



XN LP

Part 2A of Form ADV

The Brochure

412 West 15th Street
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This brochure provides information about the qualifications and business practices of XN LP and its relying adviser XN Exponent Advisors LLC, (collectively “XN” “we” or “us”). If you have any questions about the contents of this brochure, please contact us at IR@xncap.com or at 646-849-0500.

XN is registered as an investment adviser with the United States Securities and Exchange Commission (the “SEC”) under the Investment Advisers Act of 1940 (the “Advisers Act”). Registration as an investment adviser with the SEC does not imply a certain level of skill or training. In addition, the information in this brochure has not been approved or verified by the SEC or by any state securities authority.

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

Item 2: Material Changes

In March 2020, XN filed its initial application to register as an investment adviser with the SEC. Accordingly, this is the first Brochure prepared by XN. We encourage all recipients of this Brochure to read it carefully in its entirety. In the future, this Item will identify and discuss the material changes, if any, since the last annual update.

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Item 4: Advisory Business

XN LP is a Delaware limited partnership and an investment adviser with its principal place of business in New York, NY. XN LP commenced operations as an investment adviser in March 2020. XN LP was founded in May 2018 and is primarily owned, directly or indirectly, by Gaurav Kapadia.

XN Exponent Advisors LLC is a Delaware limited liability company and an investment adviser with its principal place of business in New York, NY. XN Exponent Advisors LLC commenced operations as an investment adviser in March 2020. XN Exponent Advisors LLC was founded in December 2019 and is primarily owned, directly or indirectly, by Gaurav Kapadia.

Although organized as separate legal entities, XN LP and XN Exponent Advisors LLC conduct a single advisory business because, among other things, the entities: (i) are subject to a unified compliance program; (ii) advise only private funds maintained on behalf of qualified clients; (iii) hold themselves out to current and prospective investors as conducting a single advisory business because they, for example, share personnel and resources.

XN provides investment advisory services on a discretionary basis to its clients, which consist of private funds that are pooled investment vehicles which are offered to sophisticated investors and other large investors such as institutions and corporations (individually, the “Fund” or “Client,” and, collectively, the “Funds” or “Clients”). Investment advice is provided directly to the Funds and not individually to the Funds’ investors. The investment advisory services provided to each Fund will be based on the investment objectives and restrictions as set out in a Fund’s Governing Documents (as defined below). Please see Item 8 for a description of the investment strategies employed by XN and their related risks.

XN’s registration on Form ADV also covers XN Exponent GP LLC (the “Fund General Partner”), a limited liability company organized under the laws of the state of Delaware. The Fund General Partner is an affiliate of XN and serves or may serve as the general partner of Clients that are U.S. or offshore partnerships. The Fund General Partner’s facilities and personnel are provided by XN.

XN provides investment advice to its Clients in accordance with the terms of each Client’s confidential offering or private placement memoranda, individual limited partnership or shareholder agreements and other governing documents applicable to each Client (“Governing Documents”).

The Principal (together with members of his family, through the Fund General Partner or through trusts, organizations or other entities for the benefit of any such persons, or charitable foundations, organizations or trusts established or directed by any such persons (including donor-advised funds or other estate planning vehicles), directly or indirectly) will invest a significant amount in the Funds.

XN may enter into co-investment arrangements with third parties (including, but not limited to, certain investors in the Funds). XN does not currently maintain any co-investment arrangements or advise any managed accounts or investment vehicles (such as a fund-of-one) other than as described herein, but may do so in the future.

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

As of the date of this Brochure, XN has no Clients or regulatory assets under management.

Item 5: Fees and Compensation

General

XN provides investment advisory services to each Client pursuant to each Client’s Governing Documents which set forth in detail the fee structure relevant for such Client. A summary of such fees is provided below. The applicable fee structure and expenses may vary among each Fund or

series, sub-series and tranches of interests within a Fund. Investors and prospective investors are advised to review a relevant Fund's Governing Documents for a more comprehensive discussion of the applicable fees and expenses.

Management Fee

XN is entitled to receive a management fee for its services (the "Management Fee"), quarterly in advance, equal to one-fourth of the product of 1.50% and the balance of each capital account of each investor as of the first calendar day of each quarter without taking into account the estimated "accrued" Incentive Allocation (as defined below), if any and the balance of each capital account of each investor will be decreased by a corresponding amount.

For purposes of calculating the Management Fee, the Fund's assets and liabilities will be valued in accordance with XN's valuation policies and procedures, as the same may be amended from time to time; provided, that certain investments of the Fund designated by XN as "special investments" will be valued at the lower of cost basis or fair value, as described in the applicable Governing Documents.

At the sole discretion of XN, the Management Fee may be waived, reduced or calculated differently with respect to the capital account(s) of any investor. The Fund General Partner's capital account(s) will not be debited with any Management Fee. Interests issued to the Principal or other XN-related investors, including any other member, partner, officer or employee of the Fund General Partner, XN or an affiliate thereof, any member of the immediate family of such a person, and any trust or other entity for the benefit of such a person, or any charitable foundation, organization or trust established or directed by such a person (including donor-advised funds or other estate planning vehicles), that invests directly or indirectly in a Fund (collectively, the "XN-Related Investors") will also not be subject to a Management Fee.

Incentive Allocation

Generally, at the end of each fiscal year, XN is entitled to earn an incentive allocation (the "Incentive Allocation") determined separately with respect to each capital account established for an investor (a separate capital account will be established in respect of such capital contribution by an investor). The Fund offers several series, sub-series and tranches of interests into which prospective investors may invest, as further described in the applicable Governing Documents. The Incentive Allocation amounts charged to investors will be determined by the terms specific to the series, sub-series and tranche of interests in which each such investor invests but generally will range from 17.5%-20% of profits in certain series, sub-series and tranches of interests with no hurdle rate and will be higher in certain series, sub-series and tranches of interests which include a hurdle rate. Therefore, the specific Incentive Allocation amounts charged to investors will be determined by the specific investor's series and tranches of interests and the investments of the Fund in which the capital account of the specific investor participates (which, for the avoidance of doubt, will differ among capital accounts as a result of variables including, without limitation, the timing of the specific investor's contribution to that capital account and the percentage of such contribution that is available from time to time for investments designated by XN as "special investments").

For example, for certain series and tranches of interests, the Incentive Allocation allocated in respect of the specific investor's capital account will be an amount equal to the result of (i) the applicable Incentive Allocation rate multiplied by (ii) the amount of the net capital appreciation allocated to such capital account for such fiscal year reduced by the Management Fee debited to such capital account for such fiscal year taking into account any gains or losses from investments designated by the Investment Adviser to be "special investments" that have been realized or deemed realized and "special investment income," but reduced to the extent of any balance in such capital account's "loss recovery account". Certain other series and tranches of interests are subject to a "progressive incentive allocation", pursuant to which the Incentive Allocation rate in respect of such interests increases based on the amount of net capital appreciation allocated to such capital account for such fiscal year. The Fund also offers series and tranches of interests that are subject to a cumulative hurdle which cumulative net capital appreciation must exceed prior to any Incentive Allocation being allocated to XN. Additional details regarding the Incentive Allocation paid by all series and tranches of interests are contained in the applicable Fund's Governing Documents.

In the sole discretion of XN, the Incentive Allocation may be waived, reduced or calculated differently with respect to the capital account(s) of any investor. Interests issued to the Principal or any other XN-related Investors will not be subject to the Incentive Allocation.

Expenses

In addition to the Management Fee and Incentive Allocation, Funds also bear their own expenses as more fully described in each Fund's Governing Documents. These expenses may include, but are not limited to, some or all of the following: (i) due diligence, financing (including all amounts borrowed pursuant to a subscription facility), monitoring and disposition of actual and prospective investments, whether or not such investment is consummated, including, without limitation, the following: third-party investment sourcing fees, including, without limitation, fees to introducers, intermediaries and brokers (in each case including, without limitation, performance-based fees); fees and expenses related to obtaining research and market data (including, without limitation, any information technology hardware, software or other technology incorporated into the cost of obtaining such research and market data, and including fees and expenses related to obtaining, processing and analyzing research or market data that may be considered "big data" or "alternative data", including fees and expenses related to performing due diligence (including ongoing due diligence) on potential providers of any of such research or market data services (including, without limitation, "big data" or "alternative data" services)), news and quotation equipment and services and any fees to third-party providers of research and/or portfolio risk management services; due diligence expenses including, without limitation, consulting and appraisal fees; travel expenses (including air travel, hotels and meals); brokerage, prime brokerage and futures commission merchant fees, commissions and expenses; expenses relating to block trades; expenses relating to short sales; clearing and settlement charges (including reconciliation services); custodial fees and expenses; bank service fees; interest expenses and fees related to financings or refinancings; financing costs related to a subscription facility; fees and expenses of proxy research and voting and class action-related services; fees and expenses of third-party professionals, including, without limitation, consultants, investment bankers, attorneys, valuation service providers and accountants; and other professional fees; (ii) organizational expenses; (iii) the Fund's direct or indirect pro rata share of any compensation payable in connection with

