

Form ADV Part 2A: Firm Brochure

Anson Funds Management LP

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Attention: Tony Moore (CCO)

Anson Funds Management LP is an investment adviser that is registered with the United States Securities and Exchange Commission. Registration with the United States Securities and Exchange Commission does not imply a certain level of skill or training.

This brochure provides information about the qualifications and business practices of Anson Funds Management LP. If you have any questions about the contents of this brochure, please contact us at 214.866.0200. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Anson Funds Management LP also is available on the SEC's website at www.adviserinfo.sec.gov.

March 17, 2020

Item 2 - Material Changes

Since our previous annual update to our Part 2A of Form ADV, we have no material changes to our business; however, we recommend that you read this Part 2A of Form ADV in its entirety.

Currently, our Brochure may be requested by contacting Tony Moore, the Adviser's Chief Compliance Officer, at (214) 866-0200 or tmoore@ansonfunds.com.

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Item 4 - Advisory Business

FIRM DESCRIPTION & PRINCIPAL OWNERS

Anson Funds Management LP (“Anson”, the “Adviser”, “we”, “our” or “us”), a Texas limited partnership founded in January 2003, is a private investment advisory firm located in Dallas, TX. We specialize in providing investment advisory services to private pooled investment vehicles (the “Funds”) for sophisticated, qualified investors, including high net worth individuals, pension plans, funds of funds, family offices, endowments and other institutions.¹

The sole managing member and principal owner of Anson Management GP LLC, the general partner of Anson, is Bruce Ross Winson.

TYPES OF ADVISORY SERVICES

As at December 31, 2019, we serve as general partner of and/or investment manager to various private investment funds, including Anson Investments Offshore Fund Ltd., a Cayman Islands exempted company, Anson Investments LP, a Texas limited partnership, Anson Investments Master Fund LP, a Cayman Islands exempted limited partnership (collectively, the “Anson Investments Funds”), Anson Catalyst Fund, Ltd., a Cayman Islands exempted company, and Anson Catalyst Master Fund, LP, a Cayman Islands exempted limited partnership (collectively, the “Anson Catalyst Funds”), Anson Opportunities Offshore Fund, Ltd., a Cayman Islands exempted company, Anson Opportunities Master Fund, LP, a Cayman Islands exempted limited partnership (collectively, the “Anson Opportunities Funds”), Anson East Offshore Fund, Ltd., a Cayman Islands exempted company, Anson East Master Fund, LP, a Cayman Islands exempted limited partnership (collectively, the “Anson East Funds”), Arch Anson Tactical Real Estate Fund, an Ontario limited partnership, and Arch Anson Tactical Real Estate NR Fund, an Ontario limited partnership (together, the “Arch Funds” and, collectively with the Anson Investments Funds, the Anson Catalyst Funds, the Anson East Funds and the Anson Opportunities Funds, the “Funds”). We have the discretionary authority to invest and reinvest the assets of our clients in securities and other financial instruments.

For more information on the investment strategy of our clients, please see *Item 5 - Method of Analysis, Investment Strategy and Risk of Loss*. All discussion of the Funds in this Brochure, including but not limited to their investments, the strategies used in managing the Funds, and conflicts of interest faced by the Adviser in connection with the management of the Funds are qualified in their entirety by reference to each Fund’s respective offering documents.

We tailor our advisory services in accordance with each client’s needs and investment strategy as disclosed in each respective offering document.

¹ As an SEC-registered investment adviser, the Adviser owes a fiduciary duty to all of its clients. In 2006, the decision by the Court of Appeals for the D.C. Circuit in *Goldstein v. SEC*, 451 F.3d 873 (D.C. Cir. June 23, 2006), with respect to private funds, clarified that the “client” of an investment adviser to a private fund is the fund itself and not an investor in the fund.

This brochure is not an offer to invest in our Funds.

We do not participate in any wrap fee programs.

ASSETS UNDER MANAGEMENT

As of December 31, 2019, Anson managed approximately \$819,871,318 of client gross assets on a discretionary basis. We do not manage any client assets on a non-discretionary basis.

Item 5 - Fees and Compensation

DESCRIPTION OF COMPENSATION AND FEES

We typically receive two types of compensation from our clients – an asset-based management fee and performance-based compensation. Generally, we charge our clients management fees at an annual rate of 2.0% of each client's net asset value, calculated and payable quarterly in advance. In addition, we or our affiliates receive an annual performance allocation from each of our clients at the end of each year of 20% of each client's annual net profits, but only to the extent that the client's net profits exceed any losses carried forward from prior years, based on a "high water mark" formula.

We generally do not negotiate our fees. However, we may, in our discretion, alter the terms applicable to certain investors in our clients that result in rights and obligations that differ from those described in this brochure, including with regard to fees and redemption rights. This may be achieved through side letter agreements, rebates, waivers, issuance of separate classes of interests or any other permissible means.

PAYMENT OF FEES

Our clients pay management fees quarterly, in advance, as of the first business day of each calendar quarter. We deduct management fees directly from the capital account of each investor in our clients on the first business day of each calendar quarter.

As further described in *Item 10- Other Financial Industry Activities and Affiliates*, Anson Advisors Inc. receives a portion of the management fees payable by the Funds.

We generally calculate and receive our performance-based allocations as of the end of each fiscal year directly from the capital account of each investor in our clients.

We have waived, and may waive in the future, any management fee or performance-based allocation for our employees and principals who have invested directly or indirectly in our clients.

OTHER FEES AND EXPENSES

We generally pay all ordinary office overhead expenses of our firm, which include rent, supplies, secretarial expenses, stationery, charges for furniture and fixtures, and compensation of security analysts and personnel. Our clients generally bear all other expenses, which include, but are not limited to, (i) legal, accounting, auditing and other professional expenses, (ii) investment expenses such as commissions, research expenses, interest on margin accounts and other indebtedness, (iii) the pro rata share of the fees and expenses incurred from investing in other investment vehicles, (iv) custodial fees and (v) other reasonable expenses related to the purchase, sale or transmittal of client assets. Clients generally pay all brokerage fees and transaction costs associated with their investment activities.

For more information on brokerage transactions and costs, please see *Item 12 - Brokerage Practices*.

WITHDRAWALS

With respect to the Anson Investments Funds, subject to the terms and conditions in the offering documents, each investor that has held its investment for one year generally may make complete or partial withdrawals as of the close of business on the last day of each calendar quarter. Investors must generally provide notice of any withdrawal in writing at least 30 days prior to the proposed withdrawal date. We will use commercially reasonable efforts to pay at least 90% of any estimated withdrawal request within 30 days of a withdrawal date. We will pay any remaining balance within 30 days following the completion of the Fund's audit of its financial statements for the applicable fiscal year. We do not refund prepaid management fees.

With respect to the Anson Catalyst Funds, subject to the terms and conditions in the offering documents, each investor may voluntarily redeem on 30 days' prior notice as of the last business day of the calendar quarter occurring prior to the 36-month anniversary of the purchase of the shares to be redeemed, and as of the last business day of each calendar quarter thereafter, and/or any other days as the directors may determine in their sole discretion. The Adviser may, in its sole discretion, waive these notice requirements. We will use commercially reasonable efforts to pay at least 90% of any estimated redemption proceeds within 10 business days of a redemption date, provided, that the directors may delay the payment if a delay is reasonably necessary to prevent a redemption from having a material adverse impact on the Fund. We will pay any remaining balance within 30 days following the completion of the Fund's audit of its financial statements for the applicable fiscal year. We do not refund prepaid management fees.

