



## MAGNITUDE CAPITAL, LLC PART 2A OF FORM ADV (THE “BROCHURE”)

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*This Brochure provides information about the qualifications and business practices of Magnitude Capital, LLC (SEC File No. 801-65284) (“**Magnitude**”). If you have any questions about the contents of this Brochure, please contact us at +1 212.915.3900 or [magnitudecapital@magnitudecapital.com](mailto:magnitudecapital@magnitudecapital.com). 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.*

*Magnitude has been registered with the SEC as an investment adviser under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”), since January 2006. Registration with the SEC as an investment adviser does not imply that Magnitude or any principals or employees of Magnitude possess a particular level of skill or training in the investment advisory or any other business.*

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

*Updated March 26, 2020*

## **I. MATERIAL CHANGES TO THE BROCHURE**

Since the last amendment on March 29, 2019, Magnitude has updated the Brochure to provide certain clarifications and updates with regards to its advisory business, including without limitation, the addition of certain risk factors and enhanced disclosure around Magnitude's policies and procedures related to trading, brokerage practices, and proxy voting.

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### III. ADVISORY BUSINESS

Magnitude is an investment adviser that commenced operations in October 2002. Magnitude is a limited liability company organized under the laws of the State of Delaware. Magnitude was founded and is principally owned by James M. Hall and Benjamin S. Appen (the “**Co-Founders**”). Since inception, the goal of Magnitude has been to deliver attractive risk-adjusted investment returns to investors through the management of multi-strategy funds of hedge funds and other investment vehicles.

As of December 31, 2019, Magnitude had approximately \$3,985,320,113 in net assets under management, all of which is managed on a discretionary basis.

Magnitude’s business currently involves managing assets for the following clients:

- Magnitude sponsors and manages private funds (each, a “**Magnitude Fund**” and collectively the “**Magnitude Funds**”) primarily using Magnitude’s fund of hedge funds investment strategy, but with a very small percentage of Magnitude Fund assets managed using the “select opportunities” strategy, Total Portfolio Strategy (as defined below), or variants of the Magnitude Systematic Strategies. The management of the Magnitude Funds (in particular, those managed using the fund of hedge funds strategy) represents the vast majority of Magnitude’s business.
- Magnitude serves as the sub-adviser to a series (the “**Sub-Advised Series**”) of a third-party private fund organized as a series limited partnership (the “**Sub-Advised Fund**”). The Sub-Advised Fund (including the Sub-Advised Series) is advised and sponsored by a third-party investment adviser (the “**Primary Adviser**”). Each series of the Sub-Advised Fund, including the Sub-Advised Series, is an “insurance dedicated fund”. The Sub-Advised Series invests substantially all of its assets in a Magnitude Fund that is also an insurance dedicated fund and is managed using Magnitude’s fund of hedge funds investment strategy (referenced below as “MIMF”).

The Magnitude Funds and the Sub-Advised Series are collectively referred to as “**Clients**.”

Magnitude’s management of each Client is subject to (i) with respect to each Magnitude Fund, its organizational and governing documents, offering documents, investment management agreement, and subscription agreement, each as may be amended, supplemented or modified from time to time (collectively, the “**Fund Documents**”), and (ii) with respect to the Sub-Advised Series, the sub-advisory agreement between Magnitude and such Client, the offering documents, subscription documents, and limited partnership agreement for the Sub-Advised Fund and the Sub-Advised Series, and certain other agreements by and among some or all of Magnitude, the Primary Adviser, the Sub-Advised Series, the Sub-Advised Fund, and MIMF (as defined below), each as may be amended, supplemented, or modified from time to time (collectively, the “**Sub-Advised Series Documents**”). The Fund Documents and the Sub-Advised Series Documents are collectively referred to as the “**Governing Documents**.” The terms of any investor’s investment in any Magnitude Fund are contained in and governed by the applicable Fund Documents and the terms applicable to the Sub-Advised Series are governed by the Sub-Advised Series Documents. All discussions in this Brochure regarding Clients, including each such Client’s investments, the strategies Magnitude pursues in managing such Clients’ assets, the fees and expenses borne by such Clients, and all other terms and conditions of each Client, are subject to, and qualified in their entirety by reference to, the applicable Governing Documents.

## A. Funds of Hedge Funds

The Magnitude Funds managed using a multi-strategy fund of hedge funds approach (“**FOFs**”) seek to deliver attractive risk-adjusted returns with limited exposure to passive risk factors. Magnitude aims to achieve this goal primarily through the identification, selection, and monitoring of opportunities to invest in pooled investment vehicles, managed accounts, co-investment vehicles, derivative instruments, public and private investment instruments, and non-traditional investments, which may include, but are not limited to: secondary market purchases of private fund interests; “side pocket” interests; interests in special purpose liquidating vehicles; closed-end vehicles; direct co-investments; investments in operating companies with significant exposure to investment strategies; and other similar arrangements (collectively, “**Portfolio Funds**”). Portfolio Funds will generally be managed, advised, sponsored, and serviced by entities (each such entity, a “**Portfolio Manager**”), which are generally independent of Magnitude.

### 1. Investor Funds

The FOFs are open-end vehicles that offer investors redemptions or withdrawals on a regular schedule. Below is a brief description of each of the FOFs offered to third-party investors (the “**Investor Funds**”). Please refer to the Fund Documents for each Investor Fund for a more detailed description of its business and its investment terms. Shares and interests in the Investor Funds are referred to in this Brochure as “**Interests**.”

Magnitude International. Magnitude International (“**MI**”) is a sub-trust of the Magnitude Master Series Trust, a unit trust organized under the laws of the Cayman Islands (the “**Trust**”). MI is part of a master-feeder structure through which it indirectly invests in Portfolio Funds through its investment in Magnitude Master Fund (“**MMF**”). Non-U.S. investors and U.S. tax-exempt investors may invest in MI.

Magnitude Leveraged International. Magnitude Leveraged International (“**MLI**”) is a sub-trust of the Trust and indirectly invests in Portfolio Funds via a derivative instrument providing leveraged exposure to MMF. Non-U.S. investors and U.S. tax-exempt investors may invest in MLI.

Magnitude Institutional, Ltd. Magnitude Institutional, Ltd. (“**MIL**”) is a Cayman Islands exempted company and invests in Portfolio Funds both directly and indirectly via investments in MMF and LSE Master Fund (as defined below). Non-U.S. investors and U.S. tax-exempt investors, including employee benefit plans, may invest in MIL.

Magnitude U.S. Partners. Magnitude U.S. Partners (“**MUP**”) is a sub-trust of the Trust and is part of a master-feeder structure through which it indirectly invests in Portfolio Funds through its investment in Magnitude Partners Master Fund, L.P. (“**MPMF**”). U.S. taxable investors may invest in MUP.

Magnitude Private Partners, L.P. Magnitude Private Partners, L.P. (“**MPP**”) is a Delaware limited partnership and is part of a master-feeder structure through which it indirectly invests in Portfolio Funds through its investment in MPMF interests. U.S. taxable investors may invest in MPP.

Phoenix MAG, Ltd. Phoenix MAG, Ltd. (the “**Single Investor Fund**”), is a Cayman Islands exempted company established for one or more affiliated U.S. tax-exempt investors. The Single Investor Fund directly invests in MMF and LSE Master Fund.

## **2. Master Funds**

The Investor Funds and the Sub-Advised Series typically execute their investment strategy by investing directly or indirectly in one or more “master funds” (“**Master Funds**”). The Master Funds invest directly or indirectly in Portfolio Funds and MSI Vehicles (as defined below). The Master Funds are not currently offered to external investors but Magnitude reserves the right to do so in the future. Below is a brief description of each of the Master Funds.

Magnitude Master Fund. MMF is a sub-trust of the Trust and uses Magnitude’s multi-strategy fund of hedge funds investment program. MMF invests (i) directly in Portfolio Funds and LSE Master Fund and (ii) indirectly in MSI Vehicles (as defined below). MI, MLI, MIL, MPI, and the Single Investor Fund (the “**Non-Taxable Investor Funds**”) invest in or have investment exposure to MMF. Because investors in the Non-Taxable Investor Funds generally are not subject to U.S. federal income taxes, MMF generally invests in non-U.S. Portfolio Funds.

Magnitude LSE Master Fund, Ltd. Magnitude LSE Master Fund, Ltd. (“**LSE Master Fund**”) is a Cayman Islands exempted company and uses a long-short equity fund of hedge funds investment program. LSE Master Fund invests (i) directly in Portfolio Funds and (ii) both directly and indirectly in MSI Vehicles. MMF, MIL, and the Single Investor Fund invest directly in LSE Master Fund. Because the Magnitude Funds that invest in LSE Master Fund generally are not subject to U.S. federal income taxes, LSE Master Fund generally invests only in non-U.S. Portfolio Funds.

Magnitude Partners Master Fund, L.P. MPMF is a Delaware limited partnership that invests directly in Portfolio Funds and indirectly in MSI Vehicles. MUP and MPP (the “**U.S.-Taxable Investor Funds**”) invest in MPMF. Because investors in the U.S.-Taxable Investor Funds generally are subject to U.S. federal income taxes, MPMF generally invests in U.S. Portfolio Funds.

Magnitude Insurance Master Fund, LLC. Magnitude Insurance Master Fund, LLC (“**MIMF**”) is a Delaware limited liability company and uses Magnitude’s multi-strategy fund of hedge funds investment program. MIMF invests (i) directly in Portfolio Funds and (ii) directly and indirectly in other Magnitude Funds. The Sub-Advised Series invests substantially all of its assets in MIMF.

## **3. MSI Vehicles**

Magnitude Special Investments Portfolio Fund, Ltd. (“**MSIPF**”) is an entity through which MMF, LSE Master Fund, and MPMF indirectly invest in Portfolio Funds structured as managed accounts held by MSIPF or subsidiaries thereof (collectively, “**MSI Vehicles**”). With certain limited exceptions (*e.g.*, hedging transactions), Magnitude delegates discretionary management of all or a portion of the accounts of MSI Vehicles to one or more third-party Portfolio Managers. Such Portfolio Managers are responsible for the portfolio management and investing of such accounts and generally invest in securities, derivatives, and other financial instruments for such accounts. MSIPF is a Cayman Islands exempted

company and other MSI Vehicles have been established as Cayman Islands exempted limited partnerships or Delaware limited liability companies.

## **B. Select Opportunities Funds**

Magnitude currently manages two investment funds as part of a master-feeder structure using Magnitude's "select opportunities" investment strategy (the "**SOF Funds**"). Magnitude Select Opportunities Fund, SP – Series 2 ("**SOF Feeder**"), is a segregated portfolio of a Cayman Islands segregated portfolio company. SOF Feeder was formed as a closed-end, co-investment vehicle to invest alongside certain Magnitude FOFs in "side pocket" interests of a Portfolio Fund which were purchased through an auction. SOF Feeder made such investments through Magnitude Select Opportunities Master Fund SP – Series 2 ("**SOF Master**"), a segregated portfolio of a different Cayman Islands segregated portfolio company. SOF Feeder is not open to new investments.

## **C. Magnitude Portfolio Research Vehicles**

The Magnitude portfolio research ("**MPR**") team develops and manages the MTP Funds (as defined below) and the Systematic Funds (as defined below) (collectively, "**MPR Vehicles**") using strategies that seek to provide investors and Clients with high-quality, diversified, cost-effective portfolios. MPR currently manages MPR Vehicles using two investment strategies that are broadly described below.

### ***1. Magnitude Systematic Strategies***

Magnitude Systematic, L.P. Magnitude manages Magnitude Systematic, L.P., a Delaware limited partnership (the "**Systematic Proprietary Fund**"). Different series of the Systematic Proprietary Fund are managed using different variants of the Magnitude Systematic Strategies. The sole investors in the Systematic Proprietary Fund are Magnitude-Related Investors (as defined below).

Magnitude Systematic Long/Short, Ltd. Magnitude Systematic Long/Short, Ltd. ("**Systematic L/S Fund**") is a Cayman Islands exempted company using a long/short equity variant of the Magnitude Systematic Strategies. Non-U.S. investors and U.S. tax-exempt investors may invest in Systematic L/S Fund.

The Systematic Proprietary Fund and Systematic L/S Fund are referred to in this Brochure collectively as the "**Systematic Funds**."

### ***2. Total Portfolio Strategy***

Magnitude currently manages Magnitude Funds using its total portfolio investment strategy, which combines exposure to the alternative investments (via the FOFs), alternative risk premia strategies, and "smart" and traditional beta strategies (the "**Total Portfolio Strategy**"). The Magnitude Funds employing the Total Portfolio Strategy, described below, are part of a master-feeder structure:

Magnitude Total Portfolio Fund, L.P. ("**MTPF**") is a Delaware limited partnership. MTPF invests (i) in Portfolio Funds directly and indirectly through its ownership of MPMF interests, and (ii) in interests of Magnitude Total Portfolio Master Fund, L.P. ("**MTPM**" and together with MTPF, the "**MTP Funds**").