the management of any investment designated by XN as a “special investment” by an unaffiliated third party or management team, which may include both asset-based fees and performance-based fees or allocations; (iv) fees and expenses relating to information technology hardware, software or other technology (including, without limitation, costs of software licensing, implementation, data management and recovery services and custom development) used to research investments, evaluate and manage risk, facilitate valuations and/or facilitate compliance with the rules of any self-regulatory organization or applicable law (including, without limitation, reporting obligations), facilitate and manage the order execution of investments or otherwise manage the Fund or any trading subsidiary or special purpose vehicle; (v) fees and expenses of third-party professionals, including, without limitation, consultants, valuation service providers, attorneys, accountants and third-party administrative fees (including of any “shadow” administrator) and expenses; (vi) the costs of any litigation or investigation involving activities of the Fund or any trading subsidiary or special purpose vehicle; (vii) preparation costs of financial statements, tax returns (including estimated and final Schedules K-1) and of financial, tax and other reports to investors and expenses relating to taxes; (viii) insurance expenses, including, without limitation, premiums for cybersecurity insurance and liability insurance covering the Fund’s general partner and certain of its affiliates and the members, partners, officers, employees and agents of any of them, and any review agent appointed by the Fund; (ix) fees and expenses (including, without limitation, director registration fees) relating to such review agent or any trading subsidiary’s or special purpose vehicle’s directors; (x) costs of preparing and distributing reports and notices (including, without limitation, all costs incurred to audit such reports, provide access to a database or other internet forum and any other operational, legal, secretarial or postage expenses associated with distribution of the same); (xi) expenses incurred in connection with negotiating and complying with provisions of any side letter and expenses incurred in connection with any transfers of interests or a an investor’s admission or withdrawal, unless otherwise charged to or borne by the applicable transferee or such investor; (xii) fees and expenses related to compliance with the rules of any self-regulatory organization or applicable law in connection with the activities of the Fund or any trading subsidiary or special purpose vehicle, including, without limitation, any governmental, regulatory, licensing, filing or registration fees or taxes (including, without limitation, fees and expenses incurred in connection with the preparation and filing of Form PF, Section 13 filings, Section 16 filings and other similar regulatory filings); (xiii) expenses incurred in connection with the offering and sale of the interests and other similar expenses related to the Fund (excluding fees payable to any placement agent not engaged pursuant to local legal or regulatory requirements in connection with the offering of Interests outside the United States); (xiv) expenses incurred in connection with any amendments, modifications, revisions or restatements to the constituent documents of the Funds or any trading subsidiary or special purpose vehicle (other than any such amendments, modifications, revisions or restatements solely to benefit the Fund’s general partner, XN, in its capacity as investment manager, and their respective partners or members); (xv) expenses incurred in connection with meetings with investors and prospective investors in the Fund; (xvi) extraordinary expenses, including, without limitation, indemnification expenses, fees and expenses incurred by the “partnership representative” in representing the Fund (or incurred in connection with any tax audit, examination or review by any tax authority), including, without limitation, any related administrative settlement and judicial review, and any and all taxes, other than those specifically allocated to a particular investor under the Governing Documents; (xvii) fees and expenses incurred in connection with the reorganization and/or recapitalization, dissolution, winding-up or

termination of the Fund or any trading subsidiary or special purpose vehicle; and (xviii) other similar expenses related to the Fund.

For the avoidance of doubt, “similar expenses” refers to any expenses that are similar in type and nature to the expenses described in the previous paragraph, and is intended, given the dynamic ongoing nature of the business of each Fund, to cover any expenses determined by each Fund’s general partner, in its sole discretion, to be primarily related to the categories listed above but not specifically enumerated. Accordingly, any description in this Brochure of the expenses that the Fund may bear (directly or indirectly) is not exhaustive.

XN allocates expenses among the Funds and XN in a manner that is fair and equitable, as determined by XN in its sole discretion, subject to each relevant governing document.

Ancillary Fees Earned by XN

From time to time, the Principal and personnel of XN may serve as directors or advisory board members of certain portfolio companies or other entities. In connection with such services, such persons may earn fees and other income from services provided or related to portfolio investments or in connection with portfolio investments or prospective portfolio investments, such as, without limitation, advisory fees, due diligence fees, structuring fees, servicing fees, directors’ fees, break-up fees or any similar fees or other similar compensation attributable to such personnel’s services (“Ancillary Fees”). XN will keep any such fees, profits, commissions, fees or other income or similar compensation earned by such personnel in connection with the provision of such services. However, generally, the management fee borne by the investors participating in the investment to which any such Ancillary Fees relate will, in aggregate, be reduced (upon their reduction to cash, if applicable) by an amount equal to the portion of such Ancillary Fees attributable to the applicable Client in accordance with the applicable Client’s governing documents (the Client’s portion of such fees will generally equal the Client’s share relative to the other Clients’ share in such investment and an investor’s portion will generally be such investor’s share in the applicable Client’s portion relative to the other partners’ share). Other types of fees paid to, or income earned by, XN or its personnel will not reduce the management fee. No amount of an Ancillary Fee that is in excess of the management fee will be refunded to the applicable Client or such Client’s investors in the event of dissolution of such Client.

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

XN accepts performance-based compensation from each Client in the form of an Incentive Allocation. As described above, the percentage amounts upon which such Incentive Allocation is calculated, the timing of the calculation of such Incentive Allocation, the inclusion of unrealized gains in such calculation and other terms differ among clients. As a result, XN may have an incentive to allocate investment opportunities to the Clients from whom the greatest Incentive Allocation may be earned. Additionally, the fact that a significant portion of XN’s compensation is directly computed on the basis of profits generated by the sale or disposition of client assets may create an incentive for XN to make investments on behalf of the Funds that are riskier or more speculative than would be the case in the absence of such compensation. XN has designed policies and procedures related to the management of the Clients and adherence to investment guidelines, as outlined in the governing documents, in order to mitigate such risks.

Item 7: Types of Clients

XN provides investment management services to the Clients as described above and not to investors thereof. Also as noted, XN may in the future provide investment management services to managed accounts or other public or private vehicles.

Each Client's Governing Documents set forth the eligibility requirements and minimum subscription amounts applicable to such Client, which may vary by series, sub-series and/or tranche. The minimum subscription amount may be waived by XN for certain investors in XN's sole discretion, including, without limitation, for subscriptions by members, shareholders, partners, officers, employees and affiliates of XN, members of the immediate families of such persons and trusts or other entities established by them or for their benefit. Each investor in an XN Client generally must be (i) an "accredited investor", as defined in Regulation D under the Securities Act, and (ii) either a "qualified purchaser", as defined in the U.S. Investment Company Act of 1940, as amended (the "Company Act"), or a "knowledgeable employee", as defined under Rule 3c-5 of the Company Act, and must meet other suitability requirements.

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

Methods of Analysis and Investment Strategies

XN will implement a global investment strategy, with flexibility to invest across public and private markets in securities, instruments and other assets that are perceived to offer the highest risk-adjusted returns. XN is expected to focus its research primarily on areas where it has deep domain expertise. XN does not generally expect to pursue investments in the following sectors: balance sheet heavy financials, healthcare, energy, and materials. Geographically, XN's investments generally will be in North America, Western Europe, Japan and China. There are no sector or geographic limitations on XN's investments, however, and XN may invest in such sectors and geographic areas as it finds attractive over time. The strategy may also invest in equity and credit derivatives, convertibles, other fixed income instruments and other financial instruments permitted under the governing documents. The strategy may also use foreign exchange or other instruments for hedging and other purposes.

XN's investment decisions will reflect XN's core principles: concentration, deep research, and flexibility. Accordingly, XN will seek to run a concentrated, long-biased portfolio of investments that can compound at exceptional rates and use the duration of its capital as a key advantage. This applies equally to public and private investments.

Public Investments

XN expects that its Clients' public investments long portfolios generally will consist of 10-15 core positions and, from time to time, a somewhat greater number of short positions, in each case, that XN believes meet certain criteria. In public equities, XN's belief is that the best investments typically emerge from temporary dislocations where XN can see through the short-term fog to find special businesses at compelling risk-adjusted valuations. XN will seek to invest during these periods of uncertainty and to monetize its insights through differentiated research, discipline and patience and will rely on deep diligence, discipline and patience to find businesses whose quality,

growth, and earnings are materially underappreciated and offer asymmetric return profiles. XN intends to leverage its knowledge and experience from investing in private companies and investments to build its knowledge and insight of public companies.

Private Investments

Private investing will be a core component of XN's strategy. XN believes that compelling opportunities exist across stages of development and liquidity thresholds and that maintaining the flexibility to invest in private companies will allow XN to leverage its core research and relational advantages. XN intends to seek concentration both in private investments as well as in public investments. Similar to XN's approach to public investments, XN intends to remain opportunistic, disciplined, and differentiated in its approach to private investments. XN expects that its private investing will be directly integrated into the strategy's public investment process and will leverage and reinforce its public investment research and positions.

Portfolio Construction

As stated above, XN expects that its Clients' public investments long portfolios generally will consist of 10-15 core long positions and, from time to time, a somewhat greater number of short positions. XN intends to remain flexible with respect to optimal portfolio construction and, as such, its Clients' portfolio may not always conform to these parameters. XN has the discretion, under each Client's governing documents, to pursue private investments or otherwise determine to designate any investment made by the Client as a "special investment" at the time the Client makes such an investment if XN believes the investment should be held for an indeterminable period of time or should be held as a special investment as a matter of fairness to prevent dilution or for other reasons deemed appropriate by XN.

Risk of Investment

Despite the methods of analysis discussed in this Brochure, it is possible that a Fund will incur significant (or a complete) loss of its invested capital. The risks involved with XN's investment strategy include, but are not limited to, those discussed below. In general, investing in securities involves a risk of loss that investors should be prepared to bear. Investing with XN involves significant risk and is suitable only for those investors who can bear the risk of loss. Investors should carefully consider the risks involved in an investment in the Clients, including, without limitation those discussed below. Additional or new risks not addressed below may affect the Clients. Investors should consult their own legal, tax and financial advisers about the risks of an investment in the Clients.

Investors should consult the offering memorandum or governing document for the relevant Client for more details on the specific risks associated with an investment in such Client.

Risk of Loss

No guarantee or representation is made that a Client's investment program, including such Client's investment objective, diversification strategies or risk monitoring goals, will be successful. Investment results may vary substantially over time. Additionally, no assurance can be made that profits will be achieved or that substantial or complete losses will not be incurred. Past investment results of investments made by the investment professionals of XN are not necessarily indicative of future performance.

Limited Liquidity

Any investment in a Fund will have limited liquidity because investors will generally have only limited rights to withdraw capital from the Fund and will require XN's consent to transfer their interests (which, generally, should not be expected to be granted), and because XN has the right to suspend withdrawals in certain circumstances, as further described in the applicable Governing Documents. In particular, no withdrawal may be made by an investor of any amounts invested in investments designated by XN as "special investments", unless otherwise determined by the General Partner. Investors in any Fund must be prepared to bear the financial risks of their investment therein for an indefinite period of time.

Separate Series

The Funds currently offer multiple, and XN expects may in the future offer additional, series, sub-series, tranches or classes of interests. Generally, the existence of separate series, sub-series, tranches or classes of interests that differ in respect of certain key terms means that actions taken by XN for affected Funds can be expected to affect certain investors differently or disproportionately, which could give rise to or exacerbate certain actual or potential conflicts of interest.

