

Part 2A of Form ADV

Prelude Capital Management, LLC

Brochure

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This brochure provides information about the qualifications and business practices of Prelude Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at (212) 546-1180 or at info@preludecapital.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Prelude Capital Management, LLC also is available on the SEC’s website at www.adviserinfo.sec.gov.

Prelude Capital Management, LLC may refer to itself as a registered investment adviser with the SEC pursuant to the Investment Advisers Act of 1940, as amended (the “Advisers Act”). These references do not imply a certain level of skill or training.

March 30, 2020

Item 2 Material Changes

Prelude Capital Management, LLC (the “Investment Manager,” “Prelude,” “we,” “us” or “our”) launched a second fund complex in February 2020. Details with respect to this offering are provided herein.

Item 3 Table of Contents

| | | |
|---------|--|----|
| Item 1 | Cover Page..... | 1 |
| Item 2 | Material Changes..... | 2 |
| Item 3 | Table of Contents..... | 2 |
| Item 4 | Advisory Business..... | 2 |
| Item 5 | Fees and Compensation | 5 |
| Item 6 | <i>Performance-Based Fees</i> and Side-by-Side Management..... | 8 |
| Item 7 | Types of Clients..... | 9 |
| Item 8 | Methods of Analysis, Investment Strategies and Risk of Loss..... | 10 |
| Item 9 | Disciplinary Information..... | 17 |
| Item 10 | Other Financial Industry Activities and Affiliations..... | 17 |
| Item 11 | Code of Ethics, Participation or Interest in Client Transactions and Personal Trading..... | 19 |
| Item 12 | Brokerage Practices..... | 21 |
| Item 13 | Review of Accounts..... | 24 |
| Item 14 | Client Referrals and Other Compensation | 24 |
| Item 15 | Custody..... | 25 |
| Item 16 | Investment Discretion..... | 25 |
| Item 17 | Voting Client Securities..... | 25 |
| Item 18 | Financial Information..... | 26 |

Item 4 Advisory Business

A. General Description of Advisory Firm

Prelude is a specialized asset management firm focused on a defined set of global investment strategies. In particular, Prelude offers asset allocations to a variety of third-party managers selected by Prelude. Such managers could be affiliated or unaffiliated with Prelude. Prelude has been in operation since March 2004 and has been providing the type of advisory services described herein since 2010. Prelude is managed by its principal owners and managing members, Gavin Saitowitz and Cisco J. del Valle. Prelude currently provides advice to seven clients that constitute two distinct fund structures.

The first fund structure is comprised of the following entities:

- i. the Prelude Opportunity Fund, LP (the “Opportunity Master Fund”),

- ii. the Prelude Investors Fund, LP, which acts as a designated feeder into the Opportunity Master Fund (the “Opportunity Onshore Fund”), and
- iii. Prelude Capital Offshore, Ltd., which acts as a designated feeder into the Opportunity Onshore Fund (the “Opportunity Offshore Fund” and, together with the Opportunity Onshore Fund and the Opportunity Master Fund, the “Opportunity Funds”).

The second fund structure is comprised of the following entities:

- i. Prelude Structured Alternatives Master Fund, LP (the “Structured Master Fund” and, together with the Opportunity Master Fund, the “Master Funds”),
- ii. the Prelude Structured Alternatives Fund, LP, which acts as a designated feeder into the Structured Master Fund (the “Structured Onshore Fund” and, together with the Opportunity Onshore Fund, the “Onshore Funds”), and
- iii. Prelude Structured Alternatives Offshore, Ltd., which acts as a designated feeder into the Structured Master Fund (the “Structured Offshore Fund”, together with the Opportunity Offshore Fund, the “Offshore Funds”, together with the Structured Onshore Fund, the “Structured Feeder Funds” and, together with the Structured Onshore Fund and the Structured Master Fund, the “Structured Funds”).

Certain strategies of the Opportunity Funds and the Structured Funds (together, the “Funds”) are effected through special purpose vehicles, which are utilized opportunistically to effect the mandates of the Funds. Additionally, a closely held vehicle, Prelude Proprietary Investors Fund, LP, is an investor in the Structured Onshore Fund.

B. Description of Advisory Services

Prelude provides investment advisory services focused on the securities markets through the allocations made to a variety of portfolio managers (“Sub-Advisors”) through separate accounts within the Opportunity Master Fund and the Structured Master Fund, generally, each of which utilizes a multi-account structure. Each Sub-Advisor actively manages the assets allocated to it by Prelude in accordance with separate sub-advisory agreements and Prelude provides top-level oversight of the Funds. In particular, each sub-advisory agreement contains provisions and trading restrictions specific to the relevant Sub-Advisor, subject at all times to Prelude’s supervision; Prelude’s oversight is focused on ensuring that the applicable investment guidelines and parameters are observed. The strategies employed by certain Sub-Advisors may be more appropriate for the Opportunity Master Fund or the Structured Master Fund, respectively, and decisions with respect to the allocation of such opportunities are assessed and made by Prelude’s Investment Committee. In addition, the Sub-Advisor or an entity related to the Sub-Advisor (each such entity a “Special Investor”) generally invests in the relevant Master Fund for the purpose of contributing a designated amount of subordinated risk capital with respect to the allocation it receives from such Master Fund. The investment strategy of each client of Prelude is set forth in each client’s offering documents and/or partnership agreements (as the case may be). In addition, Prelude does, and could in the future continue to, provide separate office space to certain Sub-Advisors and/or their related parties and currently does, and in the future could continue to, provide to, or coordinate for, such parties certain support and services.

C. Availability of Tailored Investment Services

At present, we advise two fund structures, as described above, with all investment activity taking place at the Opportunity Master Fund, the Structured Master Fund or through certain limited-use special purpose vehicles. Investments are managed in accordance with the particular investment objectives, strategies,

restrictions and guidelines, as described in the offering and governing documents for the fund structure and are not tailored to the individualized needs of any particular investor. Investors generally cannot place any particular investment restrictions on Prelude's management of the fund structure and an investment in the fund structure does not create an adviser-client relationship between the investor and Prelude. Prospective investors wishing to impose restrictions or to tailor investment services may consider opening a separately managed account with Prelude in which instance our investment advisory services may be tailored to the individual needs of each such client. In particular, we would consider a client's size, investment mandate, interest in leverage, tax implications and sophistication when investing. Prelude does not, however, presently advise any separately managed accounts. Investors will be subject to the various risks described in the governing and offering documents and should determine whether such Fund meets their investment objectives and risk tolerance prior to investing.

D. Wrap Fee Programs

Not applicable.

E. Assets Under Management

As of February 29, 2020, Prelude managed on a discretionary basis approximately \$5,449,964,467 in client assets. Prelude does not presently provide investment advisory services for any clients on a non-discretionary basis.

Item 5 Fees and Compensation

A. Fees Related to Advisory Services

The Opportunity Funds:

The Opportunity Onshore Fund currently has four types of limited partners: limited partners who own secured limited partnership interests (the "Secured Investors"), limited partners who own preferred limited partnership interests (the "Preferred Investors"), limited partners who own senior limited partnership interests (the "Senior Investors") and limited partners who own subordinated limited partnership interests (the "Subordinated Investors"). Each class of limited partner has a different fee structure. The Opportunity Offshore Fund invests the vast majority of its assets into the Opportunity Onshore Fund pursuant to four offered share classes, those which bear the characteristics of the Opportunity Onshore Fund's secured interests, those which bear the characteristics of the Opportunity Onshore Fund's preferred interests, those which bear the characteristics of the Opportunity Onshore Fund's senior interests and those which bear the characteristics of the Opportunity Onshore Fund's subordinated interests. The Opportunity Offshore Fund's secured, preferred, senior and subordinated share classes invest in the corresponding classes of interests in the Opportunity Onshore Fund. The Opportunity Offshore Fund also offers a fifth class which makes investments in a variety of instruments or vehicles outside of the Opportunity Onshore Fund. Prelude's fees and expenses relevant to the Opportunity Funds, described in greater detail below, can be paid indirectly in part by the Offshore Fund through its investment in the Opportunity Onshore Fund. Fees paid by the Opportunity Onshore Fund and the Opportunity Offshore Fund are negotiable.

Prelude charges the Preferred Investors and the Subordinated Investors a management fee. The management fee is set at a fixed amount of \$1,750,000 per month, which is borne by both the Preferred Investors and Subordinated Investors and can be waived or reduced with respect to any individual or class

of investor; a smaller percentage of this fee is borne by the Preferred Investors compared to the Subordinated Investors.

The Opportunity Onshore Fund is a designated feeder into the Opportunity Master Fund. Within the Opportunity Master Fund, allocations are made by Prelude to Sub-Advisors. Sub-Advisors generally receive compensation from the Opportunity Onshore Fund for the advisory services provided. Generally, either the Sub-Advisor or its related Special Investor invests in the Opportunity Master Fund for the purpose of contributing a designated amount of subordinated risk capital to the Opportunity Master Fund with respect to the allocation it will receive from the Opportunity Master Fund.