With respect to the Anson Opportunities Funds, subject to the terms and conditions in the offering documents, each investor may voluntarily redeem on 30 days' prior notice as of the last business day of the calendar quarter occurring prior to the 12-month anniversary of the purchase of the shares to be redeemed, and as of the last business day of each calendar quarter thereafter, and/or any other days as the directors may determine in their sole discretion. The Adviser may, in its sole discretion, waive these notice requirements. We will use commercially reasonable efforts to pay at least 90% of any estimated redemption proceeds within 10 business days of a redemption date, provided, that the directors may delay the payment if a delay is reasonably necessary to prevent a redemption from having a material adverse impact on the Fund. We will pay any remaining balance within 30 days following the completion of the Fund's audit of its financial statements for the applicable fiscal year. We do not refund prepaid management fees.

With respect to the Arch Funds, subject to the terms and conditions in the offering documents, each investor that has held its investment for one year generally may voluntarily redeem as of the last business day of each calendar month. Investors must generally provide notice of any redemption in writing at least 5 business days' prior to the redemption date. The Adviser may, in its sole discretion, waive these notice requirements. If redemption notices have been received to redeem 20% or more of the net asset value of all outstanding investments, then we may, in our sole discretion in order to permit orderly liquidation, defer to the next redemption date for some or all of the investments for which redemption has been requested. We may also suspend or postpone redemption in certain circumstances where, in our sole discretion, it would be fair and equitable to do so, including but not limited to, the case where normal trading is suspended on any stock exchange on which a material portion of the assets of the Funds are listed or traded.

COMPENSATION FOR THE SALE OF SECURITIES OR OTHER INVESTMENT PRODUCTS

Neither our firm nor any of our supervised persons receives any compensation for the sale of securities or other investment products.

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

As noted above, the Adviser or its affiliates generally receive a performance-based allocation from our advisory clients. Please see *Item 5 - Fees and Compensation* for a discussion of our performance-based compensation. These payments are subject to Section 205(a)(1) of the Investment Advisers Act of 1940, as amended (the “Advisers Act”), in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3.

Performance-based allocations could motivate us to make investment decisions that are riskier or more speculative than would be the case if these compensation arrangements were not in effect. Our individual employees and affiliates who receive compensation to some extent based upon their role in the trading profits of our clients face the same potential conflict. We address this conflict through full and fair disclosure in the applicable offering documents and/or this brochure. In addition, our firm’s investment in our clients aids in aligning our interests with the interests of our clients.

We do not manage any other accounts that do not pay performance-based compensation.

Item 7 - Types of Clients

As mentioned in *Item 4 – Advisory Business*, we currently provide investment advisory services solely to pooled investment vehicles. Our clients rely on certain exclusions from the definition of “investment company” in the Investment Company Act of 1940, as amended. Accordingly, none of our clients are registered as investment companies with the Securities and Exchange Commission. We may in the future provide investment advice to other types of clients including, but not limited to, individuals and separately managed accounts and funds.

Investors in our clients are generally required to make a minimum investment of \$250,000, although we may accept investments in a lesser amount in our sole discretion.

This Brochure is not an offer to invest in our clients.

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

Anson Investments Funds (referred to in this section as the “Fund”)

Investment Objective

The investment objective of the Fund is to achieve capital appreciation, primarily through investments in securities of publicly traded companies, generally through short positions, long positions and private financing transactions.

Investment Strategy

Long Positions

We seek to produce returns through long investments. Our firm generates investment ideas for the Fund through bottom-up screening. In contrast to the typical short positions that we initiate described below, we believe these companies have solid business models with good cash flow and limited supply of shares. While we may occasionally trade along with a larger trend in a specific segment, we generally focus on companies believed to be good, solid businesses, but that the general market does not currently favor. We will generally attempt to make a long position investment during market correction periods when valuations appear to be most favorable.

Short Positions

We also scour the market using various data filters and screens to identify companies with significant short-term stock price appreciation that we believe is not justified by a corresponding improvement in underlying businesses prospects. Often a news release or stock promotion drives these price surges, even though these companies have flawed business models usually characterized by poor profitability and overall financial weakness. We consider the best short trading opportunities to have common characteristics such as low cash resources, negative cash flow from operations and toxic financings. In some of these cases, we will conduct further investigations to determine whether we believe the company may be acting fraudulently to try and move the stock price up so that insiders may sell their shares or the company may conduct a private placement at inflated prices. If we believe these dramatic price moves arise from the broad distribution of touting emails or boiler room promotions, we expect that the stock price will eventually decrease once the company completes the campaign to promote the security.

In addition, we monitor larger industry trends to identify widespread deterioration in stock price. Often the trend will show up early in a few competitors who experience an immediate and rapid decline in stock price. Other competitors will have a delayed reaction, even though they are subject to the same risk factors. We seek to exploit this lagging effect to take short positions in the companies we expect to suffer the same decreased stock price and then hold the positions until the stock prices decreases to reflect the industry-wide decline.

Private Financing Transactions

Similar to our long position strategy, we will occasionally participate in private financing transactions (including registered direct offerings and private placements of public securities on an opportunistic basis. Often these will be offerings by North American companies underwritten (on a firm commitment or agency basis) by regional brokers with which our firm or our associates have longstanding relationships. These companies will also tend to operate in areas where our firm's business associates can provide significant insight into the long-term potential of the company. Investing in a private financing transaction allows the Fund to purchase securities at a substantial discount as compared to the availability in the public market or to acquire warrants that have the potential to greatly increase the return on the Fund's invested capital. We may hedge or arbitrage some positions in an attempt to lock in immediate profit, while making other positions part of the Fund's long position holding portfolio once their securities become freely tradable.

The investment objectives and methods summarized above represent our current intentions. Depending on conditions and trends in the securities markets and the economy in general, we may pursue any objectives, employ any investment techniques or purchase any type of security that we consider appropriate and in the best interests of the Fund whether or not described in this section. There can be no assurance that the Adviser's investment strategy will achieve profitable results.

Despite our thorough research and analysis and investment strategies, investing in any security involves a risk of loss that the Fund and investors in the Fund must be prepared to bear. Please see below for an explanation of some of the significant risks associated with the investment strategies we employ.

In the normal course of business, we enter into transactions in various financial instruments with off-balance sheet risk. These financial instruments may include securities sold, not yet purchased and options. We enter into derivative contracts for trading and hedging purposes. Typically, derivative contracts serve as components of the Fund's investment strategies, and we utilize these investments primarily to structure the portfolio or individual investments to economically match the Fund's investment objectives.

Market Risk. Market risk represents the potential loss that can be caused by a change in the fair value of a financial instrument.

Credit Risk. Credit risk represents the potential loss that the Fund would incur if counterparties failed to perform pursuant to the terms of their obligations to our clients. We seek to minimize the Fund's exposure to credit risk by conducting transactions with established, reputable brokers. We monitor counterparty exposure on a regular basis.

Multiple brokers provide the clearing and depository operations for the Fund's securities transactions. These brokers are members of major American or Canadian securities exchanges. Should the brokers be unable to fulfill their obligations, the Fund risks the loss of its investments.

The amount of the Fund's cash held at brokers, at times, may exceed the amount insured by the Securities Investor Protection Corporation and/or the Canadian Investor Protection Fund, as applicable.

Liquidity Risk. Liquidity risk represents the possibility that we may not be able to rapidly adjust the size of the Fund's positions in times of high volatility and financial stress at a reasonable price.