Flexible Investment Approach

XN has broad and unfettered investment authority, and may trade in any type of security, issuer or group of related issuers, country, region and sector that it believes will help a Fund achieve its investment objectives. Additionally, the strategies that XN may pursue for its Clients are not limited to the strategies described herein; furthermore, such strategies may change and evolve materially over time. XN has broad latitude with respect to the management of Client risk parameters. XN is subject neither to formal diversification policies limiting the portfolio investments of its Clients nor to formal leverage policies limiting the leverage to be used by XN on behalf of its Clients. XN will opportunistically implement whatever strategies, risk management techniques and discretionary approaches, as well as such other investment tactics, it believes from time to time may be suited to prevailing market conditions, and may reallocate Client assets among strategies at any time and without notice to the investors. There can be no assurance that XN will be successful in applying its approach and there is material risk that an investor may suffer significant impairment or total loss of its capital.

Long/Short

The success of the long/short investment strategy that XN pursues for its Clients will depend upon XN's ability to identify and purchase financial instruments that are undervalued and identify and sell short financial instruments that are overvalued. The identification of investment opportunities in the implementation of the long/short investment strategies that XN pursues on behalf of its Clients will be a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. In the event that the perceived opportunities underlying XN's Clients' positions were to fail to converge toward, or were to diverge further from values expected by XN, Clients may incur a loss. In the event of market disruptions, significant losses can be incurred which may force XN to close out one or more Client positions. Furthermore, the valuation models used to determine whether a position presents an attractive opportunity

consistent with XN's long/short strategies may become outdated and inaccurate as market conditions change.

Short Selling

The success of the short selling investment strategy that XN pursues for its Clients will depend upon XN's ability to identify and sell short financial instruments that are overvalued. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying financial instrument could theoretically increase without limit, thus increasing the cost to the Fund of buying those financial instruments to cover the short position. There can be no assurance that Clients will be able to maintain the ability to borrow financial instruments sold short. In such cases, Clients can be "bought in" (i.e., forced to repurchase financial instruments in the open market to return to the lender). There also can be no assurance that the financial instruments necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing financial instruments to close out a short position can itself cause the price of the financial instruments to rise further, thereby exacerbating the loss. Short strategies can also be implemented synthetically through various instruments and be used with respect to indices or in the over-the-counter market and with respect to futures and other instruments. In some cases of synthetic short sales, there is no floating supply of an underlying instrument with which to cover or close out a short position and Clients may be entirely dependent on the willingness of over-the-counter market makers to quote prices at which the synthetic short position may be unwound. There can be no assurance that such market makers will be willing to make such quotes. Short strategies can also be implemented on a leveraged basis. Lastly, even though XN causes its Clients to secure a "good borrow" of the financial instrument sold short at the time of execution, the lending institution may recall the lent financial instrument at any time, thereby forcing Clients to purchase the financial instrument at the then-prevailing market price, which may be higher than the price at which XN originally caused Clients to sell such financial instrument short.

Short-Term Market Considerations

XN's trading decisions may, from time to time or in certain cases, be made on the basis of short-term market considerations, and the portfolio turnover rate could result in significant trading related expenses.

Diversification and Concentration

XN will cause its Clients to invest across a broad array of sectors and strategies. Furthermore, XN expects to cause its Clients to invest across a broad array of geographic regions: generally in North America, Western Europe, Japan and China, and opportunistically in other areas. Nonetheless, XN may select investments that are concentrated in a limited number or types of financial instruments. Similarly, XN's Clients' portfolios may become significantly concentrated in financial instruments related to a single or a limited number of issuers, industries, sectors, strategies, countries or geographic regions. This limited diversification may result in the concentration of risk, which, in turn, could expose Clients to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in such financial instruments.

Lack of Control

XN expects to cause Clients to invest in equity securities and debt instruments of companies that it does not control, which Clients will acquire through market transactions or through purchases of financial instruments directly from the issuer or other shareholders. Such financial instruments will be subject to the risk that the issuer may make business, financial or management decisions with which XN does not agree or that the majority stakeholders or the management of the issuer may take risks or otherwise act in a manner that does not serve the interests of XN's Clients. In addition, XN may cause Clients to share control over certain investments with co-investors, which may make it more difficult for XN to implement its investment approach or exit the investment when it otherwise would. The occurrence of any of the foregoing could have a material adverse effect on XN's Clients and the investors' investments therein. Notwithstanding the foregoing, XN may engage with the management of companies in which it invests with a view to sharing ideas regarding the business and affairs of such companies.

Hedging Transactions

Notwithstanding that XN will generally not utilize short-selling as a strategy for hedging transactions, XN may cause Clients to utilize financial instruments for risk management purposes in order to: (i) protect against possible changes in the market value of its Clients' investment portfolio resulting from fluctuations in the markets and changes in interest rates; (ii) protect its Clients' unrealized gains in the value of its investment portfolio; (iii) facilitate the sale of any financial instruments; (iv) enhance or preserve returns, spreads or gains on any financial instrument in Client portfolios; (v) hedge against a directional trade; (vi) hedge the interest rate, credit or currency exchange rate on any Clients' financial instruments; (vii) protect against any increase in the price of any financial instruments XN anticipates causing Clients to purchase at a later date; or (viii) act for any other reason that XN deems advisable. XN will not be required to hedge any particular risk in connection with a particular transaction or its portfolio generally. Moreover, XN may be unable to anticipate the occurrence of a particular risk and, therefore, may be unable to attempt to hedge against it. While XN may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for XN's Clients than if they had not engaged in any such hedging transaction. Moreover, the portfolio will always be exposed to certain risks that cannot be hedged.

Fundamental Analysis

Certain trading decisions made by XN will be based on fundamental analysis. Data on which fundamental analysis relies may be inaccurate or may be generally available to other market participants. To the extent that any such data are inaccurate or that other market participants have developed, based on such data, trading strategies similar to the trading strategies that XN pursues on behalf of its Clients, XN may not be able to realize its Clients' investment goals. In addition, fundamental market information is subject to interpretation. To the extent that XN misinterprets the meaning of certain data, Clients may incur losses.

Alternative Data

XN expects to obtain and use alternative data in its investment process. Alternative data may consist of datasets that have been culled from a variety of sources, such as internet usage, payment records, financial transactions, weather and other physical phenomena sensors, applications and devices (such as smartphones) that generate location and mobility data, data gathered by satellites,

and government and other public records databases (this data is sometimes referred to as “big data” or “alternative data”). XN intends to apply this alternative data to better anticipate micro- and macro-economic trends and otherwise to develop or improve trading or investment themes.

The analysis and interpretation of alternative data involves a high degree of uncertainty and may entail significant expense, including technological efforts, that are expected to be borne—in whole or in part— by Clients. No assurance can be given that XN will be successful in utilizing alternative data in its investment process.

Moreover, there has been increased scrutiny from a variety of regulators regarding the use of alternative data in this manner, and its use or misuse under current or future laws and regulations could create liability for XN and its Clients in numerous jurisdictions. XN cannot predict what, if any, regulatory or other actions may be asserted with regard to alternative data, but any adverse inquiries or formal actions could cause reputational, financial, or other harm to XN or to its Clients. Conversely, any future limitations on the use of alternative data could have a material adverse impact on the performance of XN’s Clients.

Uncertainty of Financial Projections

XN may use financial projections to help analyze a potential investment or future capital raises by, and financing for, portfolio companies or other transactions. Projected operating results will often be based on management judgments, with adjustments to such projections made by XN in its discretion. In all cases, projections are only estimates of future results that are based upon assumptions made at the time that the projections are developed. There can be no assurance that the projected results will be obtained, and actual results may vary significantly from the projections. General economic conditions, which are not predictable, can have a material adverse effect on the reliability of such financial projections.

Investment and Due Diligence Process; Rapid Execution

Due diligence generally entails evaluation of important and complex business, financial, tax, accounting, environmental and legal issues. Before making investments, XN will conduct due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment, including the timeframe in which a particular investment needs to be made and the information available to XN (both of which, at times, may be limited). When conducting due diligence and making an assessment regarding an investment, XN will rely on the resources reasonably available to it. However, whether or not known to XN at the time, such resources may not be sufficient, accurate, complete or reliable and due diligence may not reveal or highlight matters that could have a material adverse effect on the value of an investment.

At times, the investment opportunities pursued by XN on behalf of its Clients will require rapid execution, and investment analyses and due diligence, negotiations and decisions by XN may be required to be undertaken on an expedited basis. From time to time, in such cases, the information available to XN at the time of an investment decision may be limited, and XN may not have access to detailed information regarding the investment opportunity or an opportunity to diligence and/or confirm information regarding the opportunity. Therefore, no assurance can be given that XN will have knowledge of circumstances that may adversely affect an investment or be in a position to negotiate terms that appropriately address such risks.

Trade Errors

Given the potentially large volume of transactions executed by XN on behalf of its Clients, investors should assume that Trade Errors will occur and that, to the extent permitted by applicable law, XN's Clients will be responsible for any resulting losses, even if such losses result from the negligence (but not gross negligence) of XN's personnel.

Counterparty Risk

XN will establish relationships for its Clients to obtain financing, derivative intermediation and prime brokerage services that permit its Clients to trade in a variety of markets or asset series and tranches over time. However, there can be no assurance that XN will be able to establish or maintain such relationships. An inability to establish or maintain such relationships could limit XN's Clients' trading activities, create losses, preclude XN's Clients from engaging in certain transactions or prevent XN's Clients from trading at optimal rates and terms. Moreover, a disruption in the financing, derivative intermediation and prime brokerage services provided by any such relationships could have a significant impact on XN's and XN's Clients' business due to their respective reliance on such counterparties.

Competition; Availability of Investments

Certain markets in which XN causes its Clients to invest are extremely competitive for attractive investment opportunities. As a result, there can be no assurance that XN will be able to identify or successfully pursue attractive investment opportunities in such environments. Subject to XN's policies and procedures, the personnel of XN may discuss with other market participants (including other investment managers) information regarding existing and potential investments (including information that would otherwise be maintained confidentially). While these interactions are intended to benefit XN's Clients, there is a risk that the sharing of such ideas could result in increased competition for potential investments, and result in XN not being able to make certain investments for its Clients in the amounts or at the prices that would have been obtainable had the personnel not shared such information.