We do not currently charge management fees at the Opportunity Master Fund level.

The Structured Funds:

The Structured Onshore Fund currently has one type of limited partner; any such limited partner owns standard interests ("General Investors"). The Structured Offshore Fund currently has one type of shareholder; any such shareholder owns standard shares ("General Shareholders"). The Structured Onshore Fund and the Structured Offshore Fund each invest the entirety of their assets into the Structured Master Fund. Further, Prelude Proprietary Investors Fund, LP is a closely held entity which invests into the Structured Onshore Fund and is not currently being publicly offered. Prelude's fees and expenses relevant to the Structured Funds, described in greater detail below, can be paid directly in part by the Structured Onshore Fund and the Structured Offshore Fund through their investments in the Structured Master Fund. Fees paid by the Structured Onshore Fund and the Structured Offshore Fund are negotiable.

Prelude charges a management fee to the Structured Funds' investors and shareholders. Specifically, the Structured Master Fund will generally pay to the Investment Manager, as of the beginning of each calendar quarter in advance, a management fee at the rate of one-quarter of two percent (2.0%) of the net asset value of each separate account held by an investor (which includes each General Investor and General Shareholder, respectively). The management fee may be waived or reduced with respect to any individual or class of investor. Certain investors' fees vary. In some circumstances the Investment Manager will share a percentage of such fees with a financial counterparty that acts as a distribution agent in foreign jurisdictions.

The Structured Feeder Funds are designated feeders into the Structured Master Fund. Within the Structured Master Fund, allocations are made by Prelude to Sub-Advisors. Sub-Advisors generally receive compensation from the Structured Onshore Fund and the Structured Offshore Fund for the advisory services provided. Generally, either the Sub-Advisor or its related Special Investor invests in the Structured Master Fund for the purpose of contributing a designated amount of subordinated risk capital to the Structured Master Fund with respect to the allocation it will receive from the Structured Master Fund.

Please see ***Item 6 Performance-Based Fees and Side-By-Side Management*** for additional information.

B. Payment of Fees

Management fees at the Opportunity Onshore Fund level are deducted by us out of the Opportunity Onshore Fund's assets with respect to the relevant class on a monthly basis. Clients may not select an alternative method of fee payment. Fees are deducted on the first day of each month.

Management fees at the Structured Feeder Fund level may be charged at the Structured Master Fund level or directly at the Structured Feeder Fund level. Fees charged at one fund will not be duplicated at another. Such fees are deducted out of the relevant fund's assets on a quarterly basis. Fees are deducted on the first day of each quarter.

C. Other Fees and Expenses

The Opportunity Funds:

The Opportunity Onshore Fund is responsible for its own expenses and the expenses of the Opportunity Master Fund, including a portion of the financing and/or brokerage-related expenses (including but not limited to custodial, brokerage, margin interest, expenses related to short sales, clearing and settlement, negative rebates, exchange fees, market access or technology fees, as well as any commitment fees with respect to committed but undrawn capital from any investor or financing counterparty); administrative and operational expenses (including but not limited to fund administration, tax, audit, legal (including but not limited to the legal expenses of any potential investor or counterparty, the cost of any litigation involving the Opportunity Onshore Fund, the firm or its or their affiliates, including any settlement payments made in connection therewith (without requiring that any related party seek indemnification, provided the party at issue behaved in a manner that would have qualified for indemnification) and the cost of protecting the firm's intellectual property), insurance, cash management, regulatory, compliance, due diligence (on Sub-Advisors and other counterparties, including related travel costs), monitoring, reporting (which shall include all applicable regulatory filing costs of the firm including, but not limited to, all costs associated with preparing and filing Form ADV, Form PF and any CFTC/NFA filings), data storage, firm record retention, communications, risk management, Bloomberg terminals and fees, software); organizational expenses (including but not limited to expenses related to the drafting of the Opportunity Onshore Fund's constitutive documents, any agreement with any Sub-Advisor and any directly or indirectly related structuring costs); expenses related to the recruitment and retention of Sub-Advisors (including but not limited to travel, lodging, entertainment and meals (including with potential recruiting sources), conference/speaker fees, telecommunications (including but not limited to any and all equipment, monthly service fees, internet fees, data and service usage), industry association fees, executive search fees); the provision of any office space and support services to Sub-Advisors including but not limited to rent, electrical/utilities, lease or license negotiation, maintenance, contracting services, telecommunications, taxes, information technology, any and all equipment, machinery and appliances, insurance, office supplies, pantry supplies, furniture, fixtures, support services (including, without limitation, with respect to information technology, back and middle office support, legal and compliance, reception and office management) and any associated staffing for any of the foregoing (including but not limited to compensation and benefits) for the benefit of such Sub-Advisors; any Sub-Advisors' "Shared Expenses", without limitation, as defined in the Opportunity Master Fund's governing documentation and similar expenses of the Opportunity Onshore Fund and the Opportunity Master Fund. The Opportunity Offshore Fund may be charged for its pro rata share of the Opportunity Onshore Fund's and the Opportunity Master Fund's expenses but is currently only charged for its own specific expenses.

The Structured Funds:

The Structured Feeder Funds generally will bear their Fund Expenses (as defined below). To the extent that Fund Expenses are paid by the Investment Manager or an affiliate thereof, each Structured Feeder Fund will promptly reimburse such party for such expenses upon request.

“Fund Expenses” include, among others, the following fees and expenses: (a) all expenses, incurred in connection with the offer and sale of interests and shares (other than placement agent fees), including, but not limited to, marketing/conference attendance expenses, documentation of performance and the admission of investors and each Structured Feeder Fund’s proportionate share of the Structured Master Fund’s expenses, (b) all organizational expenses and operating expenses of each Structured Feeder Fund such as (i) tax preparation fees (including, without limitation, any such fees related to the preparation of tax returns and Schedule K-1s), (ii) governmental fees and taxes (or any other governmental charges levied against that Structured Feeder Fund), (iii) Structured Feeder Fund administrator, custodial and prime brokerage fees and expenses and (iv) fees and expenses incurred in connection with communications with Investors, ongoing legal services (including but not limited to the legal expenses of any potential investor or counterparty, litigation and the costs of protecting the firm’s intellectual property), accounting, auditing, administration, appraisal, bookkeeping, independent shadow accounting, insurance, consulting, data storage, firm record retention, communications, risk management, software and preparation of each Structured Feeder Fund’s financial statements and reports, (c) all Structured Feeder Fund costs, expenses and charges incurred in connection with the investment and trading activities of the Structured Feeder Fund (e.g., brokerage commissions, mark-ups, margin interest, expenses related to short sales, custodial fees, clearing and settlement charges, negative rebates, exchange fees, market access or technology fees, as well as any commitment fees with respect to committed but undrawn capital from any investor or financing counterparty and other transaction costs to brokers) as well as the pro rata fees and expenses of any applicable investment vehicles, (d) professional and other advisory and consulting expenses and travel expenses incurred in connection with investment due diligence, monitoring or the assertion of rights or pursuit of remedies (including, without limitation, pursuant to bankruptcy or other legal proceedings, or participation in informal committees of creditors or other security holders of an issuer), (e) all fees and other expenses incurred in connection with the investigation, prosecution or defense of any claims by or against each Structured Feeder Fund, (f) interest on, and fees and expenses arising out of, all borrowings made by each Structured Feeder Fund, (g) expenses of any meetings of the General Investors and/or General Shareholders, (h) the costs of any litigation and indemnification relating to the affairs of each Structured Feeder Fund, (i) expenses related to third party research, publications, data and data services, including real time pricing and market information (such as Bloomberg and Reuters terminals and/or services) and historical pricing and other data, order management system, portfolio management system and risk management system and advisory, (j) costs of compliance with applicable laws and regulations of governmental and self-regulatory bodies, including costs incurred by Prelude, the General Partner (as defined herein) and their respective affiliates in complying with laws and regulations that apply to any such entities as a result of their services to each Structured Feeder Fund (including, for the avoidance of doubt, pro rata costs of filing on Form ADV and the ongoing compliance costs of the Investment Manager), (k) each Structured Feeder Fund’s expenses associated with forming and maintaining the legal existence of the Structured Feeder Funds, including directors’ fees and administrators’ fees, (l) all fees and expenses of any kind related to the provision of technology for the Structured Feeder Fund or for the Investment Manager, including but not limited to computers, storage, networking and other physical devices, infrastructure and processes to create, process, store, secure and exchange all forms of electronic data, technology associated with research, and/or product testing and remote access, and third party technology providers, (m) costs associated with regulatory filings including but not limited to Form PF and any CFTC/NFA filings, (n) expenses related to the recruitment and retention of Sub-Advisors (including but not limited to travel, lodging, entertainment and meals (including with potential recruiting sources), conference/speaker fees, telecommunications (including but not limited to any and all equipment, monthly service fees, internet fees and data and service usage fees), industry association fees, executive search fees), (o) the provision of any office space and support services to Sub-Advisors including but not limited to rent, electrical/utilities, lease or license negotiation, maintenance,

contracting services, telecommunications, taxes, information technology, any and all equipment, machinery and appliances, insurance, office supplies, pantry supplies, furniture, fixtures, support services (including, without limitation, with respect to information technology, back and middle office support, legal and compliance, reception and office management) and any associated staffing for any of the foregoing (including but not limited to compensation and benefits) for the benefit of such Sub-Advisors; any Sub-Advisors' "shared expenses" and (p) all other reasonable expenses related to the management and operation of each Structured Feeder Fund and/or the purchase, sale or disposition of the interests and/or shares, including, in the case of any expenses directly related to each Structured Feeder Fund's and one or more of its related funds' investments, any portion of any such joint expenses that the General Partner or the board (as the case may be) determines are properly and ratably allocable to each Structured Feeder Fund. Except with respect to certain side pocket investment account expenses, Fund Expenses generally will be shared by all of the General Investors and General Shareholders pro rata in accordance with their interests or shares.