Interest Rate Risk. Interest rate risk represents a change in interest rates, which could result in an adverse change in the fair value of an interest-bearing financial instrument held by the Fund.

Currency Risk. The exchange rate of the U.S. dollar relative to other currencies may change in a manner which has an adverse effect on the reported value of the Fund's assets and liabilities denominated in currencies other than the U.S. dollar.

Political Risk. To the extent that we trade securities listed on various foreign exchanges and markets on behalf of the Fund, the Fund may be exposed to political risk. The governments in any of these jurisdictions could impose restrictions, regulations or other measures, which may have a material adverse impact on the Fund's investment strategy.

We do not recommend primarily any single type of security to the Fund. The Fund generally holds a diverse range of investments, yet we still encourage the investors in the Fund to consider all of the risk factors we have described above. Any investment can be risky and our investors in the Fund must be prepared to assume any potential loss.

Investing in securities involves risk of loss that investors and prospective investors should be prepared to bear. There can be no assurance that any fund's investment objective will be achieved or that the investment strategies the Adviser employs will be successful. Investors must be prepared to lose all or substantially all of their investment. The past performance of the Adviser is not indicative of its future performance.

Anson Catalyst Funds (referred to in this section as the "Fund")

Investment Objective

The investment objective of the Fund is to achieve significant risk-adjusted returns while minimizing correlation to traditional equity and fixed income asset classes. In order to achieve the Fund's investment objective, we will manage a concentrated, high-conviction portfolio of investments for the Fund that primarily utilize either an event-driven, relative value or opportunistic strategy. The most common securities that the Fund will invest in are common equity, high-yield debt and distressed debt, although the Fund may opportunistically invest in other types of securities.

Investment Strategy

Event-Driven: Distressed/High-Yield Securities

The Fund will seek to invest in distressed debt and high-yield securities where events such as bankruptcy, corporate reorganizations, debt defaults and maturities are identified in the

investment time horizon. Distressed and high-yield securities require extensive due diligence and credit analysis in order to confidently take advantage of the deeply discounted purchase prices. In addition, as it relates to distressed investments, we will evaluate the best risk-reward opportunities in the capital structure and seek to have the Fund's core investment in the fulcrum security. We will typically look for situations where there is significant potential for capital appreciation, as opposed to situations where only a high income stream exists. We seek investments in distressed and high yield securities that are more correlated to event-specific situations than to the direction of the bond and stock markets.

Event-Driven: Deep Value with Catalyst

We seek to produce significant risk-adjusted returns through catalyst-driven, deep value investments. We generate investment ideas for the Fund through a bottom-up screening approach with an emphasis on certain focus industries, such as oil and gas and related services, technology, media and telecom, mining and manufacturing. Attractive investment candidates are usually trading at significant discounts to intrinsic value and have a near-term corporate event that may cause the discount to narrow or be eliminated. These corporate events typically include spin-outs, asset sales, management and/or board changes, restructurings and recapitalizations.

Event-Driven: Merger (Risk) Arbitrage

Arbitrage opportunities are available when the market misprices the risks and opportunities associated with the closing of a merger, acquisition or other major corporate event. When structured properly, risk arbitrage investments tend to have very little market risk due to the fact that the corporate event is the dominant factor in the return profile. The investment process for these investments typically begins with a public announcement of a merger or acquisition. We will then evaluate all aspects of the deal and seek to identify situations where asymmetric return opportunities are present. When analyzing arbitrage opportunities for the Fund, we will evaluate the probability of the deal closing, the price and form of consideration, the timeframe to the closing date, regulatory risks, financing risks and the potential for competing proposals. In addition, we will evaluate the optimal risk/reward security in the capital structure, factoring in any potential hedging that could mitigate certain risks.

Event-Driven: Short Selling with Catalyst

While not a core strategy of the Fund, we will selectively short securities of companies for the Fund that we believe to be over-valued when there is a near-term event that could lead to a repricing. Ideal candidates have one or more of the following criteria: fraudulent accounting, liquidity constraints, covenant violations, low cash resources, negative cash flow, deteriorating industry fundamentals and off-market valuations.

Relative Value: Convertible Arbitrage

We aim to profit from mispricing opportunities within convertible bonds and other hybrid debt/equity securities. Convertible securities are typically fixed income instruments with an embedded call option on the underlying issuer's stock. Often times, the price of the instrument as a whole is less than the price or value of the individual parts. As such, opportunities exist to buy (or sell) the instrument, and sell (or buy) the parts, thereby locking in a profit. The ability to generate profit (alpha) is typically independent of general market conditions.

Relative Value: Capital Structure Arbitrage

We will look for mispricings that exist between various securities of a single issuer's capital structure. In essence, this strategy involves buying one security in a company's capital structure, while at the same time selling short another security in the that same company's capital structure. In structuring these trades for the Fund, we must factor in and value various quantitative and qualitative aspects of the securities, including: convexity, credit spreads, covenant irregularities, hedging costs and market supply/demand technicals.

Relative Value: Spin-Offs

In a pure spin-off, a parent company distributes 100% of its ownership interests in a subsidiary operation as a dividend to its existing shareholders. After the spin-off, there are two separate, publicly-held firms that have exactly the same shareholder base. Oftentimes, the holders of the parent company's stock have less of an interest in owning the stock of the spin-off. This can result in significant recirculation trades occurring at discounted values. In addition, institutions can be sellers of spin-off stocks for various other reasons (lack of liquidity, no dividend, no sell-side coverage, etc.), which results in the stock trading at significant discount to its intrinsic value during the recirculation period. This type of selling can create excellent opportunities for us to uncover high quality businesses at favorable prices.

Relative Value: Stub Co's

Partial spin-off transactions occur when a corporation distributes shares in a subsidiary to the public while retaining partial ownership. After a subsidiary becomes publicly traded, it is possible to determine the market value of the parent company's investment in the subsidiary. By subtracting the subsidiary's value from the parent company's value, it is possible to determine the implied value of the parent company's core businesses — known as the "stub." For a variety of reasons (tax, liquidity, control provisions, etc.), the stub's trading value can be less than its intrinsic value. It is possible to synthetically create a stub investment by purchasing the parent company's stock and shorting its underlying subsidiaries. If structured properly, this results in a net long exposure of only the stub. This strategy allows investors to capture the unrealized value of the stub, while simultaneously hedging market risk. We seek to identify opportunities where the stubs are trading at significant discounts to intrinsic value and where catalysts exist that will cause that discount to narrow.

Opportunistic: Private Financing Transactions

We will occasionally participate in private financing transactions (including registered direct offerings and private placements) of public securities on an opportunistic basis. Typically these will be offerings by North American companies underwritten (on a firm commitment or agency basis) by regional brokers with which the Investment Manager or its associates have longstanding relationships. Investing in a private financing transaction allows the Fund to purchase securities at a substantial discount as compared to what is available in the public market or to acquire warrants that have the potential to greatly increase the return on the Fund's invested capital. We may hedge or arbitrage some positions in an attempt to lock in immediate profit, while making other positions part of the Fund's long position holding portfolio once their securities become freely tradable.

Risk-management: Hedging

We may take short or long positions in a variety of instruments, including, but not limited to, stocks, bonds, loans, exchange-traded funds, insurance contracts, swaps, options, futures contracts and over-the-counter derivatives, in its discretion. We will utilize some of these products to offset and balance risks associated with both investment-level and portfolio-level positions.