Volatility Risk

The investment program that XN pursues on behalf of its Clients will involve the purchase and sale of relatively volatile financial instruments and/or investments in volatile markets. Fluctuations or prolonged changes in the volatility of such financial instruments and/or markets can adversely affect the value of financial instruments held by XN's Clients.

Exposure to Material Non-Public Information

From time to time, XN may, in the course of its activities with respect to pursuing the investment program of its Clients, or otherwise in the course of its activities with respect to its Clients, receive material non-public information with respect to an issuer of publicly-traded securities or may receive information that may be determined, in accordance with XN's compliance policies, to restrict XN's Clients in their ability to trade in certain financial instruments. In addition, during the course of the research process, XN may share and receive information from other market participants, which could increase the likelihood that XN will receive material non-public information and be required to restrict trading in an issuer's securities. In such circumstances, XN may restrict a Client, or XN (acting on behalf of its Clients) may be prohibited, by law, policy or

contract, for a period of time from (i) unwinding a position in such issuer, (ii) establishing an initial position or taking any greater position in such issuer, and (iii) pursuing other investment opportunities related to such issuer. If these restrictions or prohibitions apply to financial instruments in which XN is considering causing a Client to make an investment, such restrictions or limitations could prevent XN from accessing a profitable investment opportunity for its Clients. If such restrictions or limitations apply to financial instruments in which a Client has an existing investment, then such restrictions or limitations could give rise to substantial investment losses, which losses, in the case of a financial instrument in which a Client has a short position, are theoretically unlimited.

General Economic and Market Conditions

The success of XN's investment activities on behalf of its Clients will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of Clients' investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations), among other factors. These factors may affect the level and volatility of the prices and the liquidity of the Fund's investments. Volatility or illiquidity could impair the profitability of Clients or result in losses. XN will likely cause its Clients to maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets.

Systemic Risk

Systemic risk is the risk of broad financial system stress or collapse triggered by the default of one or more financial institutions, which results in a series of defaults by other interdependent financial institutions. Financial intermediaries, such as clearinghouses, banks, securities firms and exchanges with which XN's Clients interact, as well as XN's Clients, are all subject to systemic risk. A systemic failure could have material adverse consequences on XN's Clients and on the markets for the financial instruments in which XN's Clients seek to invest.

Current Market Conditions and Governmental Actions.

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

Force Majeure Risks

XN's Clients will be subject to the risk of loss arising from exposure that it may incur, indirectly, due to the occurrence of various force majeure events (i.e., events beyond the control of the party claiming that the event has occurred, including, without limitation, acts of God, fire, flood, earthquakes, outbreaks of infectious disease, pandemic or any other serious public health concern, war, terrorism and labor strikes). Natural disasters, epidemics and other acts of God, which are beyond the control of XN, may negatively affect the economy, infrastructure and livelihood of people throughout the world.

Disease outbreaks, including pandemics, have occurred in the past (including severe acute respiratory syndrome, or SARS, avian flu, H1N1/09 flu and the novel Coronavirus) and any prolonged occurrence of infectious disease, or other adverse public health developments or natural disasters in any country in which the Fund targets investments may have an adverse effect on the Fund's investments. Recently, the outbreak of the novel Coronavirus in many countries continues to adversely impact global commercial activity, particularly in China, and has contributed to significant volatility in financial markets. The global impact of the outbreak has been rapidly evolving, and as cases of the virus have continued to be identified in additional countries, many countries have reacted by instituting quarantines and restrictions on travel. Such actions are creating disruption in global supply chains, and adversely impacting a number of industries, such as transportation, hospitality and entertainment. The outbreak could have a continued adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate adverse impact of the novel Coronavirus. Nevertheless, the novel Coronavirus presents material uncertainty and risk with respect to the Fund's performance and financial results. Resulting catastrophic losses may either be uninsurable or insurable at such high rates as to make such coverage impracticable. If such a major uninsured loss were to occur with respect to any Client's investments, the Client could lose both invested capital and anticipated profits.

Some force majeure events may negatively affect the ability of a party (including a company in which XN's Clients invest or a counterparty to XN's Clients or a company in which XN's Clients invest) to perform its obligations until it is able to remedy the force majeure event. In addition, the cost to a company in which XN's Clients invest or XN's Clients of repairing or replacing damaged assets resulting from such force majeure event could be considerable. Certain force majeure events (such as war or an outbreak of infectious disease) could have a broader negative impact on the world economy and international business activity generally, or in any of the countries in which the Fund invests specifically. Additionally, a major governmental intervention into industry, including the nationalization of an industry or the assertion of control over one or more companies or assets, could result in a loss to XN's Clients, including if their investments in such company or asset are canceled, unwound or acquired (which could be without what XN's Clients consider to be adequate compensation). Any of the foregoing may therefore negatively affect the performance of XN's Clients and the investments XN pursues on behalf of its Clients.

Equity Securities Generally

The value of equity securities of public and private, listed and unlisted companies and equity derivatives generally varies with the performance of the issuer and movements in the equity markets. As a result, Clients may suffer losses if XN causes them to invest in equity instruments

of issuers whose performance diverges from XN's expectations or if equity markets generally move in a single direction and XN has not hedged Clients against such a general move. Clients also may be exposed to risks that issuers will not fulfill contractual obligations such as, in the case of convertible securities or private placements, delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale.

Illiquid Financial Instruments

Certain financial instruments may be illiquid because, for example, they are subject to legal or other restrictions on transfer or there is no liquid market for such financial instruments. Valuation of such financial instruments may be difficult or uncertain because there may be limited information available about the issuers of such financial instruments. The market prices, if any, for such financial instruments tend to be volatile and may not be readily ascertainable, and XN may not be able to sell them on behalf of Clients when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. The sale of restricted and illiquid financial instruments often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of financial instruments eligible for trading on national securities exchanges or in the over-the-counter markets. XN may not be able to readily dispose of such illiquid investments held in Client portfolios and, in some cases, may be contractually prohibited from disposing of such investments for a specified period of time. As a result, Clients may be required to hold such financial instruments despite adverse price movements. Even those markets which XN expects to be liquid can experience periods, possibly extended periods, of illiquidity. Occasions have arisen in the past where previously liquid investments have rapidly become illiquid.

Initial Public Offerings

Investments in initial public offerings (or shortly thereafter) may involve higher risks than investments issued in secondary public offerings or purchases on a secondary market due to a variety of factors, including the limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the issuer and limited operating history of the issuer. In addition, some companies in initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or the near-term prospects of achieving them. These factors may contribute to substantial price volatility for such financial instruments and, thus, for the value of Client portfolios.

Currencies

A principal risk in trading currencies is the rapid fluctuation in the market prices of currency contracts. Prices of currency contracts expected to be traded by XN on behalf of its Clients are affected generally by relative interest rates, which in turn are influenced by a wide variety of complex and difficult to predict factors such as money supply and demand, balance of payments, inflation levels, fiscal policy, and political and economic events. In addition, governments from time to time intervene, directly and by regulation, in these markets, with the specific effect, or intention, of influencing prices which may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations.

Preferred Stock

Investments in preferred stock involve risks related to priority in the event of bankruptcy, insolvency or liquidation of the issuing company and how dividends are declared. Preferred stock ranks junior to debt securities in an issuer's capital structure and, accordingly, is subordinate to all debt in bankruptcy. Preferred stock generally has a preference as to dividends. Such dividends are generally paid in cash (or additional shares of preferred stock) at a defined rate, but unlike interest payments on debt securities, preferred stock dividends are payable only if declared by the issuer's board of directors. Dividends on preferred stock may be cumulative, meaning that, in the event the issuer fails to make one or more dividend payments on the preferred stock, no dividends may be paid on the issuer's common stock until all unpaid preferred stock dividends have been paid. Preferred stock may also be subject to optional or mandatory redemption provisions.

Restricted Securities

Restricted securities cannot be sold to the public without registration under the Securities Act. Unless registered for sale, restricted securities can be sold only in privately negotiated transactions or pursuant to an exemption from registration (e.g., under Rule 144A of the Securities Act). Although these financial instruments may be resold in privately negotiated transactions, because there is often little liquidity for these financial instruments, they may be difficult and take a substantial amount of time to sell, and the prices realized from these sales could be less than those originally paid by Clients. Restricted securities may involve a high degree of business and financial risk which may result in substantial losses.

Undervalued Financial Instruments

The identification of investment opportunities in undervalued financial instruments is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. While investments in undervalued financial instruments offer the opportunity for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from Clients' investments may not adequately compensate for the business and financial risks assumed.

Unlisted Financial Instruments

Unlisted financial instruments may involve higher risks than listed financial instruments. Because of the absence of any trading market for unlisted financial instruments, it may take longer to liquidate (as compared to publicly traded financial instruments), or it may not be possible to liquidate, positions in unlisted financial instruments. Companies whose financial instruments are not publicly traded may not be subject to public disclosure and other investor protection requirements applicable to publicly traded financial instruments.

Convertible Securities

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

When-Issued and Forward Commitment Financial Instruments

The purchase of financial instruments on a “when-issued” basis will involve a commitment by Clients to purchase or sell financial instruments at a future date (typically one or two months later). No income accrues on financial instruments that have been purchased on a when-issued basis prior to delivery to Clients. When-issued financial instruments may be sold prior to the settlement date. If XN causes Clients to dispose of the right to acquire a when-issued security prior to its acquisition, Clients may incur a gain or loss. In addition, there is a risk that financial instruments purchased on a when-issued basis may not be delivered to Clients. In such cases, such Clients may incur a loss.

Illiquidity of Special Investments

To the extent XN expects to designate investments made by a Fund as “special investments,” such investments are likely to involve one or more of the illiquidity risks described in “Illiquid Financial Instruments” above.

No Maximum Holding Period for Special Investments

XN has discretion as to whether to determine to designate an investment as a “special investment”. XN also has discretion as to whether and when to cause a Fund to realize or deem realized all or a portion of any investment designated as a “special investment,” and will not be obligated to effect a realization or deemed realization upon the occurrence of an event that causes such investment to become freely tradable, even if XN determines to purchase such investment in the open market (for the benefit of such Fund’s liquid positions). To the extent the applicable Governing Documents do not limit the holding period of investments designated as “special investments,” a Fund may hold a such investments for a long period, e.g., five years or longer.