To the extent the assets of the Structured Feeder Funds are invested in the Structured Master Fund, any or all of Fund Expenses payable by each Structured Feeder Fund will be paid at the Structured Feeder Fund or the Structured Master Fund level, but will not be duplicated (other than Fund Expenses separately incurred by the Structured Feeder Fund and the Structured Master Fund such as, without limitation, administration fees).

D. Prepayment of Fees

Prelude's management fee with respect to (1) the Opportunity Onshore Fund is prepaid on the first day of each calendar month and (2) the Structured Funds is prepaid on the first day of each calendar quarter. Investors generally have the right to withdraw from the Opportunity Onshore Fund as of the last day of each calendar month and the Structured Funds as of the last day of each calendar quarter. As such, there is expected to be no rebating of management fees.

E. Compensation for the Sale of Securities

Neither Prelude nor any of its supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

The Opportunity Funds:

Each class of interest receives a certain percentage of the Opportunity Onshore Fund's profits and has a different level of exposure to its losses. Prelude Capital Partners, LLC (the "General Partner"), an affiliate of Prelude that serves as the general partner to the Opportunity Onshore Fund, is entitled to receive a performance-based allocation of up to fifty percent (50%) of the overall net profits with respect to the subordinated class of investors (the "Opportunity Performance Allocation"), payable at the end of each year or at the time of withdrawal of a Subordinated Investor from the Opportunity Onshore Fund. Payment of such Opportunity Performance Allocation does not have an impact on other interest classes. The General Partner will deduct the Performance Allocation directly from each Subordinated Investor's capital account in arrears.

The Structured Funds:

The General Partner is entitled to receive a performance-based allocation of twenty percent (20%) of the overall net profits with respect to the Structured Feeder Funds' investors' (the "Structured Performance Allocation"), payable at the end of each year or at the time of withdrawal of an investor from the relevant Structured Feeder Fund. The General Partner will deduct the Structured Performance Allocation directly from the investors' capital accounts in arrears.

The General Partner's right to receive performance-based compensation could create an incentive for Prelude to cause a client to make investments that are riskier or more speculative than would be the case if the General Partner, an affiliate of Prelude, did not receive such compensation. In addition, Sub-Advisors to the Master Funds earn performance-based compensation. The right of such Sub-Advisors to receive performance-based compensation could create an incentive for such Sub-Advisors to make investments that are riskier or more speculative than would be the case if these Sub-Advisors did not receive such compensation.

Given that Prelude operates two fund structures, there is the potential for favoritism of one client over the other related to the payment of performance-based compensation. Both fund structures, however, include an element of performance-based compensation, which we believe mitigates this risk at least in part.

Item 7 Types of Clients

We provide investment advisory services to private funds consisting of five limited partnerships and a two foreign companies, which effect their strategies in some cases through special purpose vehicles and/or corporations.

The Opportunity Funds:

Investors in the Opportunity Onshore Fund are required to meet certain suitability thresholds including being an accredited investor (as defined in Regulation D of the Securities Act of 1933, as amended (the "Securities Act")), a qualified client (as defined in the Advisers Act), a qualified eligible person (as defined in the Commodity Exchange Act, as amended (the "Commodity Exchange Act")) and a qualified purchaser (as defined under the Investment Company Act of 1940), in each instance as applicable, and all investors are required to meet general sophistication requirements. All investors in the Opportunity Onshore Fund are required to invest a minimum amount of \$1,000,000, subject to the terms of its partnership agreement, which amount may be reduced in the sole discretion of the General Partner. There is no minimum amount required to be maintained in the Opportunity Onshore Fund.

US investors in the Opportunity Offshore Fund are also required to meet certain suitability thresholds including being an accredited investor, a qualified eligible person and a qualified purchaser and all investors are required to meet general suitability requirements. The minimum initial subscription to invest in the Opportunity Offshore Fund is \$100,000. There is no minimum amount required to be maintained in the Opportunity Offshore Fund.

Investors in the Opportunity Master Fund are required to meet certain suitability thresholds including being an accredited investor, a qualified client, a qualified eligible person and a qualified purchaser, in each instance as applicable, and all investors are required to meet general sophistication requirements. There is no minimum investment amount required initially with respect to the Opportunity Master Fund, however, there are certain threshold investment amounts that Special Investors must maintain in their capital accounts at the Opportunity Master Fund level. These are negotiated on a case-by-case basis with

Prelude. In order for each Special Investor to maintain its investment, its related Sub-Advisor must remain in compliance with the risk guidelines and other terms outlined in its sub-advisory agreement.

The Structured Funds:

Investors in the Structured Funds are required to meet certain suitability thresholds including being an accredited investor (as defined in Regulation D of the Securities Act of 1933, as amended (the “Securities Act”)), a qualified client (as defined in the Advisers Act), a qualified eligible person (as defined in the Commodity Exchange Act) and a qualified purchaser (as defined under the Investment Company Act of 1940), in each instance as applicable, and all investors are required to meet general sophistication requirements. All investors in the Structured Funds are required to invest a minimum amount of \$1,000,000, subject to the terms of the relevant Structured Fund’s governing documentation, which amount may be reduced in the sole discretion of the General Partner. There is no minimum amount required to be maintained in the Structured Funds.

There are certain threshold investment amounts that Special Investors must maintain in their capital accounts at the Structured Master Fund level. These are negotiated on a case-by-case basis with Prelude. In order for each Special Investor to maintain its investment, its related Sub-Advisor must remain in compliance with the risk guidelines and other terms outlined in its sub-advisory agreement.

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

A. Methods of Analysis and Investment Strategies

Prelude allocates assets of its clients to Sub-Advisors within the Master Funds who in turn invest in a variety of securities across a range of strategies. Sub-Advisors may be unaffiliated or affiliated with Prelude. The Opportunity Onshore Fund invests exclusively in the Opportunity Master Fund, and the Opportunity Offshore Fund invests substantially all of its assets in the Opportunity Onshore Fund. The Structured Feeder Funds invest all of their assets in the Structured Master Fund. Please see ***Item 4 Advisory Business*** for additional information.

Allocations that Prelude makes to Sub-Advisors are generally made in conjunction with an investment of subordinated capital in the relevant Master Fund by such Sub-Advisor’s related Special Investor which is equal to a designated percentage of the overall allocation the Sub-Advisor initially receives. The relevant Master Fund can waive the obligation to contribute subordinated capital with respect to any Sub-Advisor. The trading strategies vary and can consist of a variety of securities investments, whether long or short, and can incorporate derivatives, futures, currencies, commodities and other specialized investment techniques with the prior approval of Prelude.

Prelude employs a team of experienced professionals to conduct Sub-Advisor research. This team is responsible for meeting with prospective Sub-Advisors to ascertain whether or not they would be appropriate to receive a Prelude allocation. Initial meetings focus on the prospective Sub-Advisor’s history and track record, including the relevant employment experience of its management and/or portfolio managers. Later-stage discussions include a more focused review of the prospective Sub-Advisor’s investment strategy and portfolio holdings. If Prelude and the prospective Sub-Advisor decide to pursue a relationship, Prelude will conduct additional due diligence on the Sub-Advisor, including conducting background investigations of certain key personnel and employing an independent third-party to conduct additional operational due diligence.

Investing in securities involves risk of loss (as described in greater detail below) and our clients, as well as the investors therein, should be prepared to bear any and all of such losses.

B. Risk of Loss

Prelude's investment activities involve a significant degree of risk of loss that investors should be prepared to bear. While Prelude seeks to manage the Funds so that risks are appropriate to the return potential for the strategy, it is often not possible or desirable to fully mitigate risks. Any investment includes the risk of loss and there can be no guarantee that a particular level of return will be achieved. Prelude expects that interests in the Funds will not constitute any investor's entire portfolio and are generally not intended to provide a complete investment program. Investors are responsible for appropriately diversifying their assets to guard against the risk of loss.