MTPM is a Cayman Islands limited partnership that serves as a partial master fund for MTPF (i.e., MTPF invests a portion of its assets in MTPM). MTPM primarily invests directly in exchanged-traded funds (“ETFs”).

#### **D. Ancillary Services**

From time to time Magnitude may provide additional services (e.g., technology access, research insights, investor education) to one or more investors or their representatives, in order to assist such investors in their ongoing due diligence on Magnitude’s investment processes and their general investment understanding. Any such services are provided solely for educational and informational purposes, are ancillary to Magnitude’s advisory business, and do not involve the provision of investment advisory services to the applicable investors or their representatives. Unless Magnitude expressly agrees otherwise, Magnitude does not assume any duties to any investor or its representatives in connection with providing such ancillary services, other than the duty to act in good faith in connection with providing such services.

### **IV. FEES AND COMPENSATION**

#### **A. Fees – Magnitude Funds**

All investors and potential investors in the Magnitude Funds should review the Fund Documents of the Magnitude Fund in which they invest or are considering investing in conjunction with this Brochure for complete information on the fees and compensation payable with respect to the applicable Magnitude Fund. The following fee and compensation information is subject to, and qualified in its entirety by, the Fund Documents of each Magnitude Fund.

Management fees and performance compensation paid by the Magnitude Funds are not typically negotiated. However, fees and compensation may be waived, rebated or reduced, at the discretion of Magnitude. Partners, employees, their family members, family trusts, and former employees (collectively, “**Magnitude-Related Investors**”) either invest in a share class that does not pay management fees or performance compensation or have fees and performance compensation rebated in full on their investments.

##### ***1. Investor Funds<sup>1</sup>***

Magnitude receives the following management fees and performance compensation (“**Standard Compensation**”) from the Investor Funds in connection with its services:

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<sup>1</sup> “Performance compensation,” as used throughout this document, generally represents percentage of profits during the applicable period. For Interests that have a 12-month redemption notice and certain Interests subject to modified fees (as set forth below), performance compensation is calculated relative to a hurdle rate of return set forth in the applicable Magnitude Fund’s Governing Documents.



<b>Investor Fund</b>	<b>Management Fee</b>	<b>Performance Compensation</b>
Magnitude International	1.00%	10.0%
Magnitude Leveraged International	1.00% <sup>2</sup>	10.0%
Magnitude U.S. Partners	1.00%	10.0%
Magnitude Institutional, Ltd.	1.00%	10.0%
Magnitude Private Partners, L.P.	1.00% - 1.50%	10.0%
Single Investor Fund <sup>3</sup>	1.00%	10.0%

Investors whose aggregate related Interests in the Investor Funds exceed a value of \$75 million qualify for Magnitude’s “modified fee” program.<sup>4</sup> These investors may elect to allocate incremental capital invested above \$75 million among any combination of the three management fee and performance compensation options listed below.

<b>Modified Fee Program</b>		
<b><i>Fees on Incremental Capital</i></b>	<b><i>Management Fee</i></b>	<b><i>Performance Compensation</i></b>
Standard Compensation	1.00%	10.0%
Series X Modified Compensation Option	1.00% - 1.30%	0.0%
Series Y Modified Compensation Option	0.0%	20.0%

Management fees are generally charged at an annual rate on net assets under management (prior to the accrual or payment of performance compensation) and are payable monthly in arrears and prorated for partial periods. Performance compensation is generally charged as a percentage of the increase in value per Interest above the previous highest value per Interest, in some cases relative to a hurdle rate, as set forth in the Fund Documents for the applicable Investor Fund. Performance compensation is calculated after the management fee has been charged. Performance compensation is charged by Magnitude, or by an affiliate in the case of MUP and MPP, quarterly in arrears and upon redemption or withdrawal.

The Master Funds, with the exception of MIMF, and MSI Vehicles are not subject to management fees or performance compensation payable or allocable to Magnitude or its affiliates.

## **2. MIMF**

For an investment in standard interests issued by MIMF (“**Standard Interests**”), Magnitude receives (i) a management fee of 1.00% per annum of the net assets of such Standard Interests, which is paid monthly in arrears and prorated for partial periods, and (ii) a performance fee of 10.0%, assessed quarterly or

<sup>2</sup> Represents percentage of the assets in the portfolio held on behalf of MLI. For all other funds this represents percentage of the assets under management of the class of Interests of the particular Magnitude Fund.

<sup>3</sup> The modified fee program applies to the Single Investor Fund.

<sup>4</sup> The “modified fee” program relates to management fees and performance compensation (whether in the form of a fee or an allocation).

upon withdrawal, on the allocation of net profits, if any, to capital accounts corresponding to an investment in Standard Interests, subject to a high water mark. Magnitude has extended preferential fee terms to an initial strategic investor and reserves the right, in the future, to extend preferential commercial terms, including a lower management and/or performance fee, to other strategic investors.

### ***3. SOF Funds***

An affiliate of Magnitude is entitled to performance compensation from SOF Master, in the form of a “carried interest” equal to 10% of profits upon realization of SOF Master’s investments, after return of capital to investors. SOF Master does not pay any management fee to Magnitude or its affiliates, and SOF Feeder is not subject to any management fees or performance compensation.

### ***4. MTP Funds***

Magnitude receives a management fee of 0.60% per annum of the net assets of MTPF, which is paid monthly in arrears. No performance compensation is paid to Magnitude by MTPF. Currently, MTPF is entirely owned by Magnitude-Related Investors, and thus, no fees are paid to Magnitude with respect to such investors’ Interests. MTPM is not subject to any management fee or performance compensation payable to Magnitude or its affiliates.

### ***5. Systematic Funds***

Magnitude currently receives a management fee of 0.90% per annum of the net assets of the series of shares owned by the Systematic L/S Fund’s anchor investor (the “**Anchor Investor**,” and such series of shares, “**Anchor Shares**”), which is paid monthly in arrears and prorated for partial periods. The Anchor Shares do not pay any performance compensation to Magnitude or its affiliates. The Anchor Shares are only available to the Anchor Investor and only for a limited offering period. Any shares of the Systematic L/S Fund offered to non-Anchor Investors will be subject to a lower management fee rate but will also be subject to a performance fee.

The Systematic Proprietary Fund is solely owned by Magnitude-Related Investors, and thus, no fees or other compensation are paid by the Systematic Proprietary Fund to Magnitude or any of its affiliates.

## **B. Other Expenses**

The Magnitude Funds are subject to a variety of other offering, operating, and administrative expenses that are indirectly borne by investors as described in each Magnitude Fund’s applicable Fund Documents. Operating and administrative expenses may, if permitted by the relevant Fund Documents, include, among other things, fund administration, organizational and offering, custody, outside legal counsel, audit, expenses associated with borrowings and leverage, including stock borrow fees, as applicable, transaction costs, accounting expenses, directors’ & officers’ liability insurance, expenses associated with third-party valuation services, reporting and regulatory fees and expenses, order, and risk management systems; research and data expenses; technology infrastructure expenses; corporate or other licensing fees; insurance costs and expenses; filing and regulatory fees and expenses (including, without limitation, the costs and expenses of legal and consulting fees in connection with regulatory filings and reports required to be made by the fund or Magnitude relating to the fund, including, without limitation, the

preparation and filing of Section 13 filings, Section 16 filings, Form PF and other regulatory filings or reports) and other expenses. Additionally, the FOFs (and indirectly, their investors) bear their share of management fees, performance compensation, and other expenses charged to Portfolio Funds in which they invest. The foregoing is an illustrative, non-exhaustive description of expenses that may be borne by the Magnitude Funds and is subject to, and qualified in its entirety by, the more-detailed provisions of the applicable Fund Documents for each Magnitude Fund. Accordingly, some of the types of costs and expenses described above may not be charged to certain Magnitude Funds but may be charged to other Magnitude Funds, depending on the applicable Fund Documents. Furthermore, in certain instances, Magnitude either (i) reimburses or pays all or the vast majority of the offering, operating, and administrative expenses of Magnitude Funds or (ii) caps such expenses as a percentage of assets, in each case, as described in the relevant Fund Documents. The Sub-Advised Series is also subject to a variety of fees and expenses, including fees paid to the Primary Adviser and expenses similar to those described above, all of which are set forth in the Sub-Advised Series Documents. The Systematic Proprietary Fund is responsible for a variety of operating and administrative expenses, similar to those associated with the Magnitude Funds, subject to an expense cap.

### **C. Shared Expenses**

Certain expenses may be shared among Magnitude and one or more Clients or between or among multiple Clients. In addition, determining whether expenses should be charged to one or more Clients or Magnitude (or a combination thereof) and the allocation of such expenses among participating Clients and/or Magnitude, may not always be unequivocal. Therefore, such allocation determinations may create potential conflicts of interest between Magnitude and one or more Clients or between or among Clients. Magnitude seeks to allocate any such expenses on a fair and equitable basis, and consistent with the Governing Documents of each Client. In doing so, Magnitude uses its reasonable judgement in interpreting such Governing Documents and making such allocation decisions.

## **V. PERFORMANCE-BASED COMPENSATION AND SIDE-BY-SIDE MANAGEMENT**

As disclosed above, Magnitude (or an affiliate thereof) is typically entitled to performance compensation based on a share of capital gains or capital appreciation of the net assets of certain Magnitude Funds (e.g., the Investor Funds, MIMF, and SOF Master). Performance compensation may create an incentive for Magnitude to make investments that are riskier or more speculative than might be the case in the absence of such compensation. In addition, performance compensation received by Magnitude (or an affiliate) from the applicable Magnitude Funds is based on both realized and unrealized gains and losses. As a result, the performance compensation earned could be based on unrealized gains that such Magnitude Funds never realize.

Magnitude may source investment opportunities that have limited capacity. In such situations, Magnitude may need to allocate available capacity in such investment opportunities among more than one of its Clients for which such opportunities would be appropriate. Magnitude's policy is to allocate investment opportunities in a manner that is fair and equitable to such Clients, and not to allocate opportunities based on the participating Client's management fee or performance compensation structures.

The MTP Funds are not subject to performance compensation. Other than MTPF's investment in MPMF, investments that are suitable for the FOFs or the SOF Funds are typically not suitable for the MTP Funds due to differing investment strategies and liquidity terms.

Neither the current Systematic Funds nor the outstanding Anchor Shares of the Systematic L/S Fund are subject to performance compensation. Investments that are suitable for the FOFs (with the exception of securities held in the MSI Vehicles) and the SOF Funds (e.g., Portfolio Funds), which are subject to performance compensation, are generally not expected to be suitable for the Systematic Funds. However, the securities portfolios attributable to regulatory filing information with respect to Portfolio Managers with whom the FOFs have investments will not be included for replication in the Magnitude Systematic Strategies. (Please refer to the risk factor entitled “Restricted and Excluded Managers; MPR Resources Not Exclusive to Magnitude Systematic Strategies” in Section VII.B.3 below for more detailed information). If any group of investors in a Systematic Fund is subject to performance compensation, such investors may be subject to similar risks or conflicts described above with respect to performance compensation charged to certain Magnitude Funds.

## **VI. TYPES OF CLIENTS**

Magnitude is the investment manager of the Magnitude Funds and the investment manager or sub-advisor for the Systematic Funds. Magnitude provides investment advice directly to the Magnitude Funds and Systematic Funds; it does not provide advice directly or individually to the investors in the Magnitude Funds. Similarly, Magnitude provides investment advice to the Sub-Advised Series. Magnitude does not directly or individually provide investment advice with respect to any portion of the Sub-Advised Fund, other than the Sub-Advised Series.

The Magnitude Funds’ investor base primarily consists of institutional investors (including pension plans, corporate accounts, endowments, and foundations), high net worth investors, and private banks and wealth management arms of financial institutions. Magnitude typically requires that each U.S. investor in an Investor Fund, MTPF, or the Systematic L/S Fund be an “accredited investor” as defined in Regulation D under the Securities Act of 1933, as amended (the “**Securities Act**”), and a “qualified purchaser” as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended, and that each non-U.S. investor be a “non-U.S. person” as defined in Regulation S under the Securities Act. Further details concerning the applicable eligibility criteria for investment in the Magnitude Funds are set forth in their Fund Documents.

The Investor Funds, MTPF, and the Systematic L/S Fund have minimum initial investment amounts generally ranging from \$100,000 to \$5,000,000, as set forth in each applicable fund’s Governing Documents. Minimum investment amounts may be waived in Magnitude’s discretion. The Master Funds, MSI Vehicles, and MTPM are not currently being offered directly to third-party investors, and thus, don’t have minimum investment amounts.