Differing Special Investment Capacities

Certain investors may be subject to differing limitations on the percentage of their investments that may be designated as “special investments.” Such differing limitations and/or investment amounts with respect to investments that may be designated as “special investments” may mean that the investment of one investor produces results that are materially different from those experienced by another investor.

Inability to Withdraw from Special Investment Accounts

As stated above, no withdrawal may be made by an investor of any amounts invested in investments designated by XN as “special investments”, unless otherwise determined by the General Partner, until the realization or deemed realization of the applicable investment.

Valuation of Special Investments

For purposes of calculating the Management Fee, certain investments of the Fund designated by XN as “special investments” will be valued at the lower of cost basis or fair value, as described in the applicable Governing Documents. There is no guarantee that the value of such an investment as determined by XN will represent the value that will be realized by the Fund on the eventual disposition of such investment or that would, in fact, be realized upon an immediate disposition of such investment. Inaccurate valuations of investments of the Fund designated by XN as “special investments” could impact, among other things, the Management Fee borne by an investor.

Certain Expenses

Generally, all expenses borne by a Fund, other than (i) the Management Fee, (ii) investment and investment-related expenses relating specifically to an investment designated as a “special investment”, (iii) financing costs related to a subscription facility and (iv) any other expenses that XN determines should be allocated to a particular investor, will be debited to all of the capital accounts on a pro rata basis in proportion to their respective capital account balances (excluding any value attributable to investments designated as “special investments”) and will reduce such capital accounts. Those expenses will include investment and investment-related expenses relating to the Fund’s liquid investments and research expenses that are not specifically related to an investment designated as a “special investment” (but may benefit one or more such investments). As the relative balances of capital accounts will be calculated without taking into account any interests in those investments designated by XN as “special investments” for purposes of allocating such expenses, an investor whose subscriptions are subject to a lower limitation on the amount of corresponding investments that may be designated as “special investments” than that of another investor can expect to bear a greater portion of such expenses than an investor with a higher limitation.

Risk of Early-Stage Investments

Clients’ special investments will primarily be later-stage, minority stakes in companies. However, XN may also cause Clients to make early-stage investments. Investments in the private equity of companies at an early stage of development involves a high degree of business and financial risk. Early-stage companies involve a high degree of business and financial risk that can result in substantial losses. Early-stage companies often experience unexpected problems in the areas of product development, manufacturing, marketing, financing and general management, which, in some cases, cannot be adequately solved. The most significant risks are the risks associated with investments in companies operating at a loss or with substantial fluctuations in operating results from period to period, and companies with the need for substantial additional capital to support expansion or to achieve or maintain a competitive position. Early-stage companies with little or no operating history may require substantial additional capital to support expansion or to achieve or maintain a competitive position, may produce substantial variations in operating results from period to period or may operate at a loss. Client investments in start-ups or other early-stage companies may depend significantly on an entrepreneur or management team that XN has selected. Such companies may face intense competition, including competition from companies with greater financial resources, more extensive development, better marketing and service capabilities and a larger number of qualified management and technical personnel. Such risks may adversely affect the performance of such investments and result in substantial losses. There can be no assurance that such companies will ever be profitable or even have assets or products that generate meaningful revenue.

Investments in companies in a later-stage of development also involve substantial risks. These companies typically have obtained capital in the form of debt and/or equity to expand rapidly, reorganize operations, acquire a business or develop new products and markets. These activities by definition involve a significant amount of change, which can give rise to significant problems in sales, manufacturing and general management of business activities.

Furthermore, the marketplace for such “venture capital investing” has become increasingly competitive. Involvement by financial intermediaries has increased, substantial amounts of funds have been dedicated to making investments in the private sector and the competition for investment opportunities is at high levels. There can be no assurances that XN will locate an adequate number of attractive investment opportunities. To the extent that Clients experience increased competition for investments, returns to client portfolios may vary.

Control Issues

Although XN may seek protective provisions, including, possibly, board representation, in connection with certain of its special investments, to the extent Clients take minority positions in companies in which they invest, XN may not be in a position to exercise control over the management of such companies, and, accordingly, may have a limited ability to protect its position in such companies. Notwithstanding the foregoing, XN may engage with the management of such companies with a view to sharing ideas regarding the business and affairs of such companies.

Fees

The investments XN causes its Clients to make in the private equity of companies may be subject to substantial fees charged by third-party investment advisers to manage such investments. Such fees may include management or asset-based fees (fees that compensate an investment adviser on the basis of a share of net assets under management) and performance-based fees or allocations (fees or allocations that compensate an investment adviser on the basis of a share of capital gains upon or capital appreciation of the assets under management). The payment of such fees may adversely affect the return of the capital of Client portfolios. For example, considering that investments in the private equity of companies will only make up a portion of Client portfolios, such third-party advisers may receive performance-based compensation in respect of such private equity investments during a period when the applicable Client’s overall capital depreciated.

Highly Leveraged Companies

Investments in highly leveraged companies (particularly in their private equity) involve a high degree of risk. The use of leverage may increase the exposure of such companies to adverse economic factors such as downturns in the economy or deterioration in the conditions of such companies or their respective industries. In using leverage, these companies may be subject to terms and conditions that include restrictive financial and operating covenants, which may impair their ability to finance or otherwise pursue their future operations or otherwise satisfy additional capital needs. Moreover, rising interest rates will, unless such rates are fixed pursuant to the terms of any such indebtedness, significantly increase such companies’ interest expense, causing losses and/or the inability to service debt levels. In the event any such company cannot generate adequate cash flow to meet debt service, Clients may suffer a partial or total loss of capital invested in the company, which, depending on the size of the applicable Client’s investments, could adversely affect the return on the capital of Client portfolios. The leveraged capital structure of such companies will increase the exposure of Client investments to any deterioration in a company’s condition or industry, competitive pressures, an adverse economic environment or rising interest rates.

Debt Securities

Debt securities of all types of issuers may have speculative characteristics, regardless of whether they are rated. The issuers of such instruments (including sovereign issuers) may face significant ongoing uncertainties and exposure to adverse conditions that may undermine the issuer's ability to make timely payment of interest and principal in accordance with the terms of the obligations.

Interest Rate Risk

Changes in interest rates can affect the value of Clients' investments in fixed-income instruments. Increases in interest rates may cause the value of Clients' debt investments to decline. Clients may experience increased interest rate risk to the extent it invests, if at all, in lower-rated instruments, debt instruments with longer maturities, debt instruments paying no interest (such as zero-coupon debt instruments) or debt instruments paying non-cash interest in the form of other debt instruments.

Prepayment Risk

The frequency at which prepayments (including voluntary prepayments by the obligors and accelerations due to defaults) occur on debt instruments will be affected by a variety of factors including the prevailing level of interest rates and spreads as well as economic, demographic, tax, social, legal and other factors. Generally, obligors tend to prepay their fixed rate obligations when prevailing interest rates fall below the coupon rates on their obligations. Similarly, floating rate issuers and borrowers tend to prepay their obligations when spreads narrow.

Closed-End Funds

Investments in closed-end funds are non-redeemable and are subject to the same risks as other publicly traded equity securities. There may be no public market for units of closed-end funds, which often trade at a discount from their net asset values.

Derivative Instruments

Certain swaps, options and other derivative instruments may be subject to various types of risks, including market risk, liquidity risk, credit risk, legal risk and operations risk. The regulatory and tax environment for derivative instruments in which the Fund may participate is evolving, and changes in the regulation or taxation of such instruments may have a material adverse effect on the Fund.

Exchange Exposure

XN may cause Clients to invest in securities denominated in currencies other than the U.S. dollar. XN, however, values the securities of its Clients in U.S. dollars. XN may or may not seek to hedge its non-U.S. currency exposure by entering into currency hedging transactions. There can be no guarantee that securities suitable for hedging currency or market shifts will be available at the time when XN wishes to use them, or that hedging techniques employed by XN on behalf of its Clients will be effective. Furthermore, certain currency market risks may not be fully hedged or hedged at all. To the extent unhedged, the value of Client positions denominated in currencies other than the U.S. dollar will fluctuate with U.S. dollar exchange rates as well as with the price changes of the investments in the various local markets and currencies.

Non-U.S. Exchanges

XN may cause its Clients to trade on exchanges or markets located outside the U.S. Trading on such exchanges or markets is not regulated by the SEC and the CFTC and may, therefore, be subject to more risks than trading on U.S. exchanges, such as the risks of exchange controls, expropriation, burdensome taxation, moratoria and political or diplomatic events. Risks in investments in non-U.S. financial instruments may also include reduced and less reliable information about issuers and markets, less stringent accounting standards, illiquidity of financial instruments and markets, higher brokerage commissions and custody fees.

Non-U.S. Investments

Investing in the financial instruments of companies (and, from time to time, governments) outside of the United States involves certain considerations not usually associated with investing in financial instruments of U.S. companies or the U.S. government, including political and economic considerations, such as greater risks of expropriation, nationalization, confiscatory taxation, imposition of withholding or other taxes on interest, dividends, capital gains, other income or gross sale or disposition proceeds (as discussed in greater detail below), limitations on the removal of assets and general social, political and economic instability; the relatively small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; the evolving and unsophisticated laws and regulations applicable to the securities and financial services industries of certain countries; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict Clients' investment opportunities. In addition, accounting and financial reporting standards that prevail outside of the United States generally are not as high as U.S. standards and, consequently, less information is typically available concerning companies located outside of the United States than for those located in the United States. As a result, XN may be unable to structure Client transactions to achieve the intended results or to mitigate all risks associated with such markets. It may also be difficult to enforce Clients' rights in such markets. For example, financial instruments traded on non-U.S. exchanges and the non-U.S. persons that trade these instruments are not subject to the jurisdiction of the SEC or the CFTC or the securities and commodities laws and regulations of the United States. Accordingly, the protections accorded to Clients under such laws and regulations are unavailable for transactions on non-U.S. exchanges and with non-U.S. counterparties.