*The investment objectives and methods summarized above represent the Adviser's current intentions. Depending on conditions and trends in the securities markets and the economy in general, the Adviser may pursue any objectives, employ any investment techniques or purchase any type of security that it considers appropriate and in the best interests of the Fund whether or not described in the offering documents for the Fund. The foregoing discussion includes and is based upon numerous assumptions and opinions of the Adviser concerning world financial markets and other matters, the accuracy of which cannot be assured. **There can be no assurance that the Fund's investment strategy will achieve profitable results.***

Despite our thorough research and analysis and investment strategies, investing in any security involves a risk of loss that investors in the Fund must be prepared to bear. Please see below for an explanation of some of the significant risks associated with the investment strategies we employ.

Investment Judgment; Market Risk. The profitability of a significant portion of the Fund's investment program depends to a great extent upon correctly assessing the future course of the price movements of securities and other investments. There can be no assurance that we will be able to predict accurately these price movements. With respect to the investment strategy utilized by the Fund, there is always some, and occasionally a significant, degree of market risk.

Short Sales. The Fund may enter into transactions, known as "short sales," in which it sells a security it does not own in anticipation of a decline in the market value of the security. Short sales by the Fund that are not made "against the box" theoretically involve unlimited loss potential since the market price of securities sold short may continuously increase. The Fund may mitigate these losses by replacing the securities sold short before the market price has increased significantly. Under adverse market conditions, the Fund might have difficulty purchasing securities to meet its short sale delivery obligations, and might have to sell portfolio securities to raise the capital necessary to meet its short sale obligations at a time when fundamental investment considerations would not favor such sales.

Derivatives. Derivative instruments, or "derivatives," include futures, options, swaps, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark currency or index at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated

with derivatives trading. For example, because many derivatives are “leveraged,” and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement can not only result in the loss of the entire investment, but may also expose the Fund to the possibility of a loss exceeding the original amount invested. Derivatives may also expose investors to liquidity risk, as there may not be a liquid market within which to close or dispose of outstanding derivatives contracts, and to counterparty risk. The counterparty risk lies with each party with whom the Fund contracts for the purpose of making derivative investments. In the event of a counterparty’s default, the Fund will only rank as an unsecured creditor and risks the loss of all or a portion of the amounts it is contractually entitled to receive.

Non-U.S. Securities. Investments in non-U.S. securities involve certain factors not typically associated with investing in U.S. securities, such as risks relating to (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar (the currency in which the books of the Fund are maintained) and the various non-U.S. currencies in which the Fund’s portfolio securities will be denominated and costs associated with conversion of investment principal and income from one currency into another; (ii) differences between the U.S. and non-U.S. securities markets, including the absence of uniform accounting, auditing and financial reporting standards and practices and disclosure requirements, and less government supervision and regulation; (iii) political, social or economic instability; (iv) imposition of non-U.S. income, withholding or other taxes; and (v) the extension of credit, especially in the case of sovereign debt.

Illiquidity. The investments made by the Fund may be very illiquid, and consequently the Fund may not be able to sell its investments at prices that reflect our assessment of their value or the amount paid for such investments by the Fund. Illiquidity may result from the absence of an established market for the investments as well as legal, contractual or other restrictions on their resale by the Fund and other factors. Furthermore, the nature of the Fund’s investments, especially those in financially distressed companies, may require a long holding period prior to profitability.

Leverage. Subject to applicable margin and other limitations, the Fund may borrow funds in order to make additional investments and thereby increase both the possibility of gain and risk of loss. Consequently, the effect of fluctuations in the market value of the Fund’s portfolio would be amplified. Interest on borrowings will be a portfolio expense of the Fund and will affect the operating results of the Fund. Also, the Fund could potentially create leverage via the use of instruments such as options and other derivative instruments.

Investing in securities involves risk of loss that investors and prospective investors should be prepared to bear. There can be no assurance that any fund’s investment objective will be achieved or that the investment strategies the Adviser employs will be successful. Investors must be prepared to lose all or substantially all of their investment. The past performance of the Adviser is not indicative of its future performance.

Anson Opportunities Funds (referred to in this section as the “Fund”)

Investment Objective

The objective of the Fund is to achieve significant risk-adjusted returns, primarily through high-conviction investments in securities of publicly traded companies, generally through short positions, long positions and private financing transactions on an event-driven basis. The Fund will have a global focus, and is industry-agnostic in the long term.

Investment Strategy

Short Selling

We scour the market using various data filters and screens to identify companies with significant short-term stock price appreciation that we believe is not justified by a corresponding improvement in underlying businesses prospects. Often these price surges are driven by a news release or stock promotion, even though these companies have flawed business models usually characterized by poor profitability and overall financial weakness. Traits such as low cash resources, negative cash flow from operations and toxic financings are common characteristics of the best trading opportunities. In some of these cases, we will conduct further investigation to determine whether it believes the company may be acting inappropriately to try and move the stock price up so that insiders may sell their shares or the company may conduct a private placement at inflated prices. If we believe these dramatic price moves were the result of a broad distribution of touting emails or boiler room promotions, it expects that the stock price will decrease in the near term once the campaign to promote the security is complete.

In addition, we will selectively short securities of companies for the Fund we believe to be over-valued when there is a near-term event that could lead to a re-pricing. Ideal candidates have one or more of the following criteria: liquidity constraints, covenant violations, low cash resources, negative cash flow, deteriorating industry fundamentals and off-market valuations.

Merger Arbitrage

Arbitrage opportunities are available when the market misprices the risks and opportunities associated with the closing of a merger, acquisition or other major corporate event. When structured properly, risk arbitrage investments tend to have very little market risk due to the fact that the corporate event is the dominant factor in the return profile. The investment process for these investments typically begins with a public announcement of a merger or acquisition. We will then evaluate all aspects of the deal and seek to identify situations where asymmetric return opportunities are present. When analyzing arbitrage opportunities for the Fund, we will evaluate the probability of the deal closing, the price and form of consideration, the timeframe to the closing date, regulatory risks, financing risks and the potential for competing proposals. In addition, we will evaluate the optimal risk/reward security in the capital structure, factoring in any potential hedging that could mitigate certain risks.

Capital Structure Arbitrage

We will look for mispricings that exist between various securities of a single issuer's capital structure. In essence, this strategy involves buying one security in a company's capital structure.

In structuring these trades for the Fund, we must factor in and value various quantitative and qualitative aspects of the securities, including: convexity, credit spreads, covenant irregularities, hedging costs and market supply and demand.

Opportunistic Long Investing

We will seek to identify companies which are trading at a significant discount to intrinsic value, and have a near-term corporate event that may cause the discount to narrow or be eliminated. Examples of these corporate events include spin-offs (where a parent divests of a subsidiary by issuing shares in the subsidiary), asset sales, restructurings and recapitalization, management and/or board changes.

Geopolitical Event-Driven Investing

In response to expected near-term political and macroeconomic events across the world, we will take long positions for the Fund in countries, currencies, industries and issuers most likely to be positively impacted on a relative value basis, and short positions in countries, currencies, industries and issuers most likely to be negatively impacted on a relative value basis.

Other Opportunistic Investment Strategies

In addition to the strategies described previously, we will, in certain circumstances, engage in pairs trading, where the values of two similarly situated companies diverge without fundamental justification, and are expected to converge in the near term. We may also periodically invest in private placements or private placements in public equity (“PIPEs”) with trusted counterparties, based on the expectation that the issuances are at a significant discount to a free-trading public valuation, and that the shares will be taken public on an unrestricted basis in the near term. In all of the strategies described above, we will utilize option-based strategies to seek to augment or reduce issuer, sector or geographic exposure, or to capitalize on mispricing of the options themselves relative to the underlying.