As described above, the Primary Adviser is an unaffiliated investment advisory firm and the Sub-Advised Fund (including without limitation, the Sub-Advised Series) is an unaffiliated investment fund.

Magnitude may establish and/or manage additional Magnitude Funds or other Client accounts in the future. Minimum account sizes for future Client accounts will be subject to negotiation with the relevant Clients.

## VII. METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS

### A. Methods of Analysis and Investment Strategies

#### 1. *Fund of Funds Strategy*

Magnitude uses its multi-strategy fund of hedge funds investment strategy in managing the FOFs (including MSI Vehicles) and the SOF Funds. In doing so, Magnitude uses a variety of information sources to identify prospective investments including, but not limited to, industry contacts, prime brokers, databases, and academic research. These sources are intended to help significantly narrow down the potential universe of investment strategies and Portfolio Funds. The goal of the filtering process is to identify a group of high quality investment opportunities for further review by Magnitude. Magnitude allocates capital to Portfolio Funds based on a number of factors including, but not necessarily limited to: experience, market knowledge, strategy style, and historical performance of the Portfolio Manager or Portfolio Fund; appropriate diversification among all Portfolio Funds in each Magnitude Fund's portfolio; and the overall market environment.

Magnitude conducts substantial investment and operational due diligence prior to selecting a new Portfolio Manager. The goal of the due diligence process is to evaluate, among other things:

- (i) The background of the Portfolio Manager and its investment professionals;
- (ii) The infrastructure of the Portfolio Manager (including research, trading, operations, compliance, technology, and any other relevant infrastructure);
- (iii) The Portfolio Fund's strategy and method of trade execution;
- (iv) The Portfolio Manager's risk controls and portfolio management processes; and
- (v) The differentiating factors that give the Portfolio Manager an investment edge.

Magnitude monitors the correlations of performance among Portfolio Funds and attempts to assess how these correlations may change in various market scenarios, including during normal and "shock" periods. Upon the completion of the investment and operational due diligence processes, Magnitude may allocate available capital of the FOFs to new Portfolio Funds. Magnitude may periodically make recommendations for larger or smaller allocations to, or full redemptions from, certain Portfolio Funds. Investments in Portfolio Funds may be held for less than one year but are often held for more than one year. The FOFs may borrow or enter into derivative arrangements with counterparties to provide leverage, to take advantage of particular investment opportunities, or to otherwise manage cash inflows and outflows in a more efficient manner.

#### 2. *Magnitude Systematic Strategies*

The Magnitude Systematic Strategies are used to manage the Systematic Funds. The Magnitude Systematic Strategies currently consist of proprietary, algorithmic equities investment strategies that combine multiple signal types, which may include, but are not limited to, fundamental signals, event-driven signals, and the Manager Edge Signal (as defined below).

The Magnitude Systematic Strategies are primarily systematic in nature based on proprietary Quantitative Models (as defined below) developed by Magnitude ("**Magnitude Systematic Models**"). Despite their

systematic nature, the Magnitude Systematic Models include a number of qualitative, subjective inputs and assumptions. The “**Manager Edge Signal**” seeks to (i) identify a universe of unaffiliated investment managers or other large institutional equity investors (collectively, “**Managers**”) whose regulatory filings and/or holdings or other information is provided to Commercial Databases (as defined below) for assessment; and (ii) combine such Managers’ holdings data, Magnitude’s quantitative and qualitative assessments of such Managers, as well as other information relating to such Managers and their reported holdings in order to generate forecasts on individual securities. The forecasts generated by the Manager Edge Signal, information obtained through other signals, including fundamental and event-driven signals, and information regarding risk exposures and expected transaction costs, are then combined using a systematic model, known as a portfolio optimizer, to construct portfolios. Other factors or forecasting techniques may be included in the Magnitude Systematic Models. Further, the Magnitude Systematic Models are periodically reviewed and updated and therefore, are expected to change over time.

The Magnitude Systematic Strategies are currently applied to U.S. equities and swaps on U.S. equities. The Systematic Proprietary Fund is managed using long-only, long/short, and absolute return (i.e., market neutral) variants of the Magnitude Systematic Strategies and the Systematic L/S Fund is managed using only the long/short variant. Both the long/short and absolute return variants of the Magnitude Systematic Strategies take long and short positions in U.S. equities and such short positions may be implemented in the applicable portfolios through derivative instruments.

### ***3. Total Portfolio Strategy***

Magnitude uses the Total Portfolio Strategy in managing the MTP Funds, which includes exposure to alternative investments (i.e., through an investment in the FOFs), alternative risk premia strategies, and “smart” and traditional betas. Magnitude uses many of the same or similar methods of analysis, processes, and strategies for the MTP Funds as those described above for the FOFs. However, Magnitude also uses other analysis and strategies for investments on behalf of the MTP Funds, including a significant focus on investment returns associated with non-traditional risk premia and with conventional asset class risk premia obtained via both alternative and conventional indexing approaches. The investment process for the MTP Funds generally starts with an examination of a potential conventional and alternative risk premia or strategy. Sources may include published and unpublished studies, conversations with academics, fund managers, and other practitioners, and direct data research. Magnitude may examine historical returns, risk, and correlations in both normal and “shock” scenarios, performance across different geographic regions and time periods, explanations for the existence and persistence of the risk premia or inefficiency, the extent to which the risk premia or a particular strategy’s return profile has been and is expected to be altered by changes in the amount or nature of capital allocated to it, and issues related to the efficient implementation of the strategy, among other issues. In addition to investments in other Magnitude Funds and in Portfolios Funds, the MTP Funds’ investments may include, without limitation, a combination of direct investments in ETFs, exchange-traded notes, and similar exchange-traded products, equities, bonds, futures, and swap agreements.

#### **B. Certain Material Risks**

An investment with Magnitude—whether in a Magnitude Fund or a Systematic Fund—involves a high degree of risk, including the risk of loss of the entire investment. There can be no assurance that the investment objective of any of Magnitude’s investment strategies will be achieved or that the investment

strategies employed by Magnitude will be successful. Certain of the material risks associated with the investment strategies used by Magnitude in managing Client portfolios are set forth below. A more detailed discussion of the risks associated with the Magnitude Funds' investment strategies as well as the risks associated with investing in each Magnitude Fund is included in the Fund Documents of each Magnitude Fund. Similarly, certain risks specific to the Sub-Advised Series are disclosed in the Sub-Advised Series Documents.

### ***1. General Risks***

The following risks may apply to all investment strategies utilized by Magnitude.

Dependence on Magnitude. Investors and Clients have no authority to make decisions or to exercise investment discretion. Rather, this authority is delegated to Magnitude. Accordingly, Clients' success depends upon the ability of Magnitude to develop and implement investment strategies that achieve Clients' investment objectives.

Cybersecurity and Business Continuity. Magnitude's investment activities and investment strategies are dependent upon various computer and telecommunications technologies, many of which are provided by or are dependent upon third parties, such as data feeds, data centers, telecommunications, or utility providers. The successful deployment, implementation, and/or operation of such activities and strategies, and various other critical activities of Magnitude on behalf of its Clients, could be severely compromised by system or component failure, telecommunications failure, power loss, a software-related "system crash," unauthorized system access or use (such as "hacking" or other cybersecurity breaches), computer viruses and similar programs, fire or water damage, human errors in using or accessing relevant systems, or various other events or circumstances. Such events or circumstances may affect Magnitude directly and/or may affect one or more third parties that provide services to Magnitude and/or its Clients. It is not possible to provide comprehensive and foolproof protection against all such events and circumstances, and no assurance can be given about the ability of Magnitude or any third party to continue providing applicable services. Any event or circumstance that affects Magnitude's or one or more third party's computer and/or telecommunications systems or operations could have a material adverse effect on Magnitude and its Clients, including by preventing Magnitude from investing or trading or modifying and/or monitoring its Clients' investments. Moreover, any unauthorized access to the information systems of Magnitude or certain third parties could result in the loss, disclosure, or improper use of information relating to Clients' investments and/or personally identifiable information of Clients or investors in the Magnitude Funds. Any such loss, disclosure, or use could have a material adverse effect on such Clients or investors. Magnitude maintains back-up electronic books and records at its disaster recovery site, which is a fully operational data center facility. In the case of events that interrupt Magnitude's computer and/or telecommunications systems or operations, Magnitude hopes to resume investing or trading and modifying, and/or monitoring its Clients' investments relatively promptly, subject to any circumstances that are outside the control of Magnitude. In the case of severe business disruptions (e.g., regional power outage), Magnitude may not resume such activities for one or more business days because (among other things) such resumption is dependent on other critical business constituents, such as brokers and exchanges, and on the nature of the disruption. Although the foregoing reflects Magnitude's objectives, designs, and/or plans, no assurance can be given that these objectives, designs, and/or plans will be realized, or that, in particular, Magnitude would be able to resume operations

following a business disruption, and any such disruption could have a material adverse effect on Magnitude and its Clients.

Epidemics and Pandemics. Since 2003, the world has seen a number of outbreaks of new viral illnesses of varying severity, including Severe Acute Respiratory Syndrome (SARS), Middle East Respiratory Syndrome (MERS), the H1N1 Flu (Swine Flu), and COVID-19 caused by the novel Coronavirus known as SARS-CoV-2. The responses to these outbreaks have varied as has their impact on human health, local economies and the global economy, and it is impossible at the outset of any such outbreak to estimate accurately what the ultimate impact of any such outbreak will be. Protective measures taken by governments and the private sector, including Magnitude, to mitigate the spread of such illness, including travel restrictions and outright bans, quarantines, and work-at-home arrangements, and the spread of any such illness within Magnitude's offices and/or the offices of Clients' service providers, could severely impair Magnitude's and/or the Clients' service providers' operational capabilities, potentially harming Magnitude's business and its ability to provide investment management services to its Clients, which could have a material negative impact on such Clients' performance.

Shock Risk. From time to time, normal financial market processes may be disrupted by extreme events. At such times the volatilities of, and correlations among, financial instruments, Magnitude's investment strategies, and Portfolio Managers may increase substantially, and thus, Clients and investors may incur significant losses.

Quantitative Models; Statistical Measurement Error. Magnitude and its investment strategies rely, in part, on quantitative analysis of patterns inferred from statistical formulas and calculations performed on historical series of various data sets ("**Quantitative Models**"). As market dynamics shift over time due to factors such as changed market conditions and participants, a previously successful Quantitative Model could become outdated or inaccurate, perhaps without Magnitude recognizing that fact before substantial losses are incurred. Even if all the assumptions underlying a Quantitative Model were met exactly, Quantitative Models can only make predictions; they cannot provide certainty. Further, most statistical procedures (e.g., those used in Quantitative Models) cannot fully match the complexity of the financial markets, and as such, results of their application are uncertain. In addition, changes in underlying market conditions can adversely affect the performance of statistical models. There can be no assurance that Magnitude will be successful in developing and maintaining effective Quantitative Models.

Hedging. The Magnitude Funds, the Portfolio Funds, and/or the Systematic Funds may seek to hedge their portfolios for risk management purposes and may use a variety of financial instruments or techniques, including, but not limited to, taking short positions in stocks or ETFs and the use of derivatives, options, interest rate swaps, caps and floors, and forward contracts. The risk management purposes for hedging activity may include: (i) protecting against possible changes in the market value of its investment portfolio due to fluctuations in the securities markets and changes in interest rates; (ii) protecting the unrealized gains in the value of its investment portfolio; (iii) facilitating the sale of any such investments; (iv) enhancing or preserving returns, spreads or gains on any investment in its portfolio; (v) hedging the interest rate or currency exchange rate on any of its liabilities or assets; (vi) protecting against any increase in the price of any securities it anticipates purchasing at a later date; or (vii) any other reason that Magnitude or a Portfolio Manager (as applicable) deems appropriate.



A Portfolio Manager may not hedge against a particular risk because it does not regard the probability of the risk occurring to be sufficiently high as to justify the cost of the hedge, or because it does not foresee the occurrence of the risk. Hedging transactions may also result in a poorer overall performance for the Portfolio Fund than if it had not engaged in any such hedging transactions. The success of the hedging strategy of a Portfolio Fund is subject to the Portfolio Manager's ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolios being hedged. Since the characteristics of many securities change as markets change or time passes, the success of a Portfolio Fund's hedging strategy is also subject to such Portfolio Manager's ability to continually recalculate, readjust, and execute hedges in an efficient and timely manner. For a variety of reasons, the Portfolio Manager may not seek to establish a perfect correlation between the hedging instruments used and the portfolio holdings being hedged. Such an imperfect correlation may prevent the Portfolio Fund from achieving the intended hedge or expose the Portfolio Fund to risk of loss.