TMT Sector

XN may cause its Clients to invest in financial instruments of technology, media and telecom ("TMT") sector companies, which investments involve substantial risks. These risks include but are not limited to: (i) the fact that certain companies in Client portfolios may have limited operating histories; (ii) rapidly changing technologies and products which may quickly become obsolete; cyclical patterns in information technology spending which may result in inventory write-offs, cancellation of orders and operating losses; (iii) scarcity of management, engineering and marketing personnel with appropriate technological training; (iv) the possibility of lawsuits related to technological patents; (v) changing investors' sentiments and preferences with regard to technology sector investments (which are generally perceived as risky) with their resultant effect on the price of underlying financial instruments; and (vi) volatility in the U.S. stock markets affecting the prices of technology company financial instruments, which may cause the performance of Client portfolios to experience substantial volatility.

Investing in financial instruments of media companies (which may engage in the production or distribution of television, film, radio, internet and other content) and telecommunications companies (which may provide traditional and wireless telephone services, paging, data transmission services, equipment retailing and internet services) also involves substantial risks. Whereas traditionally media and telecommunications companies were considered to be in different sectors, these sectors have increasingly converged and oftentimes overlap in the services they provide. Companies in the media and telecommunications sector may encounter distressed cash flows due to the need to commit substantial capital to meet increasing competition, particularly in formulating new products and services using new technology. In addition, media and telecommunications companies may be subject to greater price volatility than the overall market due to a variety of factors, including: changing government regulations, changing consumer tastes, intense competition, and strong market reactions to technological developments throughout the industry.

To the extent XN causes its Clients to make any early-stage investments, XN expects to cause its Clients to invest in companies whose performance may be highly correlated with their ability to successfully implement new technology and/or exploit existing technologies (such as in 'FinTech' companies). Technology-reliant sectors are challenged by various factors, including rapidly changing market conditions and participants, new competing products and services and improvements in existing products and services. There is no assurance that products or services sold by companies will not be rendered obsolete or adversely affected by competing products and services or other challenges.

In the event that technology-reliant sectors decline or that companies in which XN causes its Clients to invest are unable to utilize technology successfully and competitively, Client investments may be adversely affected.

Industrials Sector

XN may cause its Clients to invest in the financial instruments of issuers in the industrials sector, such as those involved in construction and manufacturing, transportation (e.g., rails and roads), aerospace and defense, industrial machinery and equipment and electrical components and equipment. The industrials sector includes, among other industries, aerospace and defense, building products, electrical equipment and machinery, as well as transportation, construction and engineering services. The industrials sector, and companies operating therein, can be significantly affected by general economic trends, including employment, economic growth, and interest rates, changes in consumer sentiment and spending, commodity prices, legislation, government regulation and spending, import controls and worldwide competition. For example, adverse changes in the prices of certain commodities and unit volume reductions resulting from an oversupply of materials used in industrials and energy equipment and services industries can adversely affect those industries. Furthermore, companies in the industrials sector can also be adversely affected by liability for environmental damage, depletion of resources and mandated expenditures for safety and pollution control. Any of the foregoing could have an adverse impact on any investments XN may cause Clients to make in the industrials sector and, therefore, on the performance of XN's Clients.

Consumer Sector

XN may cause its Clients to invest in the financial instruments of issuers in the consumer sector, which investments involve substantial risk. The success of consumer product manufacturers and retailers is tied closely to the performance of the overall domestic and global economy, interest rates, competition and consumer confidence. Success depends heavily on disposable household income and consumer spending. Also, companies in the consumer discretionary sector may be subject to severe competition, which may have an adverse impact on their respective profitability. Changes in demographics and consumer tastes can also affect the demand for, and success of, consumer products and services in the marketplace.

Companies in the consumer sectors may rely heavily on marketing and advertising to increase brand visibility with potential customers, and they may depend in part on internet search engines and social networking sites to drive traffic to their websites and facilitate customer purchases and other activity. These marketing efforts may not be successful and are not entirely within such companies' control. Additionally, companies with e-commerce platforms may collect, transmit and store personal and financial information provided by their customers, such as names, e-mail addresses, the details of transactions and credit card and other financial information. Such information may be vulnerable to power outages, telecommunications failures and catastrophic events, as well as computer viruses, break-ins, phishing attacks, denial-of-service attacks and other cyberattacks, exposing the companies to potential liability and litigation and necessitating potentially costly preventive measures to address such risks. To the extent companies in the consumer sector in which XN causes its Clients to invest are affected by the foregoing risks, the performance of XN's Clients could be adversely impacted.

Business Services Sector

XN may also cause its Clients to invest in the financial instruments of issuers in the business services sector (such as providers of credit risk analysis and reporting, educators, payroll providers, merchant processors and staffing providers, among others), which investments generally involve a number of the risks associated with the technology-reliant TMT sector.

Companies in the business services sector may also rely on various commodities, third-party vendors and/or third-party sellers with regards to their supply chain and distribution networks. The fluctuation in price of such commodities and third-party services, as well as variations in the production and/or operating capacities of such third-party services, may have an adverse effect on the business or financial condition of such companies and, to the extent XN has caused its Clients to invest in such companies, the performance of XN's Clients.

The risks described above are not a complete list of all risks associated with the described investment strategies. In addition, as a Client's investment program develops and changes over time, an investment in such Client may be subject to additional and different risk factors.

Investors should refer to a Client's Governing Documents for a more complete description of the risks involved in investing in such Client.

Item 9: Disciplinary Information

XN and its employees have not been involved in any legal or disciplinary events that would be material to an investor's evaluation of XN's investment advisory business or XN's employees.

Item 10: Other Financial Industry Activities and Affiliations

XN organizes and sponsors pooled investment vehicles which are managed by XN and are controlled by the Fund General Partner. XN or the Fund General Partner will be responsible for all decisions regarding portfolio transactions of the Funds and have full discretion over the management of the Funds' investment activities. While the Fund General Partner is not separately registered as an investment adviser with the SEC, all of its investment advisory activities are subject to the Advisers Act and the rules thereunder. In addition, employees and persons acting on behalf of the Fund General Partner are subject to the supervision and control of XN. Thus, the Fund General Partner, all of its employees and the persons acting on its behalf would be "persons associated with" the registered investment adviser so that the SEC could enforce the requirements of the Advisers Act on the Fund General Partner.

XN and certain of its affiliates may trade commodity interests and are exempt from registration with the U.S. Commodity Futures Trading Commission (the "CFTC") as a commodity pool operator (a "CPO") pursuant to CFTC Rule 4.13(a)(3).

The Principal, individually, on behalf of members of his family, through or on behalf of trusts, partnerships, companies and other entities formed for his benefit and the benefit of members of his family, and/or through or on behalf of trusts, partnerships, foundations, companies and other entities which may from time to time include other philanthropic, charitable, civic, social or other organizations (collectively, along with the Principal, the Principal's family, and such trusts, partnerships and other entities, the "Principal Entities") has in the past made, held and disposed of, and expects to continue to make, hold and dispose of, investments outside of, and separate and apart from, his interests in the Fund. The Principal Entities' investments in other pooled investment vehicles (e.g., hedge funds, private equity funds or venture capital funds) may mean that the Principal indirectly holds interests, through such vehicles, in financial instruments that are also owned by the Fund. In such a case, the Principal may have a conflict of interest with respect to decisions taken by the Fund with respect to such financial instruments.

The Principal is permitted to take actions in respect of the investments of the Principal Entities that he considers to be in the best interests of the Principal Entities. However, the XN's policies require that no action will be permitted to be taken unless the Principal determines (or such Principal Entities determine) that such action is consistent with the XN's duties to the Fund. XN will seek to resolve all conflicts in a manner that it deems to be fair and equitable.

XN has adopted policies and procedures to prevent and/or mitigate the actual conflicts of interest that arise from the investment activities of the Principal Entities. These policies address the methods and processes for identifying, reporting, mitigating and monitoring such conflicts of interest.

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

Pursuant to Rule 204A-1 of the Advisers Act, XN has adopted a written Code of Ethics designed to address and avoid potential conflicts of interest and is applicable to all employees.

While XN's employees may generally not purchase or sell any listed, individual equity, debt, or derivative securities under the Code of Ethics, employees may, however, sell any listed individual equity, debt or derivative securities held prior to employment with XN, or other securities acquired in-kind or otherwise through gifts or bequests, provided that all such sales are subject to written preclearance from the XN's Chief Compliance Officer. To ensure compliance with applicable securities laws, XN requires its employees to report personal securities transactions quarterly, provide XN with detailed holdings reports upon commencement of employment and annually thereafter, and seek approval before engaging in certain transactions including those in private investments and IPOs. XN employees must also obtain written pre-approval from XN's Chief Compliance Officer prior to participating in any outside business activities.

XN, its personnel or a related entity will generally invest in each Client and participate in the Client's investment program through their respective investments in the Clients. Therefore, XN, its personnel or a related entity participate in transactions effected for Clients.

Investors may request a copy of the Code of Ethics by contacting XN.

Investments by the Principal and Personnel of XN in the Clients

The Principal (together with members of his family, through the Fund General Partner or trusts, organizations or other entities for the benefit of any such persons, or charitable foundations, organizations or trusts established or directed by any such persons (including donor-advised funds or other estate planning vehicles), directly or indirectly) expects to invest a significant amount in existing XN Clients. Other XN-related Investors are also expected to invest capital in such Clients. Such investors are likely to be in possession of information relating to such Clients that is not available to other Client investors and prospective investors in such Clients.

Investments in Clients by the Principal and other XN-related Investors will not necessarily be allocated to all other Clients, will not necessarily be allocated based on the respective net asset values of such funds, may be more concentrated in certain of such funds, and may be "shifted" among such funds from time to time without providing any notice to investors. Such investments may create an incentive for XN to favor certain Clients over others.

The Principal and other XN-related Investors will not be required to keep any minimum investment in any given Client, and it is expected that the size and nature of all such investments of the Principal and other XN-related Investors will change over time without notice to, or consent from, the investors of any given Client. Investments by the Principal and other XN-related Investors in any given XN Client could incentivize the Principal and other XN-related Investors to increase or decrease the risk profile of such applicable Client, and take other actions that may adversely affect such Client, including, for example, allocating time to the business and management of various Clients in a different manner than such time would be allocated absent such investments, or allocating trades and investment opportunities in a different manner than

such trades or opportunities would be allocated absent such investments. In addition, since XN-related Investors (including the Principal) may make a substantial capital contribution to any given XN Client, conflicts may arise between such Client's general partner's and XN's own interests and those of the other applicable partners in selecting and structuring investments appropriate for such Client.