This section contains a discussion of certain risks associated with Prelude's investment activities; a more complete description of risks is included in the applicable Fund governing and disclosure documents. The discussion below should not be viewed as a substitute for careful review of those documents.

Risk factors set forth which involve trading refer generally to trading effected by the Sub-Advisors on behalf of the Master Funds, unless the context otherwise requires. The following list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Funds. Risk factors set forth below are in alphabetical order and have not been organized by any other criteria.

Cybersecurity Breaches and Disruptions. "Cybersecurity" is a general term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from intentional cyber-attacks and hacking as well as unintentional damage or interruption that, in either case, can result in damage and disruption to hardware and software systems, loss or corruption of data, or misappropriation of confidential or sensitive data.

Prelude, the General Partner, the Funds, the Sub-Advisors and their respective service providers (including the Funds' administrator(s)) depend on both outsourced and internal information technology systems to perform their duties and meet their obligations. Notwithstanding the diligence with which Prelude (as well as any Sub-Advisor) reviews their own information technology systems or those of its or their service providers, a party may not be in a position to verify the risks or reliability of such systems or to protect such systems. Similarly, despite any training or other measures that Prelude (or any Sub-Advisor) performs with regard to its employees, professionals or any service providers, such individuals may intentionally or inadvertently take action, or fail to act, in a manner that poses risks to Prelude, the General Partner or the Funds (or any Sub-Advisor). Therefore the Master Funds, any Sub-Advisor and their service providers could be subject to losses, damage and interruptions arising out of cyber incidents, phishing attempts, cybersecurity breaches, denial-of-service attacks, computer viruses, network failures, computer and telecommunication failures, employee and professional usage errors, power outages, and unauthorized access to computer networks and hardware and computer systems, in addition to catastrophic events, such as fires, hurricanes, floods and other natural disasters, and terrorist incidents.

If Prelude's or the Master Funds' hardware, systems, networks or software are compromised, become inoperable or cease to function properly due to cyber incidents or otherwise, the Master Funds could incur significant costs to fix or replace them. The damage to, or interruption or failure of, these information technology systems for any reason could cause significant interruptions in Prelude's, the

Master Funds' (or any Sub-Advisor's) operations and result in a compromise of the security, confidentiality or privacy of confidential or sensitive data, including personal information relating to investors (and the beneficial owners of investors) and cause material financial loss or harm. Such an incident could harm Prelude's (or any Sub-Advisor's), the General Partner's or any of the Funds' reputation, subject any such entity and their respective affiliates to legal claims and otherwise affect its business and financial performance. Such damage to, or interruption or failure of, these information technology systems might cause losses to the Master Funds by interfering with the operations of Prelude or the Master Funds or by requiring a significant amount of Prelude's time.

The Master Funds could also incur substantial costs as the result of such an incident, including costs associated with forensic analysis of the origin and scope of the incident, increased and upgraded cybersecurity measures, identity theft, unauthorized use of proprietary information, litigation, adverse investor reaction, the dissemination of confidential or sensitive data, reputational damage and necessary or otherwise appropriate repairs or upgrades to damaged information technology systems. In addition, cybersecurity issues and risks are currently a major focus area of the SEC, the CFTC and other regulatory authorities. Any such regulatory authorities may in the future increase the scrutiny with which they examine and evaluate the policies, procedures, and systems of Prelude (or any Sub-Advisor) and interpret existing statutes and regulations. Any such incidents, or any actual or perceived shortcomings with respect to applicable statutes and regulations, could expose one or more of the Master Funds or Prelude (or a Sub-Advisor) to civil, legal or regulatory liability as well as regulatory inquiry or action.

Epidemic Outbreak. An epidemic outbreak and reactions to such an outbreak could cause uncertainty in markets and businesses, including Prelude's business. Such an outbreak may adversely affect the performance of the global economy, including causing market volatility, market and business uncertainty and closures, supply chain and travel interruptions, the need for employees and vendors to work at external locations, and extensive medical absences. Prelude has policies and procedures to address known situations, but because a large epidemic may create significant market and business uncertainties and disruptions, not all events that could affect Prelude's business and/or the markets can be determined and addressed in advance.

Forward Trading. The Master Funds' investment program could include forward contracts. Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward (and futures) trading to less than that which would otherwise be desired, to the possible detriment of the Master Funds. In respect of such trading, the Master Funds would be subject to the risk of counterparty failure or the inability or refusal by a counterparty to perform with respect to such contracts. Market illiquidity or disruption could result in substantial losses to the Master Funds.

Futures. The Master Funds at times engage in futures transactions. The Master Funds are not limited in the amount of futures activity in which it may engage. Futures contracts are usually made on a futures exchange which call for the future delivery of a specified “commodity” at a specified time and place. These contractual obligations, depending on whether one is a buyer or a seller, may be satisfied either by taking or making physical delivery of the “commodity” or by making an offsetting sale or purchase of an equivalent futures contract on the same exchange prior to the end of trading in the contract month. Futures prices may be highly volatile. Financial instrument and foreign currency futures prices are influenced by, among other things, interest rates, changes in balances of payments and trade, domestic and international rates of inflation, international trade restrictions and currency devaluations and revaluations. The Master Fund’s profitability will depend on the relevant Sub-Advisor’s or Sub-Advisors’ ability to analyze price movements in those markets. Because low margin deposits are normally required, an extremely high degree of leverage is obtainable in futures trading. A relatively small price movement in a futures contract, consequently, may result in large losses. Thus, like other highly leveraged investments, any purchase or sale of a futures contract may result in losses which exceed the amount invested.

Hedging Transactions. The Master Funds utilize a variety of financial instruments such as derivatives, options, swaps and forward contracts, both for investment purposes and for risk management purposes. Hedging also involves special risks including the possible default by the other party to the transaction, illiquidity and, to the extent our assessment of certain market movements is incorrect, the risk that the use of hedging could result in losses greater than if hedging had not been used. The Master Funds are subject to the risk of the failure or default of any counterparty to its or their transactions. If there is a failure or default by the counterparty to such a transaction, the Master Funds will have contractual remedies pursuant to the agreements related to the transaction (which may or may not be meaningful depending on the financial position of the defaulting counterparty). The Master Funds may seek to minimize counterparty risk through the selection of financial institutions and types of transactions employed. However, the Master Funds’ operational mechanisms may involve counterparty and other risk elements that may create unforeseen exposures.

Leverage and Short Selling. The Master Funds’ investment program includes such investment techniques as leverage and short selling which practices can, in certain circumstances, maximize the adverse impact to which the Master Funds’ investments may be subject.

Leverage. The Master Funds utilize leverage in its investment program within the confines of applicable regulations. Sub-accounts employ leverage insofar as they are established by Prelude through the use of equity and margin financing provided by the Master Funds’ various prime brokers. As such, the amount of such leverage will at times be substantial. Leverage creates an opportunity for greater yield and total return, but at the same time increases exposure to capital risk and higher current expenses. If the Master Funds or any Sub-Advisor purchase securities on margin and the value of those securities declines, the Master Funds could be obligated to pay down the margin loans to avoid liquidation of the securities. If loans to the Master Funds are collateralized with portfolio securities that decrease in value, the Master Funds could be obligated to provide additional collateral to the lender in the form of cash or securities to avoid liquidation of the pledged securities. Any such liquidation could result in substantial losses. Further, as a result of trading with a high degree of leverage, a relatively small price movement in a security may result in immediate and substantial losses to the Master Funds or to any sub-account (which could immediately trigger a loss of the total amount of subordinated risk capital invested by any Sub-Advisor through its affiliated Special Investor). As a result, any trade could result in losses in excess of the amount invested, which would likely have a detrimental impact on a Sub-Advisor’s sub-account and

could result in losses for the Funds, notwithstanding the fact that such Sub-Advisor may have contributed subordinated risk capital. It is also possible that the Master Funds will lose more than their initial margin deposit on a trade. Further, counterparties of the Master Funds, in their sole discretion, may change the leverage limits that they extend to the Master Funds, which could have a detrimental impact on any positions currently maintained through the use of leverage by any Sub-Advisor.

Short Selling. The Master Funds might sell short securities of an issuer in the expectation of covering the short sale with securities purchased in the open market at a price lower than that received in the short sale. If the price of the issuer's securities declines, the Master Funds could then cover the short position with securities purchased in the market. The profit realized on a short sale will be the difference between the price received in the sale and the cost of the securities purchased to cover the sale. The possible losses from selling short a security differ from losses that could be incurred from a cash investment in the security; the former could be unlimited, whereas the latter can only equal the total amount of the cash investment. Short selling activities are also subject to restrictions imposed by the federal securities laws and the various national and regional securities exchanges, which restrictions could limit a client's investment activities. There can be no assurance that securities necessary to cover a short position will be available for purchase.