Although it is not obligated to do so, Magnitude may invest the FOFs' assets directly (rather than through Portfolio Funds) in an attempt to hedge against current or anticipated market, financial, or economic events for which allocations or reallocations among Portfolio Funds would be impractical, ineffectual, or not timely in the opinion of Magnitude. Such direct investments may be implemented through transactions and investments in a broad variety of financial instruments. Magnitude currently engages in hedging transactions for the MSI Vehicles, through short sales of ETFs or similar short positions through swaps on indices. Similarly, while not obligated to do so, Magnitude may seek to implement hedging strategies for the Systematic Funds.

To the extent that Magnitude employs hedging strategies—either for the Magnitude Funds or the Systematic Funds—such hedging strategies will be subject to the risks discussed above with regards to Portfolio Managers. Without limiting the generality of such risks described above, there can be no assurance that any hedging strategy or transactions directly employed by Magnitude will be successful or that Magnitude will continue with such strategy or transactions in the future.

Counterparty Credit Risk. Clients and Portfolio Funds may establish relationships to obtain financing, derivative intermediation, and prime brokerage services that permit a Client or a Portfolio Fund to trade in a variety of markets or asset classes over time. However, there can be no assurance that any Client or Portfolio Fund will be able to establish or maintain such relationships. An inability to establish or maintain such relationships could create losses and may preclude those Clients or Portfolio Funds from engaging in certain transactions, financing, derivative transactions, and prime brokerage services, (together “**Counterparty Services**”) and prevent such Clients or Portfolio Funds from investing or trading at optimal rates and terms. Moreover, a disruption in the Counterparty Services provided by any such relationships before a Client or Portfolio Fund establishes additional relationships could have a significant impact on such Client's or Portfolio Fund's business prospects due to reliance on such counterparties.

Many of the markets in which the Clients or Portfolio Funds effect their transactions are “over-the-counter” or “interdealer” markets. The participants in such markets may not be subject to the same credit evaluation and regulatory oversight as are members of “exchange based” markets. To the extent a Client or Portfolio Fund invests in swaps, derivative or synthetic instruments, or other over-the-counter transactions, on these markets, such Client or Portfolio Fund may take a credit risk with regard to parties

with whom it trades and may also bear the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions which generally are backed by clearing organization guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered into directly between two counterparties generally do not benefit from such protections. This exposes the Client or Portfolio Fund 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 Client or Portfolio Fund to suffer a loss. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Client or Portfolio Fund has concentrated its transactions with a single or small group of counterparties. Clients and Portfolio Funds are not restricted from dealing with any particular counterparty or from concentrating any or all of their transactions with one counterparty. The ability of Clients and Portfolio Funds to transact business with any one or number of counterparties, the lack of any independent evaluation of such counterparties’ financial capabilities, and the absence of a regulated market to facilitate settlement may increase the potential for losses by Clients or Portfolio Funds. Magnitude, and Portfolio Managers indirectly, may use one or more prime brokers to hold Clients assets. Special risks exist if Client assets are held by a prime broker rather than a bank custodian. In the event a prime broker experiences severe financial difficulty, Client assets could be frozen and inaccessible for withdrawal or subsequent trading for an extended period of time while the prime broker’s business is liquidated, resulting in potential losses for Clients while positions cannot be traded. Furthermore, if such a prime broker’s pool of assets is determined to be insufficient to meet all claims, Clients could suffer losses.

Short Selling. Magnitude and the Portfolio Managers may engage in short selling on behalf of Clients and Portfolio Funds, respectively. Short selling involves selling securities that may or may not be owned, and borrowing the same securities for delivery to the purchaser with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from declines in market prices to the extent such declines exceed the transaction costs and the costs of borrowing the securities. A short sale creates the risk of an unlimited loss, as the price of the underlying security could theoretically increase without limit, thus increasing the cost 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. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

Use of Leverage and Borrowings. Certain Clients (e.g., MLI, MSI Vehicles, MTP Funds and the Systematic Funds) may incur portfolio-level leverage by directly or indirectly borrowing funds from counterparties on a regular basis. In addition, certain FOFs have credit facilities that are generally for short-term cash management purposes (e.g., in anticipation of additional investor subscriptions, to fund redemptions, or to take advantage of particular investment opportunities), the use of which lead such FOFs to operate with leverage from time to time. In addition, the FOFs invest in Portfolio Funds that incur varying levels of leverage. While leverage presents opportunities for increasing return, it has the effect of potentially increasing losses as well. Accordingly, any event that adversely affects the value of an investment would be magnified to the extent that the investment is levered. The use of leverage in adverse markets could result in losses that would be greater than if leverage were not employed.

Generally, borrowing money requires the posting of collateral with the counterparty that provides the leverage in amounts that may be changed by the counterparty. If a counterparty increases the amount of

collateral required to support the outstanding borrowings, the party incurring leverage might be forced to dispose of assets at times and prices that could be disadvantageous and result in substantial losses.

Non-U.S. Investments. Clients and Portfolio Funds may invest in securities of non-U.S. companies and foreign countries and in non-U.S. currencies. Investing in the securities of such companies and countries involves certain considerations not usually associated with investing in securities of U.S. companies or the U.S. Government. These include political and economic considerations, such as greater risks of expropriation and nationalization, confiscatory taxation, the potential difficulty of repatriating funds, general social, political and economic instability and adverse diplomatic developments; the possibility of imposition of withholding or other taxes on dividends, interest, capital gains, other income, or gross sale or disposition proceeds; the small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict Magnitude's and the Portfolio Managers' investment opportunities. In addition, accounting and financial reporting standards that prevail in foreign countries generally are not equivalent to U.S. standards and, consequently, less information may be available to investors in companies located in such countries than is available to investors in companies located in the U.S. Moreover, an issuer of securities may be domiciled in a country other than the country in whose currency the instrument is denominated. The values and relative yields of investments in the securities markets of different countries, and their associated risks, are expected to change independently of each other. In addition, there is generally less regulation of the securities markets in foreign countries than there is in the U.S.

Exchange Rate Risk. Generally, Clients' accounts are denominated in U.S. dollars. However, Clients, either directly or indirectly through Portfolio Funds, may make investments that are denominated in currencies other than U.S. dollars, and there may be no limits on the size or concentration of such investments. As a result, Clients may be exposed to currency risks, including the risk of fluctuations in the value of the applicable currency relative to the U.S. dollar. Such fluctuations in value could adversely affect rates of return experienced by Clients. Magnitude and/or the Portfolio Managers may or may not seek to hedge such exposures, and there can be no assurance that any such hedging would be feasible or, if undertaken, would reduce applicable risks. To the extent that Magnitude or the Portfolio Managers do hedge such exposures, Clients may also incur costs in connection with hedging against currency exposures and conversions between various currencies. Similarly, certain classes of Interests in the Investor Funds are denominated in currencies other than U.S. dollars ("**Non-USD Classes**"). Such Investor Funds may directly or indirectly hold investments denominated in U.S. dollars or in foreign currencies other than the currency denomination of the relevant Non-USD Classes. Although Magnitude attempts to hedge the exchange-rate risk associated with Non-USD Classes, doing so may be subject to many of the risks described above, and other risks. At times, the performance of Non-USD Classes may significantly deviate from the performance of classes of Interests in the same Investor Fund that are denominated in U.S. dollars, due to, among other things, unsuccessful hedging or currency and exchange-rate market conditions.

Trade Errors. Occasionally errors may occur with respect to trading in Client accounts. Magnitude has adopted a policy that seeks to identify and resolve material trade errors. In accordance with this policy, Magnitude will seek to ensure that Clients are treated in a manner that is consistent with Magnitude's policies and procedures, applicable law, and the fiduciary duties owed to such Client. In general, losses and expenses resulting from trade errors are generally borne by the relevant Client except to the extent

Magnitude is obligated to bear such losses or expenses under the Client's Governing Documents due to Magnitude's breach of the standard of care set forth therein. Magnitude has a conflict of interest in determining whether a trade error resulted from its violation of the applicable standard of care. Losses resulting from trade errors will reduce Client investment returns, in some cases by a material amount. Not all errors are covered by Magnitude's trade error policy. For example, the policy does not include Coding Errors (as defined below) as trade errors.

## ***2. Risks Associated with the Funds of Funds, Select Opportunities, and Magnitude Total Portfolio Strategies***

The following risks may apply to the Total Portfolio Strategy, the fund of funds and select opportunities investment strategies utilized by Magnitude.

Investment Strategies. The risks of the strategies employed by Magnitude and Portfolio Managers are substantial and cannot be fully described in this Brochure. Such risks include the possibility that Magnitude and Portfolio Managers may fail to estimate the correct value of financial instruments, the timing for correction of any such mistaken valuation, the volatility and pricing path of such instruments over time, and the risk that subsequent events may alter the value of such instruments. In building portfolios, Magnitude or the Portfolio Managers may fail to estimate correctly the prospective relationship among elements of the respective portfolios, leading to greater risk than intended. Strategies that are successful at one time may cease to be successful at another time or forever. Any of these risks could result in significant losses to Clients and investors.

Portfolio Manager Compensation. A fund of funds investment strategy involves investing assets in Portfolio Funds. Accordingly, Clients for which Magnitude employs this strategy generally will be subject to management fees and performance compensation payable or allocable to Magnitude and Clients' interests in Portfolio Funds generally will also be subject to management fees and performance compensation payable to Portfolio Managers. Performance compensation payable to Magnitude is based on investment gains of the applicable Client, generally above a high water mark (and, if applicable, a hurdle rate) and indirectly by a Portfolio Manager based on the investment gains of the Portfolio Fund managed by such Portfolio Manager, subject to the terms of the investment in the Portfolio Fund. Accordingly, a Client employing this strategy could indirectly be charged performance compensation by a Portfolio Manager even if the Client's overall performance is negative. Magnitude may also allocate a Client's capital to Portfolio Funds that themselves invest in other investment vehicles, thereby subjecting the Client to an additional level of expenses.

Speculative and Illiquid Nature of Investment. Investments in the Magnitude Funds should be considered speculative and involve substantial risk due to, among other things, the relatively illiquid nature of the Magnitude Funds' investments and the illiquidity of interests in the Magnitude Funds themselves. Investors should not expect near-term liquidity with respect to such investment, should be able to bear the financial risk of such investment for an indefinite period of time, and should be able to sustain the possible loss of the entire amount invested.

Limited Liquidity. Interests in Magnitude Funds are not freely transferrable and may not be sold, assigned, transferred, conveyed, or disposed of without Magnitude's prior consent. There is no public market for Interests, and no public market is expected to develop. Portfolio Fund investments are

generally subject to restrictions on sales and restrictive redemption terms (e.g., lock-ups, redemption fees, suspension of redemptions, or “side pocketing” of positions) that may not match the redemption terms associated with Interests of the Magnitude Funds. This could limit the ability of investors to timely redeem their Interests in the Magnitude Funds. In addition, the Magnitude Funds invest a portion of their assets in illiquid or long-term Portfolio Fund investments, such as “side pocket” positions, interests in liquidating special purpose vehicles, closed-end investment vehicles, and other interests in private, restricted, or otherwise illiquid securities that lack contractual redemption rights or other near-term sources of liquidity. There can be no assurance that the Magnitude Funds will be able to dispose of such illiquid positions at attractive prices, or otherwise.

SOF Funds currently do not offer regular redemption or withdrawal rights to investors. Investments held by SOF Funds may be held indefinitely—until Magnitude has an opportunity to dispose of such investments at a favorable value.

Competition; Limited Availability of Investments; Dilutions. The markets in which the FOFs and Portfolio Funds invest are competitive for investment opportunities. Over time, such competition tends to reduce expected risk-adjusted investment returns. There can be no assurance that the FOFs or Portfolio Funds will be able to identify or successfully pursue attractive investment opportunities in competitive environments. Furthermore, certain of the Portfolio Funds in which the FOFs directly or indirectly (including without limitation, through MSI Vehicles) invest are or may be closed to additional capital. Accordingly, the FOFs may be unable to invest (in whole or in part) in the investment opportunities that Magnitude believes are most attractive.

In addition, investors’ indirect investment exposure—through the Investor Funds’ investments in the Master Funds and indirectly, MSI Vehicles—to Portfolio Funds that are closed to new investment may be diluted. This may occur because Investor Funds are or may be continuously offering Interests therein. In addition, Magnitude may establish, sponsor, and/or manage new investment funds, accounts, or vehicles in the future that are offered to third-party investors or clients and invest all or part of their assets in the Master Funds (collectively, “**New Third-Party Vehicles**”). Accordingly, new capital flowing into the Investor Funds or investments in the Master Funds by New Third-Party Vehicles would increase the amount of the Master Funds’ capital, absent offsetting redemptions. Such growth by the Master Funds may dilute the indirect investment exposure of existing investors in the Investor Funds to those limited investment opportunities held by the Master Funds, MSI Vehicles and/or other Magnitude Funds. This may adversely impact the investment returns of such existing investors.