Without limiting the generality of the foregoing, actions taken by XN, the Principal and other XN-related Investors may benefit the capital accounts of a Client's partners to a greater, or lesser, extent according to the applicable special investment percentages offered by such Client, if any. Future subscriptions by the general partner of such Client, the Principal and other XN-related Investors, and the incentive allocation allocated to the general partner that remains in the Client or is reinvested in the Client, either directly or through such general partner, may have higher or lower special investment percentages than originally offered in the Client, may have higher or lower special investment percentages than those of other investors in such Client, may not be consistent with the terms being offered to other investors at the time such subscriptions (or incentive allocation) are made and may be accepted at times when such Client is not accepting subscriptions from other investors. Accordingly, XN, the Principal and other XN-related Investors may be incentivized to focus more time and effort on the special investments of such Client than if they had lower special investment percentages. Furthermore, XN, the Principal and other XN-related Investors may have the ability to make additional subscriptions for interests in various Clients during times when such Clients are not open to subscriptions from other investors, subject to the policies and procedures of XN.

Personal Investments by XN Personnel Generally

The Code of Ethics of XN places restrictions on personal trades by personnel of XN and mandates that personnel disclose their personal financial instruments holdings and transactions to XN on a periodic basis. The Code of Ethics also requires that personnel pre-clear certain types of personal securities transactions. Generally, and subject to certain exceptions, personnel of XN may not engage in personal trading in single-name, publicly-traded stocks and bonds and may only dispose of any such financial instruments held in their respective personal trading accounts subject to pre-clearance. Personnel are not required, however, to obtain pre-clearance for personal investments in certain other asset classes and goods, including certain investments in residential real estate and mutual funds, whether or not XN has caused the applicable Client to invest in the same or similar financial instruments. In addition, XN has the ability, and expects, to permit, certain personnel, including the Principal, to maintain various personal investments that were acquired prior to their association with XN, including investments in private issuers that may subsequently conduct public offerings of their financial instruments, and may grant similar permissions in the future and/or permit personnel to sell such previously acquired securities.

XN and its personnel expect in the future to give or take action for their own accounts that differs from advice given or action taken for XN's Clients; such actions are subject to the policies and procedures of XN, including the pre-clearance requirements under its Code of Ethics. Such advice given or action taken for personal accounts may also conflict with or be adverse to advice given or action taken for XN's Clients. These activities may adversely affect the prices and availability of other financial instruments held by or potentially considered for purchase by the Fund.

Personnel of XN, including the Principal and other members of the investment team, may have, and may acquire more, directly or indirectly (e.g., through an investment in another pooled investment vehicle), investments in financial instruments in which an XN Client is, or may be, invested, and may benefit from market or investment activity made by XN on behalf of such Client (e.g., an investment made by XN on behalf of such Client in the same financial instruments may lead to an increase in or reduce a decrease in the value of such financial instruments or diminish the volatility of such financial instruments). To the extent that personnel of XN hold such investments or benefit from XN's market or investment activity on behalf of XN's Clients, XN will have a conflict of interest. Furthermore, there may be instances where the individual personnel of XN will have an incentive to take an action for a Client that benefits such person's personal investment, for example, where there is a proposed business relationship (e.g., merger, acquisition or joint venture) between an issuer in which any such person has a personal investment and an issuer in which such Client is invested. Personal investment activities of personnel of XN, or other activities not related to such personnel's work for XN, may also increase the likelihood of XN gaining possession of material non-public information about an issuer that leads to a restriction or limitation being imposed on such Client and/or one or more other conflicts of interest, including the fact that such Client's investment in the public securities may benefit the personal investment.

XN (or its affiliates) may in the future enter into arrangements with co-investment vehicles or Clients that may in certain circumstances result in such affiliates receiving performance-based compensation in the form of an in-kind distribution. If XN (or any of its affiliates) at any time receives a distribution in kind from a Client, or any investment vehicle established by a third-party investor in connection with investment management or consulting services provided to it by XN (or any of its affiliates), in lieu of XN (or any of its affiliates) receiving performance-based compensation in the form of a cash distribution or payment, then XN (or any such affiliate or affiliates) may elect to hold the financial instruments distributed in kind or dispose of the financial instruments distributed in kind at such time as it deems appropriate, irrespective of whether the same financial instruments are held at such time by any given Client. XN (or its affiliates) may have a conflict of interest in deciding whether to receive their performance-based compensation through an in-kind distribution, and in determining whether to hold the financial instruments or dispose of them, especially if XN's (or such affiliate's or affiliates') decision to sell such financial instruments is likely to have an adverse effect on the value of the financial instruments held by XN Clients.

Cross Trades

XN may determine that it would be in the best interests of one or more Clients to transfer a financial instrument from one Client to another (each such transfer, a "Cross Trade") for a variety of reasons, including tax purposes, liquidity purposes, to rebalance the portfolios of the applicable Clients, or to reduce transaction costs that may arise in an open market transaction. If XN decides to engage in a Cross Trade, XN will determine that the trade is in the interests of both of the applicable Clients involved and take steps to ensure that the transaction is consistent with seeking best execution for each of those Clients.

Principal Transactions

To the extent that Cross Trades may be viewed as principal transactions (as such term is used under the Advisers Act) due to the ownership interest in an applicable Client by the Fund General Partner or otherwise, XN or its personnel, the Fund General Partner and XN will comply with the requirements of Section 206(3) of the Advisers Act. In connection with any principal transactions, Cross Trades, related-party transactions and other transactions and relationships involving potential conflicts of interest, the Fund General Partner may appoint a review agent (the “Review Agent”), which may be asked to review and approve or disapprove, to the extent required by applicable law or deemed advisable by the Fund General Partner, such transactions and conflicts of interest. XN will not cause its Clients to enter into any other transaction that would constitute a principal transaction (as such term is used under the Advisers Act), without (i) the consent of the Review Agent or (ii) the aggregate consent of a majority-in interest of the investors of the applicable Client. Any decision of the Review Agent will be binding on the applicable Client and its partners. The Review Agent (including any members of a committee serving in such capacity) will be exculpated and indemnified by the applicable Client.

Co-Investments

XN expects, from time to time, to offer one or more Client investors and/or other third-party investors (including affiliates of the Fund General Partner and their respective members, partners, officers or personnel or affiliates of any of them, and including the Principal and other XN-related Investors) the opportunity to co-invest with Clients in particular investments. XN, for example, expects to offer such co-investment opportunities when the size of the opportunity exceeds the amount of capital that XN believes should be invested by its Clients. XN also expects to offer co-investment opportunities to Client investors and/or other third-party investors (including portfolio companies of its Clients) based on factors such as, but not limited to, the nature of the opportunity, speed of execution required, tax considerations, such persons’ familiarity with and history of making similar investments (including successfully consummating prior co-investment opportunities with XN) or ability to consummate co-investment opportunities generally and in a meaningful size, such person’s prior expressions of interest in making similar investments, the ability of such persons to generate future investment opportunities or provide other benefits to XN’s Clients and/or XN’s and/or to provide analytical and market advice or other expertise that may be valuable to XN Clients, and other factors deemed by XN to be relevant. XN will have a conflict when determining which Client investors, if any, it will offer co-investment opportunities to. In addition, the Principal and other XN-related Investors may co-invest with XN Clients whether or not the particular co-investment opportunity is offered to Client investors or other third-party investors.

XN is not required to offer co-investment opportunities to any Client investor or other third-party investors, and no Client investor will be entitled (or obligated) to participate in such an opportunity by reason of being an investor in such Client.

Item 12: Brokerage Practices

Factors Considered in Selecting Broker-Dealers

XN has complete discretion in deciding which financial instruments are bought and sold, the amount and price of those financial instruments, the brokers or dealers to be used for a particular transaction, and commissions or markups and markdowns paid.

Portfolio transactions for Clients will be allocated to brokers and dealers on the basis of numerous factors and not necessarily based on the lowest pricing. In the future, brokers and dealers may provide other services that are beneficial to XN and/or certain Clients, but not beneficial to all Clients. Subject to seeking best execution, in selecting brokers and dealers (including prime brokers) to execute transactions, provide financing and securities on loan, hold cash and short balances and provide other services, XN will consider factors that it deems appropriate under the circumstances, which may include: the ability of the brokers and dealers to effect the transaction; the quality of the brokers' or dealers' services previously rendered, including brokerage, research and other services; the brokers' or dealers' facilities, reliability and financial responsibility; and the provision by the brokers of capital introduction, talent introduction, marketing assistance, consulting with respect to technology, operations and equipment, commitment of capital, access to company management and access to deal flow.

Accordingly, the prices and commission rates (or dealer markups and markdowns arising in connection with riskless principal transactions) charged to a Client by brokers or dealers in the foregoing circumstances may be higher than those charged by other brokers or dealers that may not offer such services. XN need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost or spread.

XN maintains policies and procedures to review the quality of services received by it, including periodic reviews by its investment professionals.

Order Aggregation and Average Pricing

If XN determines that the purchase or sale of a financial instrument is appropriate with regard to an XN Client, XN may, but is not obligated to, purchase or sell such a financial instrument on behalf of such Clients with an aggregated order, for the purpose of reducing transaction costs, to the extent permitted by applicable law. The aggregation of orders as described herein generally occurs with respect to purchases or sales of financial instruments that do not meet the definition of a Special Investment. When an aggregated order is filled through multiple trades at different prices on the same day, each participating Client will receive the average price, with transaction costs generally allocated pro rata based on the size of each Client's participation in the order (or allocation in the event of a partial fill) as determined by XN. In the event of a partial fill, to the extent that XN determines that allocations should be modified, such modifications will be performed on a basis that XN deems to be appropriate, including, for example, in order to avoid odd lots or de minimis allocations. When orders are not aggregated, trades generally will be processed in the order that they are placed with the broker or counterparty selected by XN. As a result, certain trades in the same financial instrument for one Client (including a Client in which XN, the Principal and/or other XN-related Investors may have a direct or indirect interest) may receive more or less favorable prices or terms than another Client, and orders placed later may not be filled entirely or at all, based upon the prevailing market prices at the time of the order or trade.