Model Risk. Certain of the investment strategies employed by Sub-Advisors on behalf of the Master Funds are highly dependent on quantitatively based pricing theories and valuation models, which the Sub-Advisors use to evaluate investment opportunities. Such models generally seek to forecast future price changes based upon a limited number of factors and inputs. The forecasts generated by these models can differ substantially from actual future price realizations, resulting in material losses to the Master Funds. There can be no assurance that such models will be effective or that they will be effectively utilized by the relevant Sub-Advisors. The models used by the Sub-Advisors often depend upon inputs from various sources, and in the event such inputs are not accurate, unexpected losses could be incurred. The Sub-Advisors anticipate the continued modification, enhancement and development of models. Each new generation of models (including incremental improvements to current models) exposes the Master Funds to the possibility of unforeseen losses from a variety of factors, including conceptual failures and implementation failures.

Options. The Master Funds engage from time to time in various types of options transactions. An option gives the purchaser the right, but not the obligation, upon exercise of the option, either (i) to buy or sell a specific amount of the underlying security at a specific price (the "strike" price or "exercise" price), or (ii) in the case of a stock index option, to receive a specified cash settlement. To purchase an option, the purchaser must pay a "premium," which consists of a single, nonrefundable payment. Unless the price of the securities underlying the option changes and it becomes profitable to exercise or offset the option before it expires, the Master Funds could lose the entire amount of the premium. The purchaser of an option runs the risk of losing the entire investment. Thus, the Master Funds could incur significant losses in a relatively short period of time. The ability to trade in or exercise options also could be restricted in the event that trading in the underlying securities interest becomes restricted. Options trading could also be illiquid in the event the Master Funds' assets are invested in contracts with extended expirations. The Master Funds can purchase and write put and call options on specific securities, on stock indices or on other financial instruments and, to close out its positions in options, can make a closing purchase transaction or closing sale transaction. In theory, the exposure to loss is potentially unlimited in the case of an uncovered call writer (i.e., a call writer who does not have and maintain during the term of the call an equivalent long position in the stock or other security underlying the call), but in practice the loss is limited by the term of existence of the call. The risk for a writer of an uncovered put option (i.e., a put option written

by a writer that does not have and maintain an offsetting short position in the underlying stock or other security) is that the price of the underlying security may fall below the exercise price.

Political, Social and Economic Uncertainty Risk. Social, political, economic and other conditions and events (such as natural disasters, epidemics and pandemics, terrorism, conflicts and social unrest) will occur that create uncertainty and have significant impacts on issuers, industries, governments and other systems, including the financial markets, to which clients and the issuers in which they invest are exposed. As global systems, economies and financial markets are increasingly interconnected, events that once had only local impact are now more likely to have regional or even global effects. Events that occur in one country, region or financial market will, more frequently, adversely impact issuers in other countries, regions or markets, including in established markets such as the United States. These impacts can be exacerbated by failures of governments and societies to adequately respond to an emerging event or threat.

Uncertainty can result in or coincide with: increased volatility in the global financial markets, including those related to equity and debt securities, loans, credit, derivatives and currency; a decrease in the reliability of market prices and difficulty in valuing assets; greater fluctuations in currency exchange rates; increased risk of default (by both government and private issuers); further social, economic, and political instability; nationalization of private enterprise; greater governmental involvement in the economy or in social factors that impact the economy; greater, less or different governmental regulation and supervision of the securities markets and market participants and increased, decreased or different processes for and approaches to monitoring markets and enforcing rules and regulations by governments or self-regulatory organizations; limited, or limitations on, the activities of investors in such markets; controls or restrictions on foreign investment, capital controls and limitations on repatriation of invested capital; inability to purchase and sell assets or otherwise settle transactions (i.e., a market freeze); unavailability of currency hedging techniques; substantial, and in some periods extremely high, rates of inflation, which can last many years and have substantial negative effects on markets as well as the economy as a whole; recessions; and difficulties in obtaining and/or enforcing legal judgments.

For example, in early 2020, a novel coronavirus (SARS-CoV-2) and related respiratory disease (COVID-19) emerged in China and spread rapidly across the world, including to the United States. This outbreak has led and is likely to continue to lead to disruptions in the worldwide economy, particularly with respect to economies of nations where the novel coronavirus has arisen and also the global markets at-large. This outbreak and any future outbreaks could have a further adverse impact on the global economy in general, including volatility in or disruption in the securities, derivatives, currencies and other financial markets, which could have a material adverse impact on clients. As of the date hereof, it is impossible to determine the scope of this outbreak, or any future outbreaks, or its full potential impact on clients and the issuers in which they invest. Moreover, due to the emerging nature of this outbreak, reasonable expectations about any of the risks to which a client is subject could prove inaccurate.

Although it is impossible to predict the precise nature and consequences of these events, or of any political or policy decisions and regulatory changes occasioned by emerging events or uncertainty on applicable laws or regulations that impact clients' investments, it is clear that these types of events are impacting and will, for at least some time, continue to impact clients and their investments and, in many instances, the impact is likely to be adverse and profound. The issuers in which clients invest could be significantly impacted by emerging events and uncertainty of this type and clients will be negatively impacted if the value of their portfolio holdings decreases as a result of such events and the uncertainty they cause. There can be no assurance that emerging events will not cause a client to suffer a loss of any or all of its

investments or interest thereon. Clients will also be negatively affected if the operations and effectiveness of the adviser, its affiliates, the issuers in which the Master Funds invest or their key service providers are compromised or if necessary or beneficial systems and processes are disrupted.

Each of the risks discussed in this Item 8 is subject to these Political, Social and Economic Uncertainty Risks, and should be considered in light of these risks and uncertainties.

Risks of Derivatives. The Master Funds at times trade derivatives. The risks posed by derivatives include (1) credit risks (the exposure to the possibility of loss resulting from a counterparty's failure to meet its financial obligations); (2) market risks (adverse movements in the price of a financial asset or commodity); (3) legal risks (an action by a court or by a regulatory or legislative body that could invalidate a financial contract); (4) operations risks (inadequate controls, deficient procedures, human error, system failure or fraud); (5) documentation risks (exposure to losses resulting from inadequate documentation); (6) liquidity risks (exposure to losses created by the inability to prematurely terminate a derivative); (7) system risks (the risk that financial difficulties in one institution or a major market disruption will cause uncontrollable financial harm to the financial system); (8) concentration risks (exposure to losses from concentration of closely-related risks such as exposure to a particular industry or exposure linked to a particular entity); and (9) settlement risks (the risk that a client faces when it has performed its obligations under a contract but has not yet received value from its counterparty).

Side Letters. The Funds will from time to time, to the fullest extent permitted by the relevant Fund's constitutive documents and applicable law, seek to induce investment in such Fund by offering investment terms to certain prospective or current investors which are not generally available to investors in that Fund. In such cases the parties will enter into a written side arrangement varying the standard terms of an investment in such Fund. Such variations could include, without limitation but as permitted by the relevant Fund's constitutive documents and applicable law, variations to fees, minimum investment or redemptions, with the effect that not all investors in such Fund will invest on the same terms and some investors may be expected to enjoy more favorable terms than others.

Sub-Advisor Office Space. Prelude provides certain Sub-Advisors with office space. Prelude (as well as any counterparty retained to provide any part of the services, as described in the Master Funds' offering documents) takes all steps reasonably practicable to maintain the privacy of each Sub-Advisor or other counterparty and as a general matter, it is not permissible for Prelude and/or any Sub-Advisor or other counterparty to share such parties' information. Notwithstanding the foregoing, provision of the services could make it challenging for Prelude or any one Sub-Advisor or other counterparty to maintain effective communication barriers and information barriers, and could result in technological issues and/or conflicts of interest. The potential risks of this arrangement include, without limitation, that the receipt of any material nonpublic information by any Sub-Advisor or other counterparty may restrict another Sub-Advisor or other counterparty from effectuating a trade, that ineffective or inadequate technological barriers could result in cybersecurity breaches and that various conflicts of interest could arise.

Subordinated Risk Capital Investment. A Special Investor's investment in a Master Fund, which constitutes a contribution of risk capital to such Master Fund relevant to the allocation its related Sub-Advisor manages on behalf of such Master Fund, sits in a subordinated position with respect to losses incurred by such related Sub-Advisor's sub-account. Any losses incurred by the Sub-Advisor's sub-account will be borne first by such Special Investor's risk capital contribution and as such, a Special Investor must be prepared to bear the potential loss of such capital, up to the entire amount of its investment, as described in detail in each Master Fund's offering document and partnership agreement, as well as any sub-advisory

agreement to which it is a party. Furthermore, in the event a Sub-Advisor's trading results in the loss of the entirety of its related Special Investor's risk capital contribution, losses in excess of such contribution will be allocated to the Opportunity Onshore Fund and subsequently borne by its investors.

