance with FINRA Rules 5130 and 5131. This may in certain circumstances limit or restrict particular clients or investors from participating in any profits and losses from new issues. Subscription documents for private funds will require investors to affirm their status as eligible for new issues. The private funds will have separate classes of interest or shares for new issue eligible and new issue ineligible investors, and new issues will be allocated accordingly.

Trade Errors

While Akaris Global takes the utmost care in making and implementing investment decisions on behalf of Clients, it may make an error while placing a trade for Clients. Akaris Global attempts to minimize trade errors by promptly reconciling confirmations with trade tickets, and by reviewing past trade errors to understand the internal control breakdown that caused the errors. If Akaris Global makes an error while placing a trade, the Company will seek to correct the error promptly in a way that mitigates any losses. The cost of errors will be borne by the Funds unless an error is the result of bad faith, gross negligence, or

willful misconduct by Akaris Global. If Akaris Global makes an error while placing a trade for a Separately Managed Account, Akaris Global will seek to correct the error promptly in a way that mitigates any losses. Akaris Global will generally bear any costs associated with correcting any error for a Separately Managed Account subject to the terms of the relevant investment management agreement.

Valuation of Client Assets

Akaris Global primarily relies on asset prices obtained from custodians, exchanges, third-party pricing vendors, broker-dealers and the Fund Administrator. Akaris Global's Risk Management Committee will establish an appropriate pricing methodology to determine the fair value of assets that are difficult to price. No changes to the price of an investment or other deviations from Akaris Global's Valuation Policy are permitted without the written approval from the Risk Management Committee.

Item 13 - Review of Accounts

Review of Client Accounts

Clients' accounts will be continuously reviewed on an ad hoc basis, and will be formally reviewed at least monthly. Akaris Global's CIO and Managing Partner have ultimate responsibility for all investment decisions. In addition, the CCO will review a sample of Akaris Global's accounts under management periodically to ensure compliance with Clients' investment objectives and any investment restrictions. Additional or focused reviews can be triggered by factors such as political and economic developments, corporate announcements, and changes in market conditions.

Reports to Clients

The Fund's administrator provides investors with monthly account statements. Through side letters and other arrangements, certain investors or Clients of Akaris Global may be provided additional reports and estimates. Additionally, Akaris Global provides monthly and quarterly performance updates. Akaris Global provides quarterly letters to investors in the Funds that usually describe the Fund's returns and positioning, as well as macroeconomic developments and analysis. On an annual basis Akaris Global arranges for investors to receive K-1 tax statements (if necessary) and the Fund's audited financial statements. The Governing Documents of Separately Managed Accounts will specify the reporting requirements of the account.

Item 14 - Client Referrals and Other Compensation

Akaris Global has no arrangements in place with third parties for client referrals.

Item 15 - Custody

All Client cash and securities are held in custody by unaffiliated broker dealers or banks. However, Akaris Global is deemed to have custody of Funds assets because of its authority over Fund assets as general partner.

To comply with Rule 206(4)-2 under the Advisers Act (the “Custody Rule”), Akaris Global will cause each Fund with assets over which Akaris Global is deemed to have custody to be audited annually and distribute audited financial statements, prepared in accordance with U.S. generally accepted accounting principles (“GAAP”), to investors no later than 120 days after the end of each fiscal year. In addition, upon the final liquidation of a Fund, Akaris Global will obtain a final audit and distribute audited financial statements prepared in accordance with GAAP.

For Separately Managed Accounts, Akaris Global does not have custody as defined by the Investment Advisers Act of 1940 since it does not have the authority to hold, directly or indirectly, Client funds or securities or have the authority to obtain possession of them. Each month, Akaris Global’s Separately Managed Account Clients receive account statements directly from their qualified custodian, who maintains the Clients’ cash and securities assets, in addition to receiving a statement from the administrator of the account. Akaris Global encourages Clients to compare the account statement received from its custodian to the reporting received from Akaris Global. Certain Client assets, such as bank debt, trade claims and some investment contracts, are uncertificated and are not reflected on the books and records of our private fund clients’ qualified custodians. However, the Funds’ auditor reviews Fund assets on an annual basis.

Item 16 - Investment Discretion

Subject to the investment objectives, policies, and restrictions of the Clients as set forth in the Governing Documents, Akaris Global has full discretion to manage the account. Fund Investors do not have authority to impose restrictions on Akaris Global's investment discretion.