Dependence on Portfolio Managers. Magnitude primarily invests assets of the FOFs with Portfolio Managers. Thus, the success of the FOFs depends primarily upon the ability of Portfolio Managers to develop and implement investment strategies that achieve their respective Portfolio Funds’ investment objectives. Investments in Portfolio Funds carry additional risks including, but not limited to, potential lack of diversification, lack of transparency, reliance on Portfolio Managers for performance information, investment “style drift,” and dependence on key personnel of the Portfolio Managers.

Concentration of Investments in Portfolio Funds. While Magnitude may seek to diversify the assets of the FOFs through investments with various Portfolio Funds, there are no restrictions on the amount of assets that may be indirectly invested through various Portfolio Funds in a particular market sector or type of security. At any given time, it is therefore possible that Magnitude may select Portfolio Funds that will

cause one or more FOFs' portfolios to be concentrated in a particular market, sector, or industry, or in a limited number or type of securities. This could expose the FOFs to losses disproportionate to broader market movements.

As disclosed in their Fund Documents, the SOF Funds are invested in a single Portfolio Fund, which is highly illiquid.

Valuation. Interests in Portfolio Funds will generally be valued in accordance with the valuations provided by such Portfolio Funds or their administrators. These valuations will typically be based on unaudited financial records and may therefore be subject to adjustment. The Magnitude Funds charge fees to investors based on these valuations. If an investor redeems from a Magnitude Fund, subsequent adjustments to valuations of one or more Portfolio Funds may occur. There is a risk that such redeeming investor may receive an amount upon redemption that is less than the amount such investor would have received on the basis of the adjusted valuation.

In certain circumstances, Magnitude may determine that an adjustment to the valuation of a Portfolio Fund may be appropriate, and in such cases, the relevant Magnitude Funds may use the services of a third-party valuation specialist in determining the fair value of such Portfolio Fund. There can be no assurances that any adjustment to the valuation of any Portfolio Fund will be accurate due to a variety of factors, including limited information available to the third-party valuation specialist. Valuations may rely in whole or in part on subjective judgments.

Commingled MSI Vehicles. Magnitude invests a portion of the Master Funds' assets in Portfolio Funds structured as managed accounts—held in an MSI Vehicle—which are managed by Magnitude and sub-advised by third-party Portfolio Managers. Currently, most managed accounts are held in a single, commingled MSI Vehicle for which its investors generally have pro rata exposure to gains and losses. Accordingly, the assets and liabilities of such managed accounts are not legally segregated from each other. Magnitude believes that this commingled structure can provide operational efficiencies for managed accounts and provide for more creditworthy MSI Vehicles, which Magnitude believes can permit such managed accounts to obtain more beneficial financing terms. In such structures, the assets of each managed account that are held by a broker or derivative counterparty will be pledged as collateral to secure all borrowings by such commingled MSI Vehicle from such broker or counterparty. A change in the asset class, value, credit quality, or other characteristics of the assets and liabilities in a single managed account could cause the commingled MSI Vehicle to default under its agreements with a broker or counterparty. For example, a precipitous decline in the value of the assets of one managed account could cause a margin call that the commingled MSI Vehicle is unable to satisfy. If the commingled MSI Vehicle defaults, such broker or counterparty would typically obtain the discretionary authority to close positions and liquidate collateral pledged to that broker or counterparty by such MSI Vehicle, potentially causing substantial losses for all managed account assets in such MSI Vehicle maintained with such broker or counterparty. In addition, if a commingled MSI Vehicle defaults under one such agreement, other brokers or counterparties that transact with such commingled MSI Vehicle may gain similar rights to liquidate collateral and close positions due to cross-default provisions, which could lead to a rapid liquidation of all or a portion of all managed accounts held within such MSI Vehicle, potentially resulting in substantial losses to the Master Funds.

In addition to the commingled MSI Vehicles described above, Magnitude has established other MSI Vehicles, each of which holds a single managed account. In such MSI Vehicles, the assets and liabilities of such managed account are segregated from managed accounts held in other MSI Vehicles. Magnitude may in the future establish additional MSI Vehicles structured in this manner. The Master Funds will bear their proportionate share of the costs and expenses associated with the establishment and ongoing operation of such vehicles.

The Master Funds and any other Magnitude Funds that invest in MSI Vehicles (collectively, “**Participating Funds**”) generally will participate in gains and losses from managed accounts held in commingled MSI Vehicles on a pro rata basis by capital contributed. The relevant Participating Funds may have differing investments, strategies, or risk monitoring thresholds and desire differing allocations to managed accounts held within a given commingled MSI Vehicle. At times, a Participating Fund may want to make incremental investments in one or more managed accounts (“**Add-On Investments**”) that would not be suitable for other Participating Funds invested in that commingled MSI Vehicle. Furthermore, a Participating Fund may want to invest in one or more managed accounts or other investments in which other Participating Funds will not participate at all (“**Limited Investments**”). Magnitude may permit Add-On Investments, Limited Investments, or both to be held in a commingled MSI Vehicle. If they exist, Add-On Investments and Limited Investments will change the aggregate risk profile and borrowing level of the commingled MSI Vehicle that holds these investments. If Add-On Investments or Limited Investments exist in a commingled MSI Vehicle, no single Participating Fund’s risk profile will be identical to the risks of the entire commingled MSI Vehicle. As a result, it is possible that a Participating Fund could bear losses attributable to managed accounts to which it did not have (or to which it had less) exposure.

Investment and Due Diligence Process. Magnitude conducts initial and ongoing investment and operational due diligence with respect to Portfolio Funds (and their Portfolio Managers) in which it expects to invest or has invested. Magnitude conducts such due diligence as it deems reasonable and appropriate based on the facts and circumstances applicable to each actual or prospective investment. When conducting due diligence, Magnitude may be required to evaluate important and complex business, operational, financial, tax, accounting, and legal issues. In conducting due diligence and making an assessment regarding an investment, Magnitude will rely on the resources reasonably available to it, which in some circumstances, whether or not known to Magnitude at the time, may not be sufficient, accurate, complete, or reliable. Due diligence may not reveal or highlight matters that could have a material adverse effect on the value of an investment in a Portfolio Fund.

Co-Investments. While it is Magnitude’s policy to allocate investment opportunities among the Magnitude Funds on a fair and equitable basis, Magnitude may determine that certain investment opportunities that may be appropriate for any Magnitude Fund should not be allocated in their entirety to any Magnitude Fund based on such factors deemed relevant by Magnitude. In such instances, Magnitude may (but is not required to) offer for investment any unallocated portions of such opportunities to one or more investors in the Magnitude Funds, one or more parties affiliated with Magnitude, or such other parties as are selected by Magnitude. Magnitude has no obligation to offer any such investment opportunity to any investor by virtue of its investment in any Magnitude Fund. Investors participating in such investment opportunities may either invest directly in such investment opportunities or through vehicles managed by or otherwise affiliated with Magnitude (“**Co-Investment Vehicles**”). Further, such investors, including, without limitation any Co-Investment Vehicles, may invest (i) directly in a particular

investment opportunity alongside the relevant Magnitude Funds, or (ii) in an investment vehicle together with other Magnitude Funds, which vehicle in turn, invests in the investment opportunity. The fees, other compensation, and terms of any investment in a Co-Investment Vehicle may differ from the fees, other compensation, or terms of an investment in any Magnitude Fund.

“Master-Feeder” Structure. The Investor Funds may indirectly invest all or part of their investable assets in the investment programs of the Master Funds. This “master-feeder” structure, and in particular the existence of multiple Investor Funds investing in the same portfolio, may pose certain risks to investors. The Master Funds may undertake, or refrain from undertaking, an investment that is more favorable to one Investor Fund than it is to another. A smaller Investor Fund investing in a Master Fund may be materially affected by the actions of a larger Investor Fund investing in a Master Fund. If a larger Investor Fund redeems all or a large portion of its capital from a Master Fund, the remaining Investor Funds may experience higher pro rata operating expenses, thereby producing lower returns. A Master Fund may become less diverse due to redemptions by a larger Investor Fund, resulting in increased portfolio risk. Each Master Fund is a separate entity, and thus, a creditor of any Master Fund may enforce claims against all assets of such Master Fund. Further, additional administrative costs and expenses are associated with investing through the Master Funds. The foregoing risks may also apply to the Magnitude Funds’ investments in Portfolio Funds, which may also employ master-feeder structures.

#### ***4. Risks Associated with Magnitude Systematic Strategies***

The following risks may apply to some or all of the Magnitude Systematic Strategies.

Limited Experience. Magnitude has limited experience managing the existing Magnitude Systematic Strategies. Moreover, there can be no assurance that the Magnitude Systematic Strategies will prove successful or further, that the Systematic Funds will not experience significant losses.

Restricted and Excluded Managers; MPR Resources Not Exclusive to Magnitude Systematic Strategies. The Magnitude Systematic Strategies rely, in part, on the Manager Edge Signal, which seeks to outperform the investment performance of portfolios consisting of certain securities or other instruments that Magnitude believes are or were held by Managers based on publicly-available data from regulatory filings and/or commercial databases (each, a “**Replication Portfolio**”). Managers whose Replication Portfolios are included in the implementation of the Magnitude Systematic Strategies are referred to as “**Included Managers.**”

In order to avoid or mitigate actual or potential conflicts of interest with the FOFs, Magnitude has instituted certain policies that result in the exclusion or removal of certain Managers from the Replication Portfolios that would otherwise be eligible as Included Managers:

- The Replication Portfolios of Managers whose funds or accounts are included in one or more of the FOFs (“**FOF Managers**”) generally will not be eligible for the Magnitude Systematic Strategies while one or more FOFs is invested in such FOF Managers’ funds or accounts and for a period of two years thereafter. Similarly, Magnitude may enter into confidentiality or other contractual arrangements with Managers that prevent such Managers’ Replication Portfolios from being included in the implementation of the Systematic Funds (such Managers together with the FOF Managers, “**Restricted Managers**”).



- If any Included Manager becomes a Restricted Manager, Magnitude expects to take the following actions on behalf of the applicable Systematic Funds: (a) cease making new investments based on the Replication Portfolio of such Restricted Manager, (b) in the ordinary course, sell the securities attributable to such Restricted Manager's Replication Portfolio, and (c) in the next Manager selection cycle, exclude the Restricted Manager from such strategies going forward.

These actions may have a material adverse impact on the Systematic Funds.

The MPR team is responsible for the day-to-day development and management of the Magnitude Systematic Strategies. The MPR team has in the past and may in the future conduct research and analysis and build models and other tools for other groups within Magnitude, including the FOFs Investment Committee (as defined below), which is responsible for, among other things, management of the FOFs. Such research, analysis, models, and other tools may use similar data sets and models as those used for the development and implementation of the Magnitude Systematic Strategies. Additionally, the Co-Founders serve as the co-chairs and only members of the MPR Investment Committee (as defined below), which is responsible for, among other things, oversight over the development and implementation of the Magnitude Systematic Strategies. Accordingly, the Co-Founders have access to substantial amounts of information regarding Included Managers. These other responsibilities of the MPR group, along with the overlapping investment committee membership, may increase the likelihood that a Manager, which would otherwise be classified as an Included Manager, becomes classified as a Restricted Manager, or that a Manager's status changes from being an Included Manager to a Restricted Manager. This may be exacerbated because the FOFs generally pay higher fees or other compensation to Magnitude than the fees Magnitude receives for services to the Systematic Funds, and thus, could incentivize Magnitude to classify highly-desirable Managers as Restricted Managers for the benefit of the FOFs.

Shared Strategies and Shared Tools. Magnitude may employ one or more Magnitude Systematic Strategies similar strategies in whole or in part, for one or more Clients (such strategies, "**Shared Strategies**," and such Clients, "**Shared Strategy Clients**"). The identity, number, and relative priority of Shared Strategy Clients that participate in a Shared Strategy may vary materially over time. The amount (whether relative or absolute) of each Shared Strategy Client's capital invested using a particular Shared Strategy may differ from the amount of any other Shared Strategy Client's capital invested using such Shared Strategy, and it is also possible that one Shared Strategy Client could take a different directional position relative to another Shared Strategy Client in the same instrument at any point in time due to changes in a given trading opportunity, differences in each Shared Strategy Client's desired exposure, and/or determinations made by Magnitude. Thus, the returns experienced by one Shared Strategy Client in connection with a Shared Strategy may differ materially from those experienced by another Shared Strategy Client employing the same or similar Shared Strategy. Further, employing Shared Strategies on behalf of multiple Shared Strategy Clients may cause such Shared Strategy Clients to acquire and/or liquidate investments at less favorable prices, and may reduce the amount of capital each Shared Strategy Client is able to invest successfully. Furthermore, even where Magnitude does not employ shared strategies for multiple Clients, Magnitude may use some or all of the Quantitative Models and other tools, forecasting methods, and/or techniques ("**Shared Tools**") in the management of other Clients. The use of Shared Tools among Clients may expose the Systematic Funds to substantially the same risks as the use of shared strategies by one or more Shared Strategy Clients.