Transaction Expenses. The Master Funds may make frequent trades in securities. Frequent trades may impact investment performance, as this practice typically results in correspondingly high transaction costs.

Use of Sub-Advisors. The Master Funds are in part dependent upon the expertise and abilities of the Sub-Advisors, who each have investment discretion over a portion of each Master Fund's assets. Therefore, the investment decisions made by any Sub-Advisor or its principals, as well as the death, incapacity or retirement of any Sub-Advisor or its principals, could potentially adversely affect investment results of the Master Funds. While Prelude performs due diligence and conducts risk analyses on each Sub-Advisor prior to providing it with an allocation, and while Prelude closely monitors the investment parameters and performance of each Sub-Advisor's allocation, it should be noted that Prelude may not be able to prevent substantial losses from being incurred by a Sub-Advisor. Furthermore, it could be difficult for Prelude to uncover fraudulent activity, violations of laws, rules or regulations, or breaches of sub-advisory agreements perpetrated by one or more Sub-Advisors.

In view of the foregoing considerations, an investment with Prelude is suitable only for investors who are capable of bearing the relevant risks (including a total loss of investment) and conflicts of interest. To the extent that prospective investors would benefit from an independent review, such benefit is not available through Prelude or any of its affiliates. Prospective investors are encouraged to seek the advice of independent legal counsel in evaluating the risks of any offering. In addition, as an investment program develops and changes over time, an investment with Prelude may be subject to additional and different risks.

C. Risk Associated with a Particular Type of Security

Not applicable.

Item 9 Disciplinary Information

Not applicable.

Item 10 Other Financial Industry Activities and Affiliations

A. Registration as a Broker-Dealer

Neither Prelude nor any of Prelude's management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

B. Registration as a Futures Commissions Merchant, Commodity Pool Operator or Commodity Trading Advisor

Prelude is not registered as a futures commission merchant, commodity pool operator (a "CPO"), a commodity trading advisor or an associated person of any of the foregoing. The General Partner, which is Prelude's related person, is registered as a CPO with the National Futures Association (the "NFA"). Gavin Saitowitz and Cisco J. del Valle, the Managing Members of Prelude and the General Partner, are registered as associated persons of the General Partner.

C. Material Relationships

A related person of Prelude serves as General Partner to each Onshore Fund and Master Fund, and, in that role, receives incentive compensation. This creates an incentive for Prelude to make investment allocations that are riskier or more speculative than would be the case if the General Partner did not receive incentive compensation from these Funds.

D. Conflicts of Interest in Selecting Other Investment Advisers for which Prelude Receives Compensation

Prelude provides oversight to two fund complexes, the Opportunity Funds and the Structured Funds. The General Partner, the Investment Manager and the Sub-Advisors shall, under normal conditions, allocate investment opportunities between the Opportunity Funds, on the one hand, and the Structured Funds, on the other hand, on a fair and equitable basis, subject to applicable law and client guidelines. Furthermore, the General Partner and the Investment Manager will make their own decisions for the Opportunity Funds on the one hand and the Structured Funds on the other, which decisions may differ given the goals of the different fund complexes. There is a conflict of interest insofar as the General Partner or the Investment Manager may identify investment opportunities generally suitable to the investment strategy of the Opportunity Funds that the General Partner or the Investment Manager may direct to the Structured Funds in their respective capacities as the general partner and investment manager of the Structured Funds, and vice versa.

In light of this conflict, the Investment Manager will work internally to determine, in its reasonable judgment, that every investment opportunity is fairly allocated in the best interests of the Opportunity Funds, on the one hand, and the Structured Funds, on the other hand. The Investment Manager will do this by convening a meeting or meetings of certain members of senior management who comprise its Investment Committee (which includes the members of its conflicts of interest committee), which will be tasked with considering whether such an investment opportunity is more appropriately suited for the Opportunity Funds or the Structured Funds. For the avoidance of doubt, the resolution of such conflicts vis-à-vis the Opportunity Funds, on the one hand, and the Structured Funds on the other, shall be resolved in the sole discretion of the General Partner and/or the Investment Manager. As a general matter, it is anticipated that certain fundamental features of a potential Sub-Advisor's strategy will be more appropriate for the Opportunity Funds on the one hand and the Structured Funds on the other. Specifically, strategies appropriate for the Structured Funds will often offer higher levels of volatility and risk generally, and thus greater potential gains, than those appropriate for the Opportunity Funds, as well as lower leverage requirements, greater directionality and variable risk capital drawdown levels. That said, there will be occasions when a Sub-Advisor's strategy would work for either or both sets of the Opportunity Funds, on the one hand, and the Structured Funds, on the other, and the allocation of such an investment opportunity shall be undertaken in furtherance of the fiduciary duty owed to all investors.

The Master Funds can allocate capital to be managed by related parties, including by Prelude or third-parties retained by Prelude, as described herein. There is a conflict of interest in Prelude, an affiliated Sub-Advisor or a third-party agent on behalf of Prelude managing a sub-account for the Master Funds, as Prelude typically negotiates agreement terms with Sub-Advisors and in such a situation an arms' length negotiation would not be possible. In light of these potential conflicts, should such circumstances arise, Prelude will work internally to determine, in its reasonable judgment, that any proposed action and negotiated terms are consistent with the best interests of the Master Funds and are on terms that are commercially reasonable. Prelude will do this by convening a meeting or meetings of certain members of senior management who comprise its conflicts of interest committee, which will be tasked with

considering the facts and ensuring the course of conduct decided upon is one which Prelude would approve if it were not a party to the transaction. The purpose of the conflicts of interest committee's analysis in such circumstances is to determine whether the Master Funds' investors are at all times being treated fairly and equitably, that the terms of such arrangements are commercially reasonable and that actions taken by Prelude or any third parties are reasonably believed to be in the Master Funds' best interests.

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

A. Code of Ethics

In accordance with Rule 204A-1 of the Advisers Act, Prelude has adopted a code of ethics (the "Code"). The Code sets forth standards of conduct expected of advisory personnel, addresses safeguarding material nonpublic information about client transactions and addresses conflicts that arise from personal trading by advisory personnel. For the avoidance of doubt, the Code is applicable to Prelude's employees only and is not applicable to the Sub-Advisors. Each Sub-Advisor is responsible for the compliance program of its organization.

It is our policy that our operations be conducted in compliance with the law and with the highest ethical standards. This policy applies to all employees and others working on behalf of Prelude wherever located. Each employee has an obligation to act at all times in an honest and ethical manner and with the highest integrity in dealings with clients and/or any third party.

The Code is designed to, among other things, provide a statement of the general standards of conduct required by us of our employees, including in such areas as conflicts of interest, confidential information, use of Prelude property, personal securities investing and illegal insider trading.

The foundation of the Code consists of three underlying principles: (1) employees must at all times place the interests of Prelude's clients before their own interests, (2) employees must make sure that all personal securities transactions are conducted consistent with the Code and the Prelude employee investment policy (the "EIP"), and in such a manner as to avoid any actual or potential conflicts of interest or any abuse of an individual's position of trust and responsibility and (3) employees should not take inappropriate advantage of their positions (for example, the receipt of investment opportunities, perquisites or gifts from persons seeking business with Prelude could call into question the exercise of an employee's independent judgment).

As with all policies and procedures, the Code is designed to cover a variety of circumstances and conduct; however, no policy or procedure can anticipate every potential conflict of interest that can arise in connection with personal trading. Consequently, employees are expected to abide not only by the letter of the Code, but also by the spirit of the Code.

Because our policies, governmental regulations and industry standards relating to personal trading and potential conflicts of interest can change over time, we may modify any or all of the policies and procedures set forth in the Code. Employees will be given written notification in the event that Prelude revises the Code. It is the responsibility of each employee to become familiar with any modifications to the Code.

We will provide a copy of the Code to any investor or prospective investor upon request. Such a request should be submitted by contacting Prelude at (212) 546-1180 or at info@preludecapital.com.

B. Potential Conflicts Regarding Securities Recommendations

Each of the Feeder Funds directly or indirectly invest its assets into the related Master Fund. We do not believe that this creates a conflict of interest. To the extent other conflicts arise from time to time, Prelude addresses them in accordance with upholding its fiduciary duty to its clients. Please see ***Item 4 Advisory Business*** for additional information.

C. Personal Trading and Related Issues

We permit our employees to engage in personal trading, subject to the provisions of the Code and the EIP. Prelude takes various steps to limit potential conflicts of interest and to monitor employee trading. Specifically, we prohibit any employee from representing Prelude or a client in any transaction where the employee's outside business interests could compromise his or her ability to fairly represent Prelude or its clients. Our employees are prohibited from owning interests in any corporation or participating in any outside business activity which Prelude reasonably believes could compromise the employee's loyalty to Prelude or its clients. Employees have a duty to notify the Chief Compliance Officer of any outside business activity, so the Compliance team may monitor the situation for potential conflicts.