Akaris Global is retained with respect to its Funds on a discretionary basis and is authorized to make the following determinations in accordance with a private fund's specified investment objectives without investor consultation or consent before a transaction is effected (unless consultation is required with respect to principal trades, which Akaris Global does not intend to employ as part of its standard investment strategy):

- the securities to buy or sell;
- the total quantity/amount of securities to buy or sell;
- the broker or dealer through whom securities are bought or sold;
- the commission rates at which securities transactions are effected; and
- the prices at which securities are to be bought or sold, which may include dealer spreads, mark-ups/mark-downs, and transaction costs.

Any limitations on authority are included in the Governing Documents.

Item 17 - Voting Client Securities

Akaris Global seeks to vote the Funds' securities in the best interests of investors and has adopted written proxy voting policies and procedures. In general, the policy requires Akaris Global to vote proxies in the interest of maximizing investor value. The terms of the investment management agreement with Separately Managed Account Clients determine if Akaris Global has authority to vote proxies on behalf of the Separately Managed Account Clients account owner. Akaris Global will document and abide by any specific proxy voting instructions conveyed by a Separately Managed Account Clients with respect to that client's securities. Separately Managed Account Clients may contact Akaris Global to revoke discretionary voting authority for a particular proxy solicitation or all proxies. Akaris Global has adopted the following proxy voting procedures designed to ensure that proxies are properly identified and voted, and that any conflicts of interest are addressed appropriately:

Akaris Global has retained a proxy voting service to assist in the proxy voting process. The CCO manages Akaris Global's relationship with the proxy voting service. The CCO ensures that proxy voting service votes all proxies according to Clients' specific instructions and Akaris Global's general guidance, and retains all required documentation associated with proxy voting. Akaris Global requires the proxy voting service to notify the Company if it experiences a material conflict of interest in the voting of Clients' proxies.

The CCO will consider whether Akaris Global is subject to any material conflict of interest in connection with each proxy vote. Employees must notify the CCO if they are aware of any potential conflict of interest associated with a proxy vote.

If Akaris Global detects a material conflict of interest in connection with a proxy solicitation, the CCO will convene the Risk Management Committee (the "Committee"), which is comprised of the CIO, the Managing Partner and the CCO. After consideration of the issue, each of the Committee members will make a recommendation regarding the proxy vote. The CCO will record each member's recommendation, and will then vote the proxy according the recommendations of a majority of the Committee's members

Akaris Global will not neglect its proxy voting responsibilities, but the Company may abstain from voting if it deems that abstaining is in its Clients' best interests. For example, Akaris Global may be unable to vote securities that have been lent by the custodian. Also, proxy voting in certain countries involves "share blocking," which limits Akaris Global's ability to sell the affected security during a blocking period that can last for several weeks. Akaris Global believes that the potential consequences of being unable to sell a security usually outweigh the benefits of participating in a proxy vote, so Akaris Global generally abstains from voting when share blocking is required. The CCO will prepare and maintain memoranda describing the rationale for any instance in which Akaris Global does not vote a Client's proxy.

Neither Akaris Global nor the proxy voting service will be able to vote proxies for any securities loaned out by a Client account.

In addition to covering the voting of equity securities, this policy also applies generally to voting and/or consent rights relating to fixed-income securities, including but not limited to, plans of reorganization, waivers and consents under applicable indentures.

Current and prospective investors may request a copy of Akaris Global's written proxy voting policies and procedures, by contacting the firm by calling (212) 390-9507. Separately Managed Account clients can also receive information on how Akaris Global voted proxies for their account upon request.

Akaris Global is authorized to direct the Clients' participation in class actions. Akaris Global will determine whether the Fund will (a) participate in a recovery achieved through class actions, or (b) opt out of the class action and separately pursue their own remedy. Akaris Global generally does not serve as the lead plaintiff in class actions because the costs of such participation typically exceed any extra benefits that accrue to lead plaintiffs. If Akaris Global does participate and later receive any recovery amounts, they will be distributed to the applicable Clients at the time the recovery amounts are received from the settlement agent.

Item 18 - Financial Information

Akaris Global has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage Client accounts.

Item 19 – Information for State Registered Advisers

This item is not applicable to Akaris Global.