Research and Soft Dollars

From time to time, XN may pay commissions (or markups or markdowns with respect to certain types of riskless principal transactions) to a broker dealer for effecting Client transactions in excess of that which another broker-dealer might have charged for effecting the same transaction in recognition of the value of the brokerage, research and other services provided by a particular broker-dealer. XN will effect such transactions, and receive such brokerage, research and other services, only to the extent that they fall within the safe harbor provided by Section 28(e) of the U.S. Securities Exchange Act of 1934, as amended, and subject to prevailing guidance provided by the SEC regarding Section 28(e). XN believes it is important to its investment decision-making processes to have access to independent research.

Also, consistent with Section 28(e), research products or services obtained with “soft dollars” generated by the Client may be used by XN to service one or more XN Clients, including Clients that may not have paid for the soft dollar benefits. XN must allocate soft dollar credits among Clients and XN will not seek to allocate soft dollar benefits among the Clients in proportion to the soft dollar credits such Clients respectively generate. Instead, where a product or service obtained with soft dollars provides both research and non-research assistance to XN (i.e., a “mixed use” item), XN will make a good faith allocation of the cost which may be paid for with soft dollars. Nevertheless, in making good faith allocations of costs between administrative benefits and research and brokerage services, a conflict of interest may exist by reason of XN’s allocation of the costs of such benefits and services between those that primarily benefit XN and those that primarily benefit the Clients.

When XN uses brokerage commissions (or markups or markdowns) generated by any Client to obtain research or other products or services, XN receives a benefit because it does not have to produce or pay for such products or services. While XN seeks best execution for each Client, the fact that XN can obtain or receive such products or services creates an incentive for it to select or recommend a particular broker-dealer based on XN’s interests, to the exclusion of another broker-dealer that offers business terms that would also be in one or more Client’s interests.

At least annually, XN will consider the amount and nature of research and research services provided by broker-dealers, as well as the extent to which such services useful and/or are relied upon, and attempts to allocate a portion of the brokerage business of its Clients on the basis of that consideration. Broker-dealers sometimes suggest a level of business they would like to receive in return for the various products and services they provide. Actual brokerage business received by any broker-dealer may be less than the suggested allocation, but can (and often does) exceed the suggested level, because total brokerage is allocated on the basis of all of the considerations described above. In no case will XN make binding commitments as to the level of brokerage commissions it will allocate to a broker-dealer, nor will it commit to pay cash if any informal targets are not met. A broker-dealer is not excluded from receiving business because it has not been identified as providing research products or services.

Capital Introduction and Other Services

From time to time, brokers may assist a Client in raising additional funds from investors. Additionally, brokers (including a Client’s prime brokers) may provide capital introduction and

marketing assistance services, and representatives of XN may speak at conferences and programs sponsored by the brokers, for investors interested in investing in private investment funds. Through such events, prospective investors in a Client may encounter representatives of XN. Brokers may also provide other services, including consulting services relating to technology and office space. Although neither XN nor its Clients compensates brokers for such assistance, events or services, or for any investments ultimately made by prospective investors attending such events, such activities may influence XN in deciding whether to use such broker in connection with brokerage, financing and other activities of a Client. XN may consider referrals of investors to a Client in determining its selection of brokers. However, XN will seek best execution and will not commit to an investor or a broker to allocate a particular amount of brokerage in any such situation.

Trade Errors

XN's traders may on occasion experience errors with respect to trades made on behalf of a Client (each such error, a "Trade Error"). Trade Errors may include, for example, (i) the placement of orders (either purchases or sales) in excess of the amount of financial instruments XN intended to trade; (ii) the sale of a financial instrument when it should have been purchased; (iii) the purchase of a financial instrument when it should have been sold; and (iv) the purchase or sale of the wrong financial instrument. Trades implemented as a result of faulty data, systems, coding, modeling or analysis, trades that are properly executed but result in losses, errors committed by other persons (including brokers and custodians), or which are otherwise caused by human error other than those specifically described in the trade error policy contained in XN's compliance manual, are not considered Trade Errors. Errors that do not result in transactions in an investor's account (such as transactions that result in loss of an investment opportunity) will not be viewed as Trade Errors. Trade Errors may result in losses or gains. XN will endeavor to detect Trade Errors prior to settlement and correct them in an expeditious manner.

Pursuant to the exculpation and indemnification provided by the Clients to XN and its personnel, XN and its personnel will generally not be liable to Clients for any act or omission, absent bad faith, gross negligence (as interpreted in accordance with the laws of the State of Delaware), willful misconduct or actual fraud of such person, and Clients will generally be required to indemnify such persons against any losses they may incur by reason of any act or omission related to such Clients, absent bad faith, gross negligence, willful misconduct or actual fraud of such person. As a result of these provisions, the Clients (and not XN) will benefit from any gains resulting from Trade Errors and will be responsible for any losses (including additional trading costs) resulting from Trade Errors, absent bad faith, gross negligence, willful misconduct or actual fraud of the relevant person.

XN will determine in good faith whether or not a given trade error is required to be reimbursed pursuant to the applicable standard of care and reimburse the Clients for losses for which XN is responsible under the exculpation provisions. Given the potentially large volume of transactions executed by XN on behalf of a Client, investors should assume that Trade Errors will occur and that, to the extent permitted by applicable law, Clients will be responsible for any resulting losses, even if such losses result from the negligence (but not gross negligence) of XN's personnel. XN will have a conflict of interest in determining whether a trade error should be borne by the Clients or reimbursed by XN. Generally, in determining whether XN was grossly negligent, it will

evaluate and consider the adequacy of the supervisory procedures in place to prevent such errors from recurring with any frequency.

From time to time, XN may elect to voluntarily reimburse the Clients for losses suffered as a result of certain trade errors identified by XN or otherwise. However, notwithstanding the previous sentence, investors should not carry the expectation that a voluntary reimbursement will ever take place, and, in evaluating a Client, no decisions should be made in reliance on XN making any voluntary reimbursements to such Client for losses suffered as a result of such trade errors. Any decision to voluntarily reimburse is not precedential and should not create the expectation of any voluntary reimbursement in the future.

Item 13: Review of Accounts

All investments are carefully reviewed by XN's investment team. Clients' investments are reviewed on a continuous basis and the investment personnel meet regularly to discuss investment ideas, economic developments, industry outlook and other issues related to current portfolio holdings and potential investment opportunities.

Investors will receive reports in accordance with the terms of the Governing Documents including, but not limited to, account statements directly from the administrator of the applicable Client on at least a quarterly basis and other monthly and quarterly information on the Client provided by XN. XN may supplement this regular reporting with reports provided during client meetings or as requested. In addition, annual audited financial statements are provided to all investors generally within 120 days of each Client's fiscal year end. XN will also provide information necessary for its Clients' investors to complete their respective U.S. federal, state and local income tax returns.

Item 14: Client Referrals and Other Compensation

XN does not receive any other economic benefits from non-Clients in connection with the provision of investment advice to Clients. Neither XN nor any of its affiliated entities directly or indirectly compensates any person who is not an employee, including placement agents, for client referrals.

Item 15: Custody

XN is deemed to have custody of Client funds and financial instruments where it has the authority to obtain Client funds or financial instruments, for example, by deducting advisory fees from a Client's account or otherwise withdrawing funds from a Client's account.

XN is subject to Rule 206(4)-2 under the Advisers Act (the "Custody Rule"). It is not required, however, to comply (or will be deemed to have complied) with certain requirements of the Custody Rule with respect to the Clients because it complies with the provisions of the so-called "Pooled Vehicle Annual Audit Exception," which, among other things, requires that the Clients (i) be subject to an audit at least annually by an independent public accountant that is registered

with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and (ii) distribute its audited financial statements to all investors within one hundred and twenty (120) days of the end of its Fiscal Year.

In addition, XN generally maintains each Client's funds and securities at prime brokers or a custodial bank, all of whom are "qualified custodians", as that term is defined under the Custody Rule. For any securities that are not held with qualified custodians (*e.g.*, certain uncertificated securities and other private securities), such securities will be held in accordance with the provisions of the Custody Rule and any applicable guidance from the SEC staff.

Item 16: Investment Discretion

XN has entered into an investment management agreement, or similar agreement, with each Client, pursuant to which XN (or any applicable affiliate) has been granted discretionary trading authority. XN's investment decisions and investment advice with respect to each Client are subject to such Client's investment objectives and guidelines, as set forth in its Governing Documents.

XN has the authority to determine the securities, and the amount of securities, to be bought and sold without obtaining Client or investor consent to specific transactions

Item 17: Voting Client Securities

In compliance with Rule 206(4)-6 under the Advisers Act, XN has adopted proxy voting policies and procedures. XN's general policy is to vote proxy proposals, amendments, consents or resolutions (collectively, "Proxies"), in a prudent and diligent manner that will serve the applicable Client's best interest and is consistent with each Client's investment objectives.

XN will take into account various relevant factors, as determined by XN, which may include: (i) the impact on the value of the securities or instruments owned by the relevant Client and the returns on those securities; (ii) the anticipated associated costs and benefits; (iii) the continued or increased availability of portfolio information; and (iv) industry and business practices.

In limited circumstances, XN may refrain from voting Proxies where XN believes that voting would be inappropriate, taking into consideration the cost of voting the Proxies and the anticipated benefit to its Clients. Generally, investors and Clients may not direct XN's vote in a particular solicitation.

XN will use independent Proxy voting services to provide Proxy analysis, voting recommendations and voting services. XN will review the analysis and recommendations and determine how to vote each Proxy in accordance with its Proxy Voting policies and procedures.

Conflicts of interest may arise between the interests of XN's Clients and XN, in the context of the voting of Proxies. If XN determines that it has a conflict of interest when voting Proxies, XN will vote in accordance with its Proxy voting policies and procedures. XN will make its Proxy voting

policies and Proxy voting record with respect to Clients available to an investor for review, upon request.

Class Actions

In the event that a Client becomes eligible to participate in a class action, XN will determine whether participation in such action is in the Client's best interest after considering any costs that may be incurred in connection therewith, as well as any profits that are reasonably likely to result from such participation. Any proceeds ultimately received from a class action are expected to be credited to the applicable Client(s) for the benefit of the then-current investors only.

Item 18: Financial Information

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