Our employees must pre-clear all trades with the Compliance team (with limited exceptions for non-covered accounts or securities, such as open-ended mutual funds or ETFs). Employees provide the Compliance team with their brokerage statements on an annual and quarterly basis and complete quarterly holding reports. Employees also provide the Compliance team with the account information of all covered trading accounts so they may be accurately monitored.

Since it is not possible to contemplate all situations that might involve conflicts of interest, it is our policy that if an employee has any doubts or questions about the appropriateness of any interests or activities, that employee should contact the Chief Compliance Officer immediately.

With respect to potential conflicts regarding an employee's personal trading and, in a broader sense financial interests in general, no employee or other person working on behalf of Prelude, individual members of the employee's immediate family, or persons living in the employee's household is permitted to own, directly or indirectly, any interest in any corporation or other entity if ownership of such interest could compromise the loyalty or judgment of such employee or person working on behalf of Prelude. Whether a particular financial interest will constitute a conflict of interest or the appearance thereof will vary depending on the circumstances.

We strictly prohibit employees from engaging in any activity that could be considered illegal insider trading. We specifically forbid, among other things: (1) any trading while in possession of material, non-public information, (2) recommending the purchase or sale of any securities while in possession of material, non-public information and (3) communicating material, non-public information to others. Prelude attempts to curb any illegal insider trading by monitoring, and requiring the pre-clearance of, its employees' trades and by educating its employees as to what could constitute illegal insider trading, what actions are prohibited and what the potential penalties are for engaging in such illegal conduct.

Compliance and Code training for employees is held at least annually and may be held periodically as determined by the Chief Compliance Officer in relation to any relevant legal developments which could impact Prelude. Training can include a thorough review of Prelude's relevant policies and procedures, as well as current regulatory topics, conducted by either the Compliance team or an independent third-party hired for such purpose. Specifically, employee training focuses on those issues Prelude deems most crucial related to its employees, including extensive discussions of the definition of insider information

and the practices which may constitute illegal insider trading, employee conflicts of interest and trading policies, firm expense policy, cybersecurity policy, political contribution policy and gift policy.

D. Transactions in Securities Recommended to Clients

In addition, certain of our employees and related persons invest in the Funds. Such employees and related persons have a direct interest in the success of the Fund or Funds in which they have invested. In addition, Prelude employees could from time to time invest in securities in their personal accounts that are held in the Master Funds by one or more Sub-Advisors.

Item 12 Brokerage Practices

A. Broker-Dealer Selection and Reasonableness of Compensation

Prelude does not generally trade on behalf of the Master Funds, although it retains the right to do so, as such trading is conducted by the individual Sub-Advisors. Each Sub-Advisor may clear and settle securities transactions through various brokers, subject to Prelude's approval and the terms of each sub-advisory agreement. The relevant sub-account will be charged commissions by any broker or dealer it utilizes to effect trading in the sub-account on each trade executed in the sub-account per the terms of the applicable sub-advisory agreement.

Generally, portfolio transactions for the Master Funds are cleared through brokerage accounts maintained at various brokerage institutions, each of which may or may not also act as a custodian for the Master Funds. In Prelude's discretion, portfolio assets will at times be held for the benefit of the Master Funds by other financial institutions, including any brokers or dealers or other institutions through which a Sub-Advisor effects transactions on the Master Fund's behalf. The Master Funds may engage and pay fees and/or commissions to other or additional custodians, prime brokers and/or brokers, including without limitation, affiliates of Prelude, at any time. We can replace existing brokers without notice to the limited partners.

Portfolio transactions are executed by brokers and dealers selected on behalf the Master Funds on the basis of their ability to effect prompt and efficient executions at competitive rates and also in consideration of such brokers' provision or payment of brokerage or research services (referred to as payment made by "soft dollars," as further described herein). Reasonableness of commissions is assessed based on numerous factors, including but not limited to the nature of the services provided and the rates charged by competitors for the same or similar services.

1. Research and Other Soft Dollar Benefits

Section 28(e) of the United States Securities Exchange Act of 1934, as amended, establishes a safe harbor (the "Section 28(e) safe harbor") allowing investment managers to use client funds, by way of commission dollars, to purchase certain brokerage and research services. The use of such commission dollars to obtain research or other products or services benefits the clients, who do not have to produce or pay for such research, products or services. Further, the amount of commissions paid by a client, if any (directly or indirectly), must be reasonable in light of the value of the brokerage or research services offered, taking into account various factors, including commission rates, financial responsibility and strength and ability of the broker to efficiently execute transactions. This practice could create an incentive to select or recommend a broker-dealer based on research or other products rather than on a client's interest in best execution.

While Prelude does not currently directly utilize soft dollars, we do permit those Sub-Advisors managing assets for the Master Funds to do so, provided that all such benefits are within the Section 28(e) safe harbor. Under such circumstances, given that it is a Sub-Advisor and not Prelude or the Master Funds incurring (and putting to direct use) these soft dollar commissions, the soft dollar benefits at issue are monitored, and any invoices are paid, at the prime broker level for each sub-account (i.e., the Sub-Advisor maintains a soft dollar account with the prime broker where the sub-account is maintained). Any research or other permissible expenses are paid by the prime broker and Prelude is not provided with specific details regarding the benefit received at the Sub-Advisor level. When a Sub-Advisor uses brokerage commissions to obtain research or other products or services, the Sub-Advisor receives a benefit because it does not have to produce or pay for the research, product or services. Each prime broker with whom each Master Fund maintains a relationship is aware that any soft dollar commissions must be utilized for services within the Section 28(e) safe harbor.

To the extent the Master Funds are required to pay commissions, if Prelude determines in good faith that the amount of commissions that a broker charges a Sub-Advisor seem reasonable in relation to the value of the brokerage or research services provided by such broker, then the Sub-Advisor would be permitted to trade with such broker. The Master Funds are enabled to pay commissions (or markups or markdowns) to a broker in an amount greater than the amount another broker might charge under such circumstances, in return for soft dollar benefits. Prelude has not directed client transactions to any particular broker-dealer in return for soft dollar benefits; however, individual Sub-Advisors are enabled to direct transactions to particular broker-dealers for a variety of reasons, which could include obtaining soft dollar benefits.

The Section 28(e) safe harbor is only available under certain circumstances and covers research services provided by brokers which generally include advice, analyses and reports, and could specifically include traditional research reports analyzing the performance of a particular company or stock, certain financial newsletters and trade journals, quantitative analytical software and software that provides analyses of securities portfolios, seminars, conferences and other services that reflect substantive content (i.e., the expression of reasoning or knowledge relating to the subject matter of Section 28(e)) and provide lawful and appropriate assistance to Prelude in the performance of its investment decision-making responsibilities on behalf of a client.

The Section 28(e) safe harbor is available only when a Sub-Advisor, on behalf of the Master Funds, conducts business with a broker that is involved with “effecting” the trades and which “provides” the research. “Effecting” trades generally involves executing, clearing or settling the trade. A broker “provides” the product or service if the broker that is effecting transactions for the advised accounts is either legally obligated to pay for the research or, is not legally obligated to pay, but pays the research preparer directly and takes steps to ensure that the services being paid with client commissions are eligible under the Section 28(e) safe harbor.

To the extent applicable, Prelude permits the use soft dollars within the parameters of the Section 28(e) safe harbor, for items including but not limited to research advice, analyses and reports and products and services that relate to the execution of a trade (e.g., connectivity services and trading software). Soft dollar items, whether provided directly or indirectly, can be utilized for the benefit of any of a Sub-Advisor’s client accounts, not strictly the Master Funds. Such items need not be allocated proportionately to client accounts which generated the soft dollar credits and it is possible that the Master Funds will not obtain the full benefit to which it would otherwise be entitled due to a Sub-Advisor’s trading. Prelude permits the use of client commissions to acquire soft dollar items that a Sub-Advisor could otherwise be

obligated to provide to, or acquire at its own expense for, its clients. In such an instance, the relevant party will analyze and determine that such soft dollar items may provide such client with benefits by supplementing the research and services otherwise available to such client.

To confirm that Sub-Advisors comply with the requirement that all soft dollar benefits fall within the Section 28(e) safe harbor, Prelude contacts each Sub-Advisor that utilizes commissions for soft dollar items periodically to document the brokers with which such Sub-Advisors accrue soft dollar commission credits, the additional per share (or basis point) amount each Sub-Advisor is accruing and the nature of the soft dollar items acquired. If Prelude were to determine that the soft dollar items at issue did not fall within the Section 28(e) safe harbor, the relevant Sub-Advisor would be restricted from utilizing soft dollar items in connection with its sub-account going forward. Additionally, Prelude will contact the brokers utilized by Sub-Advisors on an as-needed basis to discuss their controls and procedures around the use of soft dollar commission credits.