Form 13F Filings and Public Data Risk. The Manager Edge Signal, used as part of the Magnitude Systematic Strategies relies on, among other things, data obtained from publicly-available Form 13F filings (such filings, “**Form 13F Filings**”). Form 13F Filings are made with the U.S. Securities and Exchange Commission and made publicly available on a quarterly basis by institutional asset managers who had investment discretion over \$100 million or more in “Section 13(f) securities,” as defined in Section 13 of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”) on the last trading day of any month during the prior calendar quarter (such managers, “**13F Filers**”). Form 13F Filings may be filed up to 45 days after the end of the calendar quarter, rendering certain information disclosed in such filings stale. Accordingly, a 13F Filer may have already exited positions disclosed on a Form 13F Filing by the time the holdings data is available to Magnitude. Further, Form 13F Filings disclose only a subset of a particular 13F Filer’s holdings because the information required to be reported on Form 13F is generally limited to U.S. listed equity securities and options. Accordingly, Form 13F Filings do not include any of the following, which may be part of 13F Filers’ investment portfolios: (i) short positions, (ii) unlisted or privately placed securities, (iii) non-U.S. securities (other than certain American Depositary Receipts (ADRs)), (iv) fixed income securities (other than U.S. listed convertibles), or (v) derivative instruments, including those that may give managers exposure to U.S. equity securities (other than listed options on U.S. securities) or that may be used in combination with the positions listed in the 13F filing as a hedge or a single leg of a multi-leg transaction. In addition, data disclosed on Form 13F is not broken out by the 13F Filer’s underlying funds or strategies, so it may not be possible to attribute the holdings of a 13F Filer with multiple strategies to any individual strategy. Finally, in limited circumstances some 13F Filers may receive confidential treatment for certain positions that would otherwise be required to be reported. As a result of the foregoing, a Form 13F Filing generally does not provide a complete picture of the holdings of a given 13F Filer. Further, because Form 13F Filings are publicly available, it is possible that other investors are also monitoring these filings and investing in a similar manner at similar times, which could result in inflation of the share price of securities held in Systematic Funds or other price distortions for such securities.

Reliance on Third Parties. The Magnitude Systematic Strategies rely on data or support obtained from third parties (collectively, “**Third Parties**”). In particular, the Magnitude Systematic Strategies may rely on data obtained from one or more Third Parties that are commercial databases (together, “**Commercial Databases**”). Further, the data Magnitude obtains from Commercial Databases may be portfolio holdings or other data provided by Managers to the Commercial Databases on a voluntary basis (such data, “**Voluntary Data**”). Unlike certain information required to be disclosed by Managers in regulatory filings—for which Managers have a legal obligation to provide accurate information—Voluntary Data may not necessarily provide the same level of accuracy. Furthermore, there may be certain biases with respect to Managers that are willing to provide Voluntary Data to Commercial Databases, which could skew selection of Managers for the Magnitude Systematic Strategies that rely on Voluntary Data. Although, Magnitude believes that data from Third Parties (including but not limited to, Voluntary Data) used in connection with the Magnitude Systematic Strategies is reasonably reliable, Magnitude cannot, and does not, verify the accuracy of the information. Inaccurate data obtained from Third Parties could have a material adverse effect on the Magnitude Systematic Strategies. Furthermore, a disruption in the services provided by Third Parties (including without limitation, Commercial Databases), or a Manager’s discontinuation of providing Voluntary Data to Commercial Databases, could potentially have a material adverse effect on the applicable Magnitude Systematic Strategies.

Coding Errors. The Magnitude Systematic Models, as well as software and hardware provided by Third Parties may have errors, omissions, imperfections, and malfunctions (collectively, “**Coding Errors**”). Coding Errors in Third Parties’ hardware and software are generally entirely outside of the control of Magnitude. With respect to the Magnitude Systematic Models, Magnitude will seek to reduce the incidence and impact of Coding Errors through internal testing and monitoring and the use of independent safeguards. Despite such testing, monitoring and independent safeguards, these Coding Errors may result in, among other things, the execution of unanticipated trades, the failure to execute anticipated trades, the failure to properly allocate trades, the failure to properly organize available data, and the failure to take other actions—all of which may have material adverse effect on the Systematic Funds. Coding Errors are often extremely difficult to detect. Regardless of how difficult their detection appears in retrospect, some Coding Errors can go undetected for long periods of time and some may never be detected. The degradation or impact caused by these Coding Errors can compound over time. Magnitude may detect certain Coding Errors that it chooses, in its sole discretion, not to address or fix. While Magnitude will not perform a materiality analysis on the vast majority of discovered Coding Errors, Magnitude believes that the testing and monitoring performed on the Magnitude Systematic Models will enable it to identify and address those Coding Errors that a prudent person managing a process-driven, semi-systematic and computerized investment program would identify and address by correcting the Coding Errors, generally or in a particular application. In addition, Magnitude may from time to time seek to improve the Magnitude Systematic Models through changes and improvements to such models which may require trial and error over the course of time, resulting in inherent costs whether or not such improvements result from actual Coding Errors. Magnitude does not seek to distinguish between such process improvements and Coding Errors. Coding Errors and their ensuing risks are an inherent part of Magnitude’s management of the Systematic Funds. Accordingly, Magnitude does not expect to disclose discovered Coding Errors to the Systematic Funds.

Derivative Instruments. The Systematic Funds may utilize derivative instruments, including exchange traded and over-the-counter options, swaps, contracts-for-differences and other derivative instruments. Swaps, options, and other derivative instruments are inherently risky and speculative instruments that are subject to various types of risks, including market risk, liquidity risk, and counterparty risk related to the counterparty’s financial soundness, credit worthiness, operations risk, legal risk, and potential non-performance. The use of such instruments entails various risks, including liquidity and leverage risks. These derivative instruments may be purchased or sold by the Systematic Funds in privately negotiated principal-to-principal transactions in which performance is the responsibility of the individual counterparty and not an organized exchange or clearinghouse. The risk of non-performance by the counterparty in such transactions may be greater and the ease with which the investing Systematic Fund can dispose of or enter into off-setting positions with respect to such transactions may be less than in the case of exchange-traded instruments. Other risks include the risk of mispricing or improper valuation of such derivatives and the inability of such derivatives to correlate perfectly with underlying assets. Many derivatives, in particular, privately negotiated derivatives, are complex and may be valued subjectively. Improper valuations can result in increased payments to counterparties or a loss of value to the Systematic Funds. Such transactions are also not subject to the same type of government regulation as exchange-traded instruments, and therefore many of the protections afforded to participants in a regulated environment may not be available. Derivative products are highly specialized instruments that require investment techniques and risk analyses different from those associated with other types of securities, and therefore also present certain operational risks. These risks could cause material underperformance by, or material losses to, the Systematic Funds.

Competition. Magnitude operates in extremely competitive financial markets. It is certain that some competitors are attempting to use data sources and models similar to those used in the Magnitude Systematic Strategies to identify profitable investment strategies. While Magnitude believes that some elements of its overall suite of data and models are novel and/or hard to replicate, it cannot be certain. It is possible that there will be attempts by other market participants to misappropriate, replicate, or reverse engineer some or all of the novel strategies or models developed by Magnitude. Magnitude has taken certain measures to mitigate risk regarding theft or misappropriation of its confidential and proprietary information and models. Nevertheless, the ongoing competition for profitable strategies and potential overlap in trading and techniques may reduce the opportunities available to the Systematic Funds to generate returns or effectively hedge the Systematic Funds' portfolios. This risk could cause material underperformance by, or material losses to, the Systematic Funds.

Speculative and Illiquid Nature of Investment. Shares of the Systematic L/S Fund are not freely transferrable and may not be sold, assigned, transferred, conveyed, or disposed of without Magnitude's prior consent. There is no public market for, and no public market is expected to develop, for shares of the Systematic L/S Fund. Investments in the Systematic L/S Fund should be considered speculative due to the illiquidity of the fund's shares. Investors should not expect near-term liquidity with respect to such investment, should be able to bear the financial risk of such investment for an indefinite period of time, and should be able to sustain the possible loss of the entire amount invested.

### ***5. Risks Associated with Total Portfolio Strategy***

The following risks may apply to Total Portfolio Strategy.

Portfolio Construction; Optimizer Risks. The Total Portfolio Strategy relies heavily on a quantitative portfolio optimizer developed by Magnitude (the "**Optimizer**"). The Optimizer was developed through substantial modeling and backtesting, including an iterative process of applying various calculations and data over a substantial period of time. Magnitude developed the Optimizer by evaluating data from a small set of potential investment products before narrowing the Optimizer down to a subset of investment products. In connection with that process, along with other aspects of the modeling and backtesting, Magnitude made a number of substantial, subjective determinations and assumptions. One or more of those subjective determinations or assumptions could result in the Optimizer containing material flaws. Further, the Total Portfolio Strategy may be revised and refined from time to time in light of future market conditions and developments. Therefore, the application of the Optimizer in connection with implementing the Total Portfolio Strategy may be guided by an approach that is different from the approach applied in creating the original Optimizer. Magnitude may not accurately and adequately gauge the impact of future market conditions and developments in the course of refining its approach, and in turn, the Optimizer, over time. Thus, there can be no guarantee that refinements of the approach and the Optimizer will lead to success in the future. Further, in developing the Total Portfolio Strategy, Magnitude included one of the FOFs as a component in the Optimizer and in Client accounts (e.g., the MTP Funds) using the Total Portfolio Strategy. However, if Magnitude selected another, unaffiliated investment product (e.g., a fund of hedge funds managed by a third-party asset manager or an entirely different kind of product), performance for the Total Portfolio Strategy could potentially increase.

ETFs. The Total Portfolio Strategy may include substantial investments in ETFs or other exchange-traded products (e.g., exchange-traded notes), which are generally shares of publicly-traded unit investment trusts, open-end funds, or depository receipts that seek to track the performance and dividend yield of specific indexes or companies in related industries. These indexes may be either broad-based, sector-specific, or country- or region-specific. However, ETF shareholders are generally subject to the same risk as holders of the underlying financial instruments they are designed to track. ETFs are also subject to certain additional risks, including, without limitation, the risk that their prices may not correlate perfectly with changes in the prices of the underlying financial instruments they are designed to track, the risk that there may not be a liquid market for the ETF when the holder wishes to sell, and the risk of trading in an ETF halting due to market conditions or other reasons, based on the policies of the exchange upon which the ETF trades. In addition, ETFs are subject to fees and expenses, which combined with the fees, compensation, and expenses associated with Client accounts, may reduce investment returns.

\* \* \* \* \*

THE FOREGOING LIST OF RISKS DOES NOT PURPORT TO BE A COMPLETE EXPLANATION OF THE RISKS ASSOCIATED WITH ANY OF THE INVESTMENT STRATEGIES EMPLOYED BY MAGNITUDE. ACTUAL AND PROSPECTIVE INVESTORS OR CLIENTS SHOULD READ THE APPLICABLE GOVERNING DOCUMENTS AND CONSULT WITH THEIR FINANCIAL, LEGAL, AND TAX ADVISORS BEFORE DECIDING TO INVEST.

## **VIII. DISCIPLINARY INFORMATION**

There have been no legal or disciplinary findings against Magnitude or its principals in the past 10 years that would be material to an investor's or Client's evaluation of Magnitude in deciding whether or not to invest in a Magnitude Fund or otherwise invest with Magnitude.

## **IX. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Magnitude believes that relationships with other financial industry firms and their representatives may pose potential conflicts of interest that Magnitude seeks to identify and address.

Some investors in the Magnitude Funds are persons associated with Portfolio Managers with which Magnitude Funds invest. In addition, Magnitude personnel may have personal relationships with personnel of such Portfolio Managers. Magnitude seeks to mitigate any potential conflicts of interest arising from these relationships by disclosing specific conflicts to its portfolio management team and by reasonably determining that investment decisions are made in the best interests of the Magnitude Funds without consideration of the noted relationships.

## **X. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS, AND PERSONAL TRADING**

Magnitude maintains and enforces a written code of ethics (the "Code") that is applicable to all individuals who are considered "supervised persons" according to applicable regulations. The Code is designed to communicate Magnitude's culture with respect to compliance and to address how potential conflicts of interest should be handled. The Code is also intended to guide Magnitude's supervised

persons in their efforts to comply with legal and regulatory requirements. Magnitude's supervised persons are expected to hold themselves to high ethical standards and have a duty to act in the best interests of Clients.