The investment objectives and methods summarized above represent the Adviser’s current intentions. Depending on conditions and trends in the commodities and securities markets and the economy in general, the Adviser may pursue any objectives, employ any investment techniques or purchase any type of security or instrument or make any investment that they consider appropriate and in the best interests of the Fund whether or not described in this section. The foregoing discussion includes and is based upon numerous assumptions and opinions of the Adviser concerning world financial markets and other matters, the accuracy of which cannot be assured. There can be no assurance that the Fund’s investment strategy will achieve profitable results. Past performance of the Fund or that of the Adviser or its affiliates is not indicative of future results of the Fund. Investors risk the loss of their entire investment.

Despite our thorough research and analysis and investment strategies, investing in any security involves a risk of loss that the Fund and investors in the Fund must be prepared to bear. Please

see below for an explanation of some of the significant risks associated with the investment strategies we employ.

In the normal course of business, we enter into transactions in various financial instruments with off-balance sheet risk. These financial instruments may include securities sold, not yet purchased and options. We enter into derivative contracts for trading and hedging purposes. Typically, derivative contracts serve as components of the Fund's investment strategies, and we utilize these investments primarily to structure the portfolio or individual investments to economically match the Fund's investment objectives.

Market Risk. Market risk represents the potential loss that can be caused by a change in the fair value of a financial instrument.

Credit Risk. Credit risk represents the potential loss that the Fund would incur if counterparties failed to perform pursuant to the terms of their obligations to our clients. We seek to minimize the Fund's exposure to credit risk by conducting transactions with established, reputable brokers. We monitor counterparty exposure on a regular basis.

Multiple brokers provide the clearing and depository operations for the Fund's securities transactions. These brokers are members of major American or Canadian securities exchanges. Should the brokers be unable to fulfill their obligations, the Fund risks the loss of its investments.

The amount of the Fund's cash held at brokers, at times, may exceed the amount insured by the Securities Investor Protection Corporation and/or the Canadian Investor Protection Fund, as applicable.

Liquidity Risk. Liquidity risk represents the possibility that we may not be able to rapidly adjust the size of the Fund's positions in times of high volatility and financial stress at a reasonable price.

Interest Rate Risk. Interest rate risk represents a change in interest rates, which could result in an adverse change in the fair value of an interest-bearing financial instrument held by the Fund.

Currency Risk. The exchange rate of the U.S. dollar relative to other currencies may change in a manner which has an adverse effect on the reported value of the Fund's assets and liabilities denominated in currencies other than the U.S. dollar.

Political Risk. To the extent that we trade securities listed on various foreign exchanges and markets on behalf of the Fund, the Fund may be exposed to political risk. The governments in any of these jurisdictions could impose restrictions, regulations or other measures, which may have a material adverse impact on the Fund's investment strategy.

We do not recommend primarily any single type of security to the Fund. The Fund generally hold a diverse range of investments, yet we still encourage the investors in the Fund to consider all of the risk factors we have described above. Any investment can be risky and our investors in the Fund must be prepared to assume any potential loss.

Within the Fund's 'value long' strategy, we believe in the importance of exercising patience until favorable investment opportunities arise. As a result, within this strategy, the Fund typically holds a concentrated investment portfolio due to the scarcity of investments that satisfy the Fund's investment criteria.

Investing in securities involves risk of loss that investors and prospective investors should be prepared to bear. There can be no assurance that any fund's investment objective will be achieved or that the investment strategies the Adviser employs will be successful. Investors must be prepared to lose all or substantially all of their investment. The past performance of the Adviser is not indicative of its future performance.

Anson East Funds (referred to in this Section as the "Fund")

Investment Objective

The objective of the Fund is to achieve significant risk-adjusted returns, primarily through high-conviction investments in securities of publicly traded companies, generally through short positions, long positions and private placements on an event-driven basis. The Fund will have a global focus, and is industry-agnostic in the long term.

Investment Strategy

Short Selling

We scour the market using various data filters and screens to identify companies with significant short-term stock price appreciation that we believe is not justified by a corresponding improvement in underlying businesses prospects. Often these price surges are driven by a news release or stock promotion, even though these companies have flawed business models usually characterized by poor profitability and overall financial weakness. Traits such as low cash resources, negative cash flow from operations and toxic financings are common characteristics of the best trading opportunities. In some of these cases, we will conduct further investigation to determine whether it believes the company may be acting inappropriately to try and move the stock price up so that insiders may sell their shares or the company may conduct a private placement at inflated prices. If we believe these dramatic price moves were the result of a broad distribution of touting emails or boiler room promotions, it expects that the stock price will decrease in the near term once the campaign to promote the security is complete.

In addition, we will selectively short securities of companies for the Fund that we believe to be over-valued when there is a near-term event that could lead to a re-pricing. Ideal candidates have one or more of the following criteria: liquidity constraints, covenant violations, low cash resources, negative cash flow, deteriorating industry fundamentals and off-market valuations.

Merger Arbitrage

Arbitrage opportunities are available when the market misprices the risks and opportunities associated with the closing of a merger, acquisition or other major corporate event. When structured properly, risk arbitrage investments tend to have very little market risk due to the fact

that the corporate event is the dominant factor in the return profile. The investment process for these investments typically begins with a public announcement of a merger or acquisition. We will then evaluate all aspects of the deal and seek to identify situations where asymmetric return opportunities are present. When analyzing arbitrage opportunities for the Fund, we will evaluate the probability of the deal closing, the price and form of consideration, the timeframe to the closing date, regulatory risks, financing risks and the potential for competing proposals. In addition, we will evaluate the optimal risk/reward security in the capital structure, factoring in any potential hedging that could mitigate certain risks.

Capital Structure Arbitrage

We will look for mispricings that exist between various securities of a single issuer's capital structure. In essence, this strategy involves buying one security in a company's capital structure. In structuring these trades for the Fund, we must factor in and value various quantitative and qualitative aspects of the securities, including: convexity, credit spreads, covenant irregularities, hedging costs and market supply and demand.

Opportunistic Long Investing

We will seek to identify companies which are trading at a significant discount to intrinsic value, and have a near-term corporate event that may cause the discount to narrow or be eliminated. Examples of these corporate events include spin-offs (where a parent divests of a subsidiary by issuing shares in the subsidiary), asset sales, restructurings and recapitalization, management and/or board changes.

Geopolitical Event-Driven Investing

In response to expected near-term political and macroeconomic events across the world, we will take long positions for the Fund in countries, currencies, industries and issuers most likely to be positively impacted on a relative value basis, and short positions in countries, currencies, industries and issuers most likely to be negatively impacted on a relative value basis.

Special Investments

We may designate certain Fund investments (together with any hedging transactions entered into in connection with such investment) as special investments (each, a "Special Investment") if we determine, either at the time of acquisition or a later date, that the investment is subject to legal or contractual restrictions on transferability or subject to other special considerations that, in our opinion, restrict the ability of the Fund to dispose of the investment in conventional market transactions without impairing the value of the investment, or cause the investment to have highly uncertain valuation characteristics, until the occurrence of a realization event with respect thereto

Other Opportunistic Investment Strategies

In addition to the strategies described previously, we will, in certain circumstances, engage in pairs trading, where the values of two similarly situated companies diverge without fundamental justification, and are expected to converge in the near term. We may also periodically invest in

private placements or PIPEs with trusted counterparties, based on the expectation that the issuances are at a significant discount to a free-trading public valuation, and that the shares will be taken public on an unrestricted basis in the near term. In all of the strategies described above, we will utilize option-based strategies to seek to augment or reduce issuer, sector or geographic exposure, or to capitalize on mispricing of the options themselves relative to the underlying.