2. Brokerage for Client Referrals

In addition to the factors described above, Prelude could consider a broker's referrals or the potential for future referrals when selecting brokers. As with client commission payments for brokerage and research services and/or products, a conflict of interest could arise as in some cases the transaction compensation paid might be higher than that obtainable from another broker-dealer who did not provide (or undertake to provide) referrals, although Prelude will seek to avoid such a result and will seek best execution. Awarding transaction business to brokers in recognition of past or future referrals could create an incentive for Prelude to cause a client to effect more transactions than it might otherwise do in order to stimulate more referrals.

In the last fiscal year Prelude did, in some instances, refer potential Sub-Advisors (and consequently the transactions they executed on behalf of the Opportunity Master Fund) to specific brokers, generally under circumstances where such broker made the initial introduction to the Sub-Advisor. It is expected that similar referrals will be made in the future with regard to each of the Master Funds.

3. Directed Brokerage

Not applicable.

B. Trade Aggregation

Prelude does not generally at the present time directly enter into securities transactions, although it is able to and will do so from time to time. Furthermore, Prelude does not concurrently advise multiple trading vehicles and as such does not have occasion to aggregate trade orders. Should circumstances change in the future, however, we expect to adhere to the policy set forth below. It is Prelude's policy that trades be aggregated to facilitate best execution, or the execution of securities transactions for its clients in such a manner that the clients' total costs or proceeds in each transaction are the most favorable under the circumstances. As a matter of fiduciary duty, advisers must ensure that, when aggregating and allocating securities transactions, clients are treated in a fair and equitable manner over time.

Prelude's aggregation policy requires that all clients be treated fairly and equitably over time and that unless otherwise noted, each participating account receives pro rata the average price while transaction costs are shared pro rata based on participation. Further, we will not aggregate transactions unless to do

so is consistent with our duty to seek best execution for our clients and participating clients (as well as the allocation methods) are specified before entering into an aggregated order.

Orders on behalf of clients which will be aggregated, as well as orders on behalf of future client accounts whose orders will be aggregated, will be deposited with one or more banks or broker-dealers, and neither the client's cash nor their securities will be held collectively any longer than is necessary to settle the purchase or sale in question on a delivery versus payment basis; cash or securities held collectively for the clients will be delivered out to the custodian or broker-dealer as soon as practicable following the settlement. Our books and records will reflect securities held by, or bought or sold for, clients that participate in an aggregation. No additional compensation will be due as a result of aggregation.

Item 13 Review of Accounts

A. Periodic Review of Client Accounts

Prelude's Managing Members review client accounts periodically and on an as-needed basis. Such meetings involve discussing whether particular strategies or investment limitations would suit a client. Prelude's research team meets regularly to discuss current and potential Sub-Advisors and their strategies. In addition, our risk team consistently monitors the trading activity within client accounts to ensure compliance with the applicable investment strategies and limitations.

B. Non-Periodic Reviews

A Sub-Advisor's material or repeated violation of its risk parameters, or a decrease below a certain level in its related Special Investor's capital account balance, generally triggers a non-periodic review of the relevant account by Prelude's Managing Members. Such a review would, at such time, involve working with the Sub-Advisor at issue to understand the circumstances and devise an appropriate solution.

C. Client Reporting

As soon as practicable following completion of the annual audit of the Funds and within the timeframes dictated by applicable laws, Prelude will prepare and mail (which, for purposes of this Item 13 includes email), or will cause to be prepared and mailed, to each limited partner or shareholder a written financial report presented in accordance with US generally accepted accounting principles ("GAAP"), together with the report thereon submitted by the accountants selected by the General Partner, setting forth, as of the end of such Fiscal Year and for each Fund in which they are invested: (a) a balance sheet, (b) an income statement and (c) a statement showing the aggregate fund gains and aggregate fund losses for such year.

In addition, as soon as practicable following the end of each month, Prelude prepares and mails, or causes to be prepared and mailed, to each investor a statement of such investor's capital account balance.

Tax information, including, but not limited to a Form K-1, is provided and sets forth in sufficient detail such information as shall enable each limited partner, or former limited partner, as necessary, to prepare its respective income tax returns in accordance with the laws, rules and regulations then prevailing.

Item 14 Client Referrals and Other Compensation

A. Economic Benefits Provided by Non-Clients

Broker-dealers (including, without limitation, prime brokers) and other counterparties generally provide a variety of services, including capital introduction services and introductions to potential Sub-Advisors. Prelude is not required to direct any volume of business in return for these services. However, it has an incentive to maintain relationships with these firms based on their prior and continued services and thus to not use or consider other counterparties even though such other counterparties may offer different or arguably superior products and services. Notwithstanding the foregoing, Prelude periodically reassesses its relationships with its counterparties and always acts in accordance with its fiduciary duty to its clients taking into account all the relevant facts and circumstances.

B. Compensation for Client Referrals

While not presently retained, we reserve the right to retain one or more affiliated or non-affiliated Placement Agent(s). Our Chief Compliance Officer will determine whether any such arrangements are subject to SEC Rule 206(4)-3 and if so, whether the arrangements comply with such rule and any other applicable laws.

Item 15 Custody

As noted above, an affiliate of Prelude serves as the general partner of each Onshore Fund and Master Fund and as commodity pool operator of the Offshore Funds. As such, Prelude is deemed to have custody of the client funds and securities. Investors in the Funds receive audited financial statements prepared in accordance with GAAP within 90 days of each of the relevant Funds' fiscal year end, due to the fact that the Funds' CPO is registered with the NFA. Investors should contact us if they have any questions about the audited financial statements or fail to receive them timely.

Item 16 Investment Discretion

We have broad discretionary authority to manage securities accounts on behalf of the limited partners who are investors in our funds under management. Prelude is delegated such authority through relevant Fund governing documents, including the Limited Partnership Agreements of the Onshore Funds, which each limited partner must execute prior to becoming an investor in the relevant Fund, and the Investment Management Agreement of the Offshore Fund. Each Master Fund grants its Sub-Advisors a limited power of attorney to exercise investment discretion only with respect to the assets that the Sub-Advisor has been allocated.

Prelude is not restricted in its discretionary authority; however, its advice will be consistent with the risk profile and investment guidelines of each Fund. All Sub-Advisors managing allocations on behalf of a Fund are subject to risk guidelines and investment restrictions, which are tailored to protect the investments of all investors in the relevant Funds. For additional information on Prelude's advisory services in general, please see *Item 4 Advisory Business*.

Item 17 Voting Client Securities

Prelude has been given discretionary authority for investment decisions by its clients, and thus has authority to vote proxies on behalf of its clients unless an investment advisory agreement stipulates otherwise. If Prelude has discretionary authority, clients do not direct voting in any particular proxy solicitation.

Were Prelude to vote proxies, where applicable and when given authority, it would do so in the best interests of its clients in terms of maximizing clients' rate of return on investment. In certain cases, this may involve refraining from voting when the cost of voting exceeds the expected benefit. Prelude has authority to vote proxies on behalf of the Funds, however it does not as a general matter do so given the structure and strategies of the Funds. The Sub-Advisors who have been delegated trading authority are able to vote any relevant proxies and maintain their own proxy voting policies.

In the event Prelude does have occasion to vote proxies, potential material conflicts of interests may arise with any particular proxy solicitation. Such conflicts may include, but are not limited to, the following: the individual designated to vote proxies owns an interest in the company in which Prelude will vote on a proxy; the individual designated to vote proxies will receive some unusual compensation or profit based on how Prelude votes on a proxy; the individual designated to vote proxies serves as a director in the company in which Prelude will vote on a proxy; the individual designated to vote proxies has an immediate family member (spouse, child, parent, sibling, or in-law) that is a director in the company in which Prelude will vote on a proxy; the individual designated to vote proxies has a personal relationship with an executive or director in the company in which Prelude will vote on a proxy; and the individual designated to vote proxies has a personal relationship with a candidate to be a director in the company in which Prelude will vote on a proxy. In the event of such a conflict of interest, Prelude's proxy voting committee may determine that the individual designated to vote proxies has such a conflict of interest and is to be recused from voting the proxy at issue. In such cases, the remaining non-conflicted members will vote the proxy.

To comply with SEC Rule 206(4)-6 and amended Rule 204-2, Prelude maintains a copy of its Proxy Voting Policy and Procedures; it also maintains records of proxy statements received pertaining to client securities and records of votes cast by Prelude, any documents prepared by Prelude that were material to making a decision how to vote or that memorialized the basis for the decision and records of each client request for proxy voting records as well as Prelude's response to such requests.

We will provide a copy of Prelude's Proxy Voting Policies and Procedures and information on how Prelude has voted proxies to any investor or prospective investor upon request. Such a request should be submitted by contacting Prelude at (212) 546-1180 or at info@preludcapital.com.

Item 18 Financial Information

A. Balance Sheet

Not applicable.

B. Financial Conditions that Could Impair Contractual Commitments to Clients

Not applicable.

C. Bankruptcy

Not applicable.