Magnitude's Code requires Magnitude and its supervised persons to:

- (i) Comply with the spirit and the letter of the U.S. federal securities laws and the rules governing the capital markets;
- (ii) Act with competence, dignity, integrity, and in an ethical manner when dealing with actual or prospective Clients, actual or prospective investors in the Magnitude Funds, the public, third-party service providers, fellow supervised persons, and other persons with whom Magnitude does business;
- (iii) Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, making investments on behalf of Clients, promoting Magnitude's services, and engaging in other professional activities;
- (iv) Adhere to the highest standards with respect to potential conflicts of interest with or among Clients;
- (v) Act in the best interests of Clients subject to appropriate disclosure standards; and
- (vi) Report violations of the Code to appropriate supervisory personnel.

Magnitude's supervised persons are also required to follow certain rules regarding trading in their personal securities accounts. These rules include:

- (i) A requirement to obtain pre-clearance of certain transactions in securities or commodity futures (including those involving private placements, public equities, and certain other financial instruments);
- (ii) An expectation to avoid frequent trading in personal securities accounts; and
- (iii) A requirement to provide initial, quarterly, and annual personal securities reports of holdings and transactions to Magnitude's Chief Compliance Officer ("CCO"), Andrew H. Messinger.

Magnitude reviews personal trading to monitor for potentially improper transactions.

Conflicts of interest may exist among various individuals and entities, including Magnitude, employees and/or supervised persons, Clients, and current or prospective Clients or investors in Magnitude Funds. Magnitude's policies and procedures have been reasonably designed to identify and properly disclose, mitigate, or eliminate applicable conflicts of interest, as appropriate. However, written policies and procedures cannot address every potential conflict, so supervised persons must use good judgment in identifying and responding appropriately to actual or potential conflicts. Conflicts of interest that involve Magnitude (or its supervised persons) and Clients or investors will generally be resolved in a way that favors the interests of the Clients or investors over the interests of Magnitude or its supervised persons, except as appropriately disclosed to applicable Clients or investors.

Magnitude has additional policies and procedures designed to address other potential regulatory and conflict of interest issues supervised persons might face. These topics include, among other things:

- (i) Insider trading laws;
- (ii) Political contributions;

- (iii) Gifts and entertainment; and
- (iv) Outside business activities.

## **XI. BROKERAGE PRACTICES**

### **A. FOFs and SOF Funds**

The FOFs invest a substantial portion of their assets directly or indirectly in privately-offered Portfolio Funds through direct transactions with such funds (or their Portfolio Managers) without using a broker. However, Magnitude may engage in direct investment transactions using brokers on behalf of the FOFs. For example, Magnitude may use brokers to (i) purchase interests in Portfolio Funds in the secondary market, and (ii) to purchase treasury securities or money market funds for cash management purposes. As noted above, Magnitude also processes conversion and hedging foreign exchange transactions with counterparties in connection with the Non-USD Classes of certain Investor Funds.

In the instances where Magnitude uses a broker to effect a transaction in a privately-offered Portfolio Fund, Magnitude considers financial stability and reputation of the broker and the broker's execution capabilities and may consider services that would enhance Magnitude's investment research and portfolio management capability. If the amount of commission or fee charged by a broker is reasonable in relation to the value of the brokerage functions and services provided by such broker, Magnitude may effect brokerage transactions with such broker notwithstanding the fact that such broker may charge higher commissions or fees than another broker. It is Magnitude's policy, consistent with investment considerations, to seek the most favorable execution for brokerage orders, taking into account the price and levels of the services provided.

Due to the limited trading activity of FOFs and the fact that Magnitude invests a substantial portion of the FOFs' assets in primary transactions with Portfolio Funds, Magnitude does not frequently have the opportunity to aggregate orders for securities on behalf of the FOFs. Magnitude aggregates orders when it has the opportunity to do so and aggregation would provide materially better terms for the FOFs.

As noted above, the SOF Funds hold a single investment in a Portfolio Fund and upon the full realization of such investment, the SOF Funds will be wound down. Accordingly, Magnitude does not expect to engage in any brokerage transactions for the SOF Funds.

### **B. MSI Vehicles**

Magnitude has selected certain broker-dealers, ISDA counterparties, and futures commission merchants (collectively, "**Brokerage Firms**") to provide prime brokerage, derivatives counterparty, and futures account relationships for the MSI Vehicles. In addition, Magnitude conducts hedging activity in the MSI Vehicles through accounts with certain Brokerage Firms. Magnitude periodically assesses and makes determinations that the compensation paid by the MSI Vehicles to these Brokerage Firms is reasonable in light of the overall quality of the services provided.

Portfolio Managers who trade in accounts held by MSI Vehicles are typically permitted to select executing brokers. Such Portfolio Managers are fiduciaries with a duty to seek best execution in the accounts that they manage for the MSI Vehicles. Magnitude may attempt to obtain contractual covenants from Portfolio Managers to seek to obtain best execution or perform independent reviews of execution quality obtained by Portfolio Managers if it believes such steps are necessary or prudent. Securities or derivative transactions executed by Portfolio Managers within accounts held by the MSI Vehicles

typically generate brokerage commissions and other forms of compensation, all of which will be paid by the MSI Vehicle; not the Portfolio Manager. Such transactions may also generate “soft dollars,” which may be allocated by the Portfolio Managers at their discretion, including allocations to pay for products or services shared among Portfolio Managers clients (including clients other than the MSI Vehicles).

### C. Direct Trading Clients

Transactions executed by Magnitude on behalf of MTPM and the Systematic Funds (collectively, “**Direct Trading Clients**”) are allocated to Brokerage Firms in light of the overall quality of brokerage, prime brokerage, financing, and other services provided by such firms. Magnitude is authorized to determine the Brokerage Firm to be used for each securities transaction for its Direct Trading Clients. In selecting Brokerage Firms to execute transactions for its Direct Trading Clients, Magnitude is not required to solicit competitive bids and does not have an obligation to seek the lowest available commission or other transaction cost. Magnitude may take various factors into account when placing orders with Brokerage Firms for its Direct Trading Clients, such as: the character of the market for the security (price, volatility, relative liquidity and pressure on available communications); the size and type of transaction; the terms and conditions of the order; the type of financial instruments in question; the accessibility of the quotation; and the execution venues on which an order can be executed.

In selecting Brokerage Firms and negotiating commission rates and other transaction costs, Magnitude generally will take into account, among other things, overall execution capabilities, responsiveness, the financial stability and reputation of Brokerage Firms and the nature and quality of the research, brokerage, and/or other services provided to Magnitude by Brokerage Firms. Magnitude may place transactions with a Brokerage Firm that (i) provides it (or an affiliate) with the opportunity to participate in capital introduction events sponsored by the broker-dealer or (ii) refers investors to the Direct Trading Clients or other Clients, if otherwise consistent with Magnitude’s obligation to seek best execution, provided Magnitude is not selecting the Brokerage Firm solely in recognition of the opportunity to participate in such capital introduction events or the referral of investors or Clients. The selection of a Brokerage Firm (including prime brokers) to execute transactions, provide financing and securities on loan, hold cash and short balances, and provide other services may be influenced by, among other things, the provision by the broker of the following: capital introduction; marketing assistance; consulting with respect to technology, operations and equipment; commitment of capital; access to company management; and access to deal flow. Magnitude has discretion in deciding which Brokerage Firms to use for Direct Trading Clients and in negotiating the rates of compensation a Direct Trading Client will pay. Although Magnitude will make a good faith determination that the amount of commissions or other transaction costs paid to a Brokerage Firm is reasonable in light of the products or services provided by such firm, commission rates are generally negotiable. Thus, selecting Brokerage Firms on the basis of considerations that are not limited to the applicable commission rates may result in higher transaction costs than would otherwise be obtainable.

Magnitude may address potential conflicts of interest that stem from the selection of Brokerage Firms in a number of ways. This may include periodically reviewing arrangements with Brokerage Firms and/or evaluating each Brokerage Firm’s performance in a variety of categories, which may (but are not required to include) without limitation: execution capabilities, reputation, access to or expertise in the markets for the securities or other instruments being traded, the amount of commissions or other transaction costs, the quality of execution, and the experience and financial stability of the firm, the availability of stock loans,



the breadth of investment products made available, the quality of service, the familiarity both with investment practices generally and the techniques employed by Magnitude, the research and analytic services and clearing and settlement capabilities, the capability to facilitate transfers and payments to and from accounts, and the availability of other products and services, subject at all times to principles of seeking to provide best execution.

#### **D. Soft Dollar Arrangements**

Magnitude does not currently participate in “soft dollar” arrangements—i.e., any arrangements where commissions generated by securities transactions executed by Magnitude on behalf of any Client are used to obtain research and brokerage services from third parties that constitute research and brokerage within the meaning of Section 28(e) of the Exchange Act (the “**Safe Harbor**”), but may do so in the future. The Safe Harbor permits an investment manager to use commissions (or “soft dollar” arrangements) to obtain research and brokerage services that provide lawful and appropriate assistance in the investment decision-making process. To the extent Magnitude does participate in soft dollar arrangements in the future, it generally expects to limit the use of soft dollars to obtain services that constitute research and brokerage within the Safe Harbor. In addition, in the future Magnitude may receive proprietary research from broker-dealers that execute transactions on behalf of Clients and may utilize such research for such Clients and/or for other Clients.

While Magnitude does not currently participate in soft dollar arrangements, some of the Portfolio Managers that the Magnitude Funds invest with—either through investments in the corresponding Portfolio Funds or through managed accounts via the MSI Vehicles—do use soft dollars. Such Portfolio Managers may use soft dollars in accordance with the Safe Harbor or outside of the Safe Harbor. (Please refer to Section XI.B above.)

#### **E. Order Aggregation**

When portfolio decisions are made contemporaneously for Direct Trading Clients in the same instrument Magnitude may, if consistent with (i) market conditions; (ii) the characteristics of Direct Trading Clients; and (iii) applicable law, bunch or aggregate orders for execution for Direct Trading Clients (including orders for the Systematic Proprietary Fund and other Clients in which Magnitude, its related persons, and/or its personnel have beneficial interests). Such bunched or aggregated orders may facilitate execution and/or reduce brokerage and other costs. Magnitude, however, is not required to bunch or aggregate orders if (a) portfolio management decisions are not made contemporaneously, (b) Magnitude determines that it would be consistent with its investment management duties or the interests of its Direct Trading Clients not to do so, or (c) bunching or aggregating is not practical operationally, or otherwise. Further, although Magnitude may instruct simultaneous trades in the same security or instrument on behalf of Direct Trading Clients, in certain instances, such trades cannot be aggregated because the relevant Direct Trading Clients do not share the same counterparties (e.g., transactions in derivatives when the Direct Trading Clients do not share the same ISDA counterparty). Because of prevailing trading activity, it is frequently not possible to receive the same price or execution on the entire volume of positions purchased or sold in such bunched or aggregated orders. When this occurs, Magnitude (in its sole and absolute discretion) may charge or credit Direct Trading Clients participating in the bunched or aggregated order with the average price of the various prices received for that order, or alternatively, may use such other methodology to allocate the bunched order as determined by Magnitude in good faith and

consistent with its policies and procedures. Positions purchased or sold in a bunched transaction are generally allocated to the participating Direct Trading Clients using methods determined by Magnitude in its sole discretion. Such methods may include without limitation, *pro rata* allocations by assets under management of the relevant Direct Trading Clients or by proportionate order size. Magnitude may, however, increase or decrease the transaction amount allocated to each Direct Trading Client if necessary to avoid holding odd-lots or small numbers of positions for particular Direct Trading Clients. If Magnitude is unable to or does not fully execute a bunched transaction or Magnitude determines that it would be impractical to allocate a small number of positions among all of the Direct Trading Clients initially intended to participate in the transaction, Magnitude may allocate such positions in a manner determined in good faith to be an appropriate allocation. Aggregating orders may disadvantage certain Direct Trading Clients, including without limitation, by resulting in shared allocations of limited orders or execution prices for Direct Trading Clients' orders that are worse than they would have been if transacted separately or before the other Clients. Alternatively, by not aggregating orders Magnitude may disadvantage certain Direct Trading Clients, including without limitation, by causing such Clients to pay higher costs or achieve execution prices that are worse than they would have been if transacted as bunched orders.