The business of the Fund includes the realization and distribution of the Fund's assets to shareholders during a wind down of the Fund's operations.

The investment objectives and methods summarized above represent our current intentions. Depending on conditions and trends in the commodities and securities markets and the economy in general, we may pursue any objectives, employ any investment techniques or purchase any type of security or instrument or make any investment that they consider appropriate and in the best interests of the Fund whether or not described in this section. The foregoing discussion includes and is based upon our numerous assumptions and opinions concerning world financial markets and other matters, the accuracy of which cannot be assured. There can be no assurance that the Fund's investment strategy will achieve profitable results. Past performance of the Fund or our performance or performance of our affiliates is not indicative of future results of the Fund. Investors risk the loss of their entire investment.

Despite our thorough research and analysis and investment strategies, investing in any security involves a risk of loss that investors in the Fund must be prepared to bear. Please see below for an explanation of some of the significant risks associated with the investment strategies we employ.

Investment and Trading Risks in General. All investments risk the loss of capital. No guarantee or representation is made that the Fund's program will be successful, and investment results may vary substantially over time. The Fund's investment program will utilize investment techniques such as options, futures, derivatives, margin transactions and short sales, which practices can, in certain circumstances, maximize the adverse impact to which the Fund may be subject.

Concentration of Investments. We have broad discretion over the Fund's investment program and may choose to allocate substantial portions of the Fund's assets to a particular investment. Such an occurrence may tend to result in more rapid changes in the Fund's portfolio, upward or downward, than would be the case with greater diversification, with the result that a loss in any such position could have a material adverse impact on the Fund's capital. We may also make similar market timing decisions and asset allocation decisions regarding the investments or some combination of other strategies.

Market Risks and Lack of Liquidity. The success of the Fund's investment program depends to a great extent upon our ability to correctly assess the future course of price movements of investments and markets. There can be no assurance that we will accurately predict such movements. In addition, it is expected that certain investments in which we may invest will have limited liquidity. This lack of liquidity, together with a failure to accurately predict market movements, may adversely affect our ability to execute trade orders at desired prices in rapidly moving markets.

Short-Sales. The Fund may affect short sales. Short selling is the practice of selling investments which are not owned by the seller, generally when the seller anticipates a decline in the price of the investments or for hedging purposes. To complete a short sale, the seller must borrow the investments from a third party in order to make delivery to the buyer. The seller generally will be required to pay a brokerage commission, a fee or interest which will increase the cost to the seller of selling such investments. The proceeds of the short sale plus additional cash or investments must be deposited as collateral with the lender of the investments to the extent necessary to meet margin requirements; the amount of the required deposit will be adjusted periodically to reflect any change in the market price of the investments which the seller is required to return to the lender. The seller generally will be entitled to receive payments from the lender with respect to the short sale proceeds and additional cash on deposit with the lender, at negotiated rates typically based on the lender's short-term borrowing costs. The seller will be obligated to return the securities equivalent to those borrowed at any time on demand of the lender of the securities borrowed by purchasing them at the market price at the time of replacement. Until the securities are replaced, the seller will be required to pay to the lender amounts equal to any dividends or interest which accrue during the period of the loan of the investments.

Foreign Investment. The Fund may make investments in issuers organized or based outside Canada, the United States and other developed markets ("Developed Markets"). These investments may be subject to a variety of risks and other special considerations not affecting investments in Developed Markets. Many foreign investment markets are not as developed or efficient as those in Developed Markets. Investments in some foreign issuers are less liquid and more volatile than investments in comparable issuers in Developed Markets. Similarly, volume and liquidity in many foreign markets are less than in Developed Markets and, at times, volatility of price can be greater than in Developed Markets. The issuers may be subject to less stringent financial reporting and informational disclosure standards, practices and requirements than those applicable to issuers in Developed Markets.

Since transactions in investments outside the United States often are denominated in currencies of their countries, the Fund may incur currency exchange costs when effecting these transactions, and the value of these investments as measured in U.S. dollars may be affected favorably or unfavorably by subsequent changes in currency rates and exchange control regulations. Currency exchange rates may fluctuate significantly over short periods of time. The Fund will be permitted, but will not be required, to engage in currency hedging transactions (using forward, futures or options contracts) to protect against adverse changes in currency rates, and it is possible that such hedging transactions could be unsuccessful.

Leverage. The Fund may trade on margin, engage in other forms of borrowing to finance their operations and use other forms of financial leverage. The level of interest rates and the rates at which the Fund can borrow will affect the operating results of the Fund. Fluctuations in the market value of the portfolio of a heavily leveraged investment fund can have a disproportionately large effect in relation to the capital of that investment fund. Any event which may adversely affect the value of positions held by the Fund could significantly affect the net asset value of the Fund. The Fund may also borrow funds from time to time as we deem appropriate.

Derivatives. Derivative instruments, or “derivatives,” include futures, options, swaps, structured investments and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying investments, financial benchmarks, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of particular investments at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are “leveraged,” and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement can not only result in the loss of the entire investment, but may also expose the Fund to the possibility of a loss exceeding the original amount invested. Derivatives may also expose investors to liquidity risk, as there may not be a liquid market within which to close or dispose of outstanding derivatives contracts, and to counterparty risk. The counterparty risk lies with each party with whom the Fund contracts for the purpose of making derivative investments. In the event of the counterparty’s default, the Fund will only rank as an unsecured creditor and risk the loss of all or a portion of the amounts it is contractually entitled to receive.

Investing in securities involves risk of loss that investors and prospective investors should be prepared to bear. There can be no assurance that any fund’s investment objective will be achieved or that the investment strategies the Adviser employs will be successful. Investors must be prepared to lose all or substantially all of their investment. The past performance of the Adviser is not indicative of its future performance.

Arch Funds (referred to in this section as the “Fund”)

Investment Objective

The Fund’s core investment objective is to deliver positive absolute returns on an annual basis by investing in global real estate securities.

Investment Strategy

The Fund will aim to achieve its investment objective utilizing the following strategies:

- Specifically targeting poorly managed Real Estate Investment Trusts (“REITs”) where real estate value is high than REIT unit trading prices;
- Shorting over-valued REITs with weak fundamentals, poor management structure or poor alignment of interests among unitholders and management;
- Identifying merger acquisition and privatization candidates in the REIT sector;
- Investing in higher quality real estate business that are poised to outperform the overall REIT sector; and
- Taking more activist roles in certain situations, publicizing/demanding change.

At particular moments in time, public REITs may trade at sizeable discounts or premiums to net asset values determined based on the private market values of underlying real estate asset. The Fund will aim to identify discounts/premiums to these net asset values that the Co-Managers believe will narrow and thereby could result in positive returns.

Discounts to net asset value can be caused by:

- Poor forecasted or current macro conditions, economic growth prospects, interest rates, inflation, etc.;
- Weak management teams and/or misaligned asset management structures; or
- High leverage and dividend payout ratios.

Premiums to the net asset value of potential investments can be caused by:

- Ambitious growth targets;
- High amounts of fund flow to a particular stock/sector; or
- Valuation premium due to management track records.

The investment decision making process will be driven by originating ideas through:

- Screens;
- Network of Contacts; and
- Newsflow.

Candidates for the Fund will be evaluated using the following considerations:

- Net asset value discount or premium;
- Management ownership or track record;
- Asset quality including analysis of key performance indicators such as occupancy, average monthly rents, cash flow and net operating income;
- Asset management contract provisions;
- Market cap and sell side coverage;
- Leverage and dividend payout ratios;
- Unitholder composition; and
- Private vs. public forward return profile.

The Fund will look to develop a model for implanting its investment strategy that will take into account the following considerations:

- Ensure positive risk/reward aspects;
- Develop decision tree for likely outcomes;
- Define entry and exit strategy;
- Execution;
- Purchase security;
- Evaluate new information;
- Revisit decision tree; and

- Refine return/risk characteristics as share price changes or news emerges.

The Fund will have primarily a real estate securities focus and invest predominantly in North America, and selective global opportunities. The Fund may become more concentrated to reflect a refined strategy over time as the Investment Manager seeks to identify specific opportunities that will provide the potential for enhancement of value. In appropriate circumstances, the Investment Manager may decide to be an active, value-added investor by drawing on the knowledge, experience and contacts the Investment Manager and the Consultant have developed. The Investment Manager will look to pursue a flexible investment strategy that can consider taking both long and short positions in the entities in which it seeks to invest.

The investment strategy of the Fund will be to assess the absolute value of potential investments and the Investment Manager will seek to identify higher quality real estate businesses that are poised to deliver positive returns; and identify merger, acquisition and privatization candidates where catalysts can be identified within a 12-16 month time frame.

The Investment Manager has identified a number of factors that it will use to assess the value of potential investment targets. Key factors that the Investment Manager will consider will be: management track record and share ownership, asset quality, private vs. public market real estate pricing, balance sheet, dividend payout ratio, corporate governance, shareholder composition, asset management contracts and finally macro-economic factors impacting the underlying real estate. A strict sell discipline will be in place for any investments that no longer fit the underlying strategy of the fund or where the total return hurdle has been met and the investment is no longer poised to deliver positive absolute returns.

Risk Factors

A prospective investor in the Fund should be aware that there are numerous risks associated with an investment in the Fund. Before making a decision to invest in the Fund, a prospective investor should assess their overall portfolio to determine if an investment in the Fund is appropriate. An investment decision should be made only after consulting with independent and qualified sources of investment and tax advice. The following is a summary of the risks associated with an investment in the Fund

Risk of Loss

All speculative investments risk the loss of capital. The investment techniques and strategies of the Fund involve such risk. There can be no assurance that the Fund will not incur losses. There is no guarantee that the Fund will earn a return. An investment in the Fund is appropriate only for investors who have the capacity to absorb, and are aware that they may incur, a loss of some or all of their investment. There is no assurance that the Fund will be able to achieve its investment objective.

No Assurance of Return Or Income

Although the Investment Manager will use its best efforts to achieve positive returns for Limited Partners, no assurance can be given in this regard. In addition, other than distributions of certain dividend income earned by the Fund, the Fund does not intend to make regular cash distributions to Limited Partners. An investment in the Fund is not suitable for an investor seeking an income from such investment.

Value of Fund Portfolio

Each investment made by the Fund will have some degree of risk associated with it and may result in the loss of the entire investment in such asset. The Investment Manager will seek to develop strategies to minimize such risk and may use such derivative products as are available from time to time including futures and options transactions, margin transactions and short sales. However, in certain circumstances, these use of these derivatives can increase losses. In addition, while the Investment Manager will look to invest a majority of its assets in liquid securities, there can be no assurances that market liquidity will be maintained over time. Prospective investors should be aware that the value of the assets held by the Fund may fluctuate significantly over time.

Valuation of the Fund's Investments

While the Fund will be independently audited by the auditors on an annual basis in order to ensure as fair and accurate a pricing as possible, valuation of the portfolio securities, particularly any illiquid investments, and other investments may involve uncertainties and judgmental determinations and, if such valuations should prove to be incorrect, the Net Asset Value of the Units could be adversely affected. Independent pricing information may not at times be available regarding certain of the Fund's securities and other investments. Valuation determinations will be made in good faith in accordance with the valuation principles set forth herein.

Although the Funds generally will invest in exchange-traded and liquid over-the-counter securities, the Fund may from time to time have some of its assets in investments which by their very nature may be extremely difficult to value accurately. To the extent that the value assigned by the Fund to any such investment differs from the actual value, the Net Asset Value of the Units may be understated or overstated, as the case may be. In light of the foregoing, there is a risk that a Limited Partner who redeems all or part of its Units while the Funds hold such investments will be paid an amount less than such Limited Partner would otherwise be paid if the actual value of such investments is higher than the value designated by the Fund. Similarly, there is a risk that such Limited Partner might, in effect, be overpaid if the actual value of such investments is lower than the value designated by the Fund in respect of a redemption. In addition, there is risk that an investment in the Fund by a new investor (or an additional investment by an existing Limited Partner) could dilute the value of such investments for the other Limited Partners if the actual value of such investments is higher than the value designated by the Fund. Further, there is risk that a new Limited Partner (or an existing Limited Partner that makes an additional investment) could pay more than it might otherwise if the actual value of such investments is lower than the value designated by the Funds. The Investment Manager does not intend to adjust Net Asset Value retroactively, but may withhold, without interest, up to 5%

of all redemption proceeds of certain redemptions pending completion of the year-end audit of the Fund.

Real Estate Industry

The Fund intends to hold a substantial portion of the Fund Portfolio in real estate securities whose underlying value is tied to real property. All real property investments are subject to a degree of risk and uncertainty. Real property investments are affected by various factors including general economic conditions, local real estate markets, demand for leased premises, competition from other available premises and various other factors. The value of real property and any improvements thereto may also depend on the credit and financial stability of the tenants. The value of an underlying investment will be adversely affected if one or more major tenants or a significant number of tenants of the assets held by the investment were to become unable to meet their obligations under their leases or if a significant amount of available space in such properties is not able to be leased on economically favourable lease terms. In the event of default by a tenant, delays or limitations in enforcing rights as lessor may be experienced and substantial costs in protecting the investment may be incurred. The ability to rent unleased space in such properties will be affected by many factors. Costs may be incurred in making improvements or repairs to underlying properties required by new tenants. A prolonged deterioration in economic conditions could increase and exacerbate the foregoing risks. The failure to rent unleased space on a timely basis or at all would likely have an adverse effect on the investment's value which in turn would have an adverse impact on the Fund's returns. As well, certain of the leases of the underlying properties held by entities in which the Fund invests may have early termination provisions which, if exercised, would reduce the average lease term.

Individual Asset Risk

Each entity in which the Fund invests will be subject to their own individual risks based on the exact nature of the operations carried on by that entity. These risks can include, but are **not** limited to: (i) demand for the type of properties (e.g. residential or commercial) the entity holds; (ii) competition for acquisition targets and tenants; (iii) changes to governmental regulations affecting the properties held; (iv) the impact on environmental regulations on properties held; (v) the fixed costs and debt levels of the underlying investments; (vi) interest rate risks; (vii) access to capital to fund business strategies; (viii) quality of management teams and (ix) other general risks. The Investment Manager will assess the risk profile of each potential investment to determine whether it fits within the risk profile of the Fund Portfolio but there can be no assurance that any individual investment will not face a significant decline in value even where the general real estate industry outlook is positive.