#### **F. Directed Brokerage**

If agreed by Magnitude, Direct Trading Clients may designate the use of a particular Brokerage Firm or custodian or other financial institution (collectively, "**Other Financial Institutions**") to execute transactions for all or a portion of their accounts. A Direct Trading Client that designates use of a particular Brokerage Firm or Other Financial Institution, including a Direct Trading Client that directs use of a Brokerage Firm or Other Financial Institution in connection with payment for custodial services (whether or not recommended by Magnitude) should consider whether, under that designation, commission expenses, execution, clearance, and settlement capabilities, and whatever amount is regarded as allocable to custodian fees, if applicable, will be comparable to those otherwise obtainable. A Direct Trading Client that directs use of a particular Brokerage Firm or Other Financial Institution should understand that Magnitude generally expects to place trades on behalf of Direct Trading Clients subject to directed brokerage arrangements after trading on behalf of other accounts. Accordingly, a Direct Trading Client subject to a directed brokerage arrangement will lose the possible advantage that non-designating Direct Trading Clients may derive from aggregation of orders of several Direct Trading Clients as a single transaction for the purchase or sale of a particular security (where applicable) and/or other benefits that might be available from Brokerage Firm or Other Financial Institutions selected by Magnitude.

#### **G. Capital Introduction Services**

Brokerage Firms (including prime brokers) and other counterparties or intermediaries may assist Magnitude with raising additional capital for Magnitude Funds or the Systematic Funds by introducing prospective investors to Magnitude. Subject to Magnitude's duty to seek best execution, Magnitude may direct brokerage through such Brokerage Firms or engage such Brokerage Firms to provide prime brokerage or other services. Neither Magnitude nor the Magnitude Funds or the Systematic Funds pays any additional brokerage compensation or other compensation in connection with such capital introduction services and no requirements are imposed with respect to any particular level of business directed to any Brokerage Firm or other counterparty or intermediary. However, such arrangements have

the potential to create conflicts of interest for Magnitude in its selection of Brokerage Firms or other counterparties or intermediaries for the Magnitude Funds or the Systematic Funds.

#### **H. Cross Trades**

From time to time Magnitude may effectuate “cross trades” between Client accounts whereby one Client will purchase securities, cash, or other instruments from another Client’s account. Cross trades will only be effectuated to the extent permitted by applicable law and by the applicable Clients’ Governing Documents and pursuant to applicable Firm policies and procedures. Magnitude may only effectuate a cross trade if it determines that (a) the transaction is consistent with the best interests of both Clients and (b) the transaction price is determined by Magnitude to be fair for both Clients.

#### **I. Principal Trades**

Magnitude’s general practice is to not engage in principal trades, although it may do so if it complies with the disclosure and consent requirements of Section 206(3) of the Advisers Act. Any proposed principal trade requires the prior written approval from (i) the CCO and (ii) the applicable Client—e.g., through its board of directors, trustee, or the Client account owner (as applicable). Magnitude recognizes that a cross trade could be considered a principal trade if Magnitude or the persons affiliated with Magnitude were to collectively own a 25% or greater interest in one or more of the Clients participating in the trade.

### **XII. REVIEW OF ACCOUNTS**

#### **A. Portfolio Management**

The portfolios of Magnitude Funds are generally reviewed on a monthly basis. The portfolio reviews for the FOFs take into account many factors, including without limitation, the capacity of specific Portfolio Managers and the Portfolio Funds they manage to accept additional capital; future flows of investor capital into and out of each Magnitude Fund; the liquidity of each Magnitude Fund’s portfolio; the quality of the opportunity set for each Portfolio Fund and/or Portfolio Manager relative to other investment opportunities; the ability of each Portfolio Manager to add value going forward; and the current disposition of the portfolio relative to a hypothetically optimal allocation. In addition, the portfolio management team uses an optimization tool and other tools to help evaluate the portfolio.

The portfolio reviews for the SOF Funds are more limited in scope because the SOF Funds only hold a single investment, which is completely illiquid. However, such portfolio reviews may take into account many of the same factors described above for the FOFs.

Magnitude’s fund of hedge funds investment committee (the “**FOFs Investment Committee**”) is responsible for managing the portfolios of the FOFs and the SOF Funds. The FOFs Investment Committee consists of five partners, Benjamin S. Appen, James M. Hall, Henry Hawes Bostic, Eric D. Stiles, and Richard O. Lodewick. Final investment decisions for the FOFs and the SOF Funds are determined by a majority vote of the FOFs Investment Committee. Mr. Hall and Mr. Appen each retain the right to veto a proposed new investment or reduce risk in any existing investment in any FOFs portfolio. In addition, the partner with oversight of the operational due diligence process (“**ODD**

**Oversight Partner**”) has the right to override the FOFs Investment Committee decisions in the event of substantive unaddressed operational due diligence concerns.

The portfolio reviews for MTP Funds generally include both quantitative and qualitative components. The MPR team, which is responsible for the management of MTP in conjunction with the MPR Investment Committee, uses a proprietary portfolio optimization tool to help evaluate MTP’s portfolio and recommend changes to it. In addition, the MPR team generally conducts qualitative assessments of components of the MTP portfolio on a periodic basis and considers changes to the portfolio based on such assessments. Such qualitative assessments may include some or all of the factors described in Section VII.A.3 with respect to the methods of analysis and investment strategies used for MTP.

A separate investment committee is responsible for managing the investment strategies of the Systematic Funds and the MTP Funds (the “**MPR Investment Committee**”).

The MPR Investment Committee consists of the two Co-Founders and the co-portfolio manager, Paul Botha. Final investment strategy decisions for the MTP Funds are determined by a majority vote of the MPR Investment Committee. The Co-Founders each retain the right to veto a proposed new investment or reduce risk in any existing investment of the MTP Funds. In addition, the ODD Oversight Partner has the right to override MPR Investment Committee decisions with respect to investments in Portfolio Funds by the MTP Funds in the event of substantive unaddressed operational due diligence concerns.

The MPR Investment Committee is responsible for setting the overall investment strategies for the Systematic Funds and for making major decisions regarding their implementation. The Co-Founders supervise the MPR team’s portfolio management via their membership on the MPR Investment Committee and, in addition, Mr. Appen is also responsible for the direct supervision the MPR team. The portfolios of the Systematic Funds are reviewed by the MPR team on at least a weekly basis and the overall investment strategies for the Systematic Funds are generally reviewed by the MPR Investment Committee on a quarterly basis.

## **B. Reporting to Investors and Clients**

The administrator of the Investor Funds, the SOF Feeder, MTPF, and Systematic L/S Fund sends each investor a monthly statement showing the net asset value or capital balance of such investor’s Interests. The administrator also sends confirmation of subscriptions for new Interests and redemptions of existing Interests.

In addition, Magnitude generally expects to provide investors in Investor Funds, MIMF, the SOF Feeder, MTPF, and Systematic L/S Fund with the following reporting:

- (i) Monthly performance estimates;
- (ii) Monthly investor reports with performance statistics, historical monthly performance, and strategy profit attribution;
- (iii) Quarterly investor reports with portfolio reviews, statistical analysis, and manager commentary;
- (iv) Annual audited financial statements;
- (v) Tax reporting information for U.S. taxable investors; and
- (vi) Periodic investor letters.

Reporting to the Primary Adviser with respect to the Sub-Advised Series is based on the mutual agreement between Magnitude and the Primary Adviser.

### **XIII. CLIENT REFERRALS AND OTHER COMPENSATION**

Other than the management fees and performance compensation disclosed herein, Magnitude does not receive any material compensation or economic benefits in connection with the provision of investment services to its Clients.

Magnitude has formal arrangements with placement agents that Magnitude compensates for marketing and investor service functions, including investor referrals, which are paid out of Magnitude's own fees. Magnitude discloses such arrangements to investors who invest in applicable Investor Funds. Magnitude has a formal relationship with a third-party solicitor that is entitled to compensation for soliciting clients that establish Client accounts using the Magnitude Systematic Strategies (such clients, "**MS Clients**"). Such relationship is subject to the requirements of Rule 206(4)-3 under the Advisers Act. All MS Clients will be provided with appropriate disclosures as required under Rule 206(4)-3, including a description of the the material terms and fee arrangements between Magnitude and the third-party solicitor. Magnitude may enter into similar arrangements with other third-party solicitors in the future.

### **XIV. CUSTODY**

Magnitude is deemed to have custody of Magnitude Fund assets by virtue of the general power of attorney provided to Magnitude in the investment management agreements it enters into with the Magnitude Funds and, in certain cases, by virtue of an affiliate serving as general partner or managing member to certain Magnitude Funds. Magnitude complies with the SEC's rules regarding custody of the assets owned by the Magnitude Funds by:

- (i) Verifying that Magnitude Fund assets are maintained by "qualified custodians," as defined in Rule 206(4)-2 under the Advisers Act (unless an exemption is available);
- (ii) Providing information about its custodial arrangements in its Form ADV;
- (iii) Arranging for annual audits of the financial statements of the Magnitude Funds and preparation of such statements in accordance with U.S. generally accepted accounting principles; and
- (iv) Arranging for the distribution of the audited financial statements to investors in the Magnitude Funds within applicable time frames.

In limited circumstances (e.g., with respect to MTPF), Magnitude may be deemed to have custody of certain privately-offered uncertificated securities that are owned by Magnitude Funds and are not held by "qualified custodians," as defined in Rule 206(4)-2 under the Advisers Act.

Magnitude does not, and is not deemed to, have custody of the assets of existing Client accounts that are not Magnitude Funds. However, Magnitude may be deemed to have custody of the assets of future Client accounts that are not Magnitude Funds.

### **XV. INVESTMENT DISCRETION**

Magnitude has full discretion over the assets of all Client accounts. However, Magnitude delegates a substantial portion of the investment and trading discretion for each MSI Vehicle to one or more third-

party Portfolio Managers, subject to the agreements among Magnitude, the relevant MSI Vehicle, and the relevant Portfolio Manager. The foregoing is subject to, and qualified in its entirety by, the investment objectives, policies, and restrictions of each Client as set forth in its Governing Documents.

## **XVI. VOTING CLIENT SECURITIES**

### **A. Proxy Voting for FOFs, SOF Funds, and MSI Vehicles**

Magnitude evaluates and takes action on proxy ballots and corporate action notices it receives that are associated with Magnitude Fund investments in Portfolio Funds and, as applicable, direct investments in ETFs, in accordance with the best interests of the Magnitude Fund, its fiduciary duties to other clients, relevant rules under the Advisers Act, and its written proxy voting policies and procedures.

Magnitude has the authority and responsibility to evaluate potential changes to the investment terms and structure associated with the Magnitude Funds' underlying investments in Portfolio Funds. The relevant investment personnel consider the best interests of each affected Magnitude Fund when approving or rejecting proposed changes in the investment terms of Portfolio Funds.

Each Portfolio Manager that trades in a managed account held by MSI Vehicles is delegated the responsibility of making proxy votes for securities held in the account that such Portfolio Manager is trading. Magnitude believes that such Portfolio Managers are fiduciaries with obligations to vote proxies in the best interests of the accounts they manage. In its discretion, Magnitude may also attempt to obtain contractual covenants from the Portfolio Manager that the Portfolio Manager will vote proxies in the best interests of the MSI Vehicle account that it manages.

### **B. Proxy Voting for Direct Trading Clients**

Magnitude generally votes shares held by the Direct Trading Clients through and in accordance with the recommendations of an independent third-party proxy voting service (the **"Voting Service Recommendations"**). Magnitude has designated one or more particular employees to review proxy voting matters for the Direct Trading Clients. When the designated employees believe that a Voting Service Recommendation may be contrary to the best interest of a Direct Trading Client, the designated employees may consider an alternative vote. For the avoidance of doubt, Magnitude retains the authority to vote proxies for the Direct Trading Clients, has not delegated such authority to any other party, and may vote against any Voting Service Recommendation if it determines such recommendation may be contrary to the Direct Trading Clients' best interests. Magnitude believes that the independent third-party proxy voting service's internal policy regarding conflicts of interest adequately addresses potential conflict-of-interest concerns. Additionally, Magnitude has established written policies and procedures designed to ensure that shares owned by a Direct Trading Client are voted in the best interest of such Direct Trading Client (the **"Proxy Voting Procedures"**).

### **C. Abstention from Voting; Copy of Proxy Policies**

Magnitude may abstain from voting any proxy ballot received if it believes that doing so is in the best interests of its Clients. A copy of Magnitude's written proxy voting policies and procedures is available upon request, as is information about how Magnitude has voted proxies for its Clients in the past.

#### **D. Conflicts of Interest**

For the FOFs and Direct Trading Clients, the member of the FOF Investment Committee responsible for the relationship with the Portfolio Manager (the “**Relationship Manager**”) or another FOF Investment Committee member, and the MPR Proxy Committee, respectively, will consider whether Magnitude is subject to any material conflict of interest in connection with each proxy vote. All Magnitude personnel are required to notify the Relationship Manager or the MPR Proxy Committee, as applicable, if they are aware of any potential conflict of interest associated with a proxy vote. Although Magnitude has implemented policies and procedures to seek to identify potential conflicts of interests, it is impossible to anticipate all material conflicts of interest that could arise in connection with proxy voting.

#### **XVII. FINANCIAL INFORMATION**

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