Liquidity Of Underlying Investments

Some of the securities in which the Fund intends to invest may be thinly traded or have no trading market and/or be restricted as to their transferability under applicable securities laws. The Fund is restricted from investing more than 25% of the Fund's assets in illiquid securities.

Assigning value to any illiquid securities held by the Fund can be subject to a significant amount of subjectivity and discretion. The Fund may not be able to dispose of such positions in a timely manner and such sales may trigger a substantial decline in the prices of such securities. This could result in a significant decline in the Net Asset Value of the Fund.

Limited Investment Opportunities

The Fund intends to focus on investments in the real estate sector both in Canada and in other countries. The Fund will be actively seeking attractive valuation opportunities but from time to time such opportunities may be limited. There are other investment vehicles with similar strategies that will be in direct competition with the Fund for potential acquisitions. Such competition can result in the Fund paying higher than intended prices for assets or being unable to acquire a position in such assets at all. Such events could have an adverse impact on the performance of the Fund. A number of these competitive investment vehicles may have greater financial resources than those of the Fund or operate without the investment or operating restrictions of the Fund or according to more flexible conditions that enable them to assess and react more quickly to investment opportunities.

Composition Of Fund Portfolio

Other than restrictions with respect to holding illiquid securities, there are currently no restrictions on the nature of the assets that can be held by the Fund including restrictions on concentration. The Fund will consist, possibly exclusively, of investments in REITs and other real estate related securities. Further, the Investment Manager does not intend to seek to diversify the portfolio across issuers, geographies, types of real estate securities or in respect of the nature of the underlying real estate investments held by the issuers in which the Fund invests. As such, the Fund's will generally hold a more concentrated portfolio of assets. When such circumstances arise, the Fund could be subject to higher levels of volatility in its Net Asset Value and greater exposure to changes in general economic conditions.

Special Situation Investing

The Fund may invest in REITs and other entities involved in (or the target of) acquisition attempts or tender offers or companies involved in work-outs, liquidations, spin-offs, reorganizations, bankruptcies and similar transactions. The consummation of mergers, tender offers and exchange offers can be prevented or delayed by a variety of factors, including: (i) opposition of the management or unitholders of the target company, which often results in litigation to enjoin the proposed transaction; (ii) intervention of government agencies; (iii) efforts by the target company to pursue a defensive strategy, including a merger with, or a friendly tender offer by, an entity other than the offeror; (iv) an attempt by a third party to acquire the offeror; (v) in the case of a merger, failure to obtain the necessary unitholder approvals; (vi) market conditions resulting in material changes in securities prices; (vii) compliance with any applicable legal requirements; and (viii) the inability to obtain adequate financing. Additionally, such investment can result in a distribution of cash or a new security the value of which is less than the purchase price of the security in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, the Fund may be required to sell its

investment at a loss. The Fund may purchase securities on a when-issued basis, which means that delivery and payment take place sometime after the date of the commitment to purchase and is often conditioned upon the occurrence of a subsequent event, such as approval and consummation of a merger, reorganization or debt restructuring. The purchase price and/or interest rate receivable with respect to a when-issued security are fixed when the Fund enters into the commitment. Such securities are subject to changes in market value prior to their delivery.

Country Risk

While the Fund intends to focus on opportunities in Canada and the United States, it may also invest in securities of issuers established in jurisdictions outside of North America. These investments may also be in currencies other than the Canadian dollar and United States dollar which are subject to enhanced risk. Such foreign investments may be subject to additional risk factors than those associated with investments in Canada and the United States. Such additional risks can include: (i) foreign exchange controls which may result in the inability of the Fund to repatriate its investment; (ii) volatility in exchange rates that cannot be effectively hedged that can impact the Net Asset Value which is calculated in Canadian dollars; (iii) the impact of local tax laws and other government regulations on the operation of the Fund in those jurisdictions; (iv) difference in the operation of public markets from those in Canada and the United States that may impact liquidity and the ability to obtain relevant information about assets held by the Fund; and (vi) the enforceability of judgments obtained by the Fund in Canadian courts in foreign jurisdictions.

Leverage

The Fund may trade on margin, engage in other forms of borrowing to enhance its investment strategies and use other forms of financial leverage. The level of interest rates and the rates at which the Fund can borrow will affect the operating results of the Fund. Fluctuations in the market value of the portfolio of a heavily leveraged investment fund can **have a** disproportionately large effect in relation to the capital of that investment fund. Any event which may adversely affect the value of positions held by the Fund could significantly affect the Net Asset Value. The Fund may also borrow funds from time to time as the Investment Manager deems appropriate.

Interest Rate Risk

From time to time the Fund may choose to invest in securities that are sensitive to changes in interest rates. In times where interest rates are changing frequently this will result in increased volatility in such securities. In addition, if the Fund does engage in leverage transactions, any increase in interest rates will result in higher borrowing costs to the Fund and may result in such leverage strategy having a negative impact on the Net Asset Value.

Shareholder Activism

The Investment Manager from time to time may identify an issuer with weak management or other features that the Investment Manager believes depresses the fundamental value of such issuer and its block and subject to statutory restrictions on liquidity.

Changes in Investment Strategy

The Investment Manager may alter the Fund's investment strategies without prior approval by Limited Partners to adapt to changing circumstances.

No Assurance of Non-Correlation to Traditional Portfolios

One of the potential benefits of including "alternative investment" strategies in a traditional portfolio of stocks and bonds is the expected risk control gained from diversifying a portfolio into asset classes and strategies which tend not to be highly correlated with the overall equity and debt markets. However, there can be no assurance, including during periods of market disruption and stress when the risk control benefits of diversification may be most important, that the Fund's results will not be correlated to the general performance of the stock and bond markets. Unless the Fund's performance exhibits only limited correlation to these markets, an investment in the Fund will not provide meaningful diversification benefits to an overall portfolio. securities. In those circumstances, the Investment Manager will take a position in that issuer, sometimes a material position, and will initiate or work with other key shareholders in initiating corporate change. Although the Investment Manager will act prudently and in accordance with applicable law, such shareholder activism opens the Investment Manager and possibly the Fund, to certain risks, including the risk of litigation by existing management or other shareholders, the risk that trading in such issuers' securities may become suspended and the risk that the Fund's investment in such issuers will be treated as part of a larger control.

Investing in securities involves risk of loss that investors and prospective investors should be prepared to bear. There can be no assurance that any fund's investment objective will be achieved or that the investment strategies the Adviser employs will be successful. Investors must be prepared to lose all or substantially all of their investment. The past performance of the Adviser is not indicative of its future performance.

For a more complete description of the risks associated with investing with the Adviser, investors should refer to the relevant offering documents for each Fund.

Item 9 - Disciplinary Information

Neither the Adviser nor any management person has been involved in any criminal or civil actions in a domestic, foreign or military court.

Neither the Adviser nor any management person has been subject to an administrative proceeding before the Securities and Exchange Commission, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority.

Neither the Adviser nor any management person has subject to a proceeding before any self-regulatory organization.

Item 10 - Other Financial Industry Activities and Affiliates

Neither the Adviser nor any of our management persons is registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither the Adviser nor any of our management persons is registered, or has an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or is an associated person of any of the above.

AIMF GP, LLC is the general partner of the Anson Investments Master Fund, LP and is an affiliate of the Adviser. ACF GP, LLC is the general partner of the Anson Catalyst Master Fund, LP and also is an affiliate of the Adviser. AOMF GP LLC is the General Partner of Anson Opportunities Master Fund LP and is an affiliate of the Adviser. AEMF GP LLC is the General Partner of Anson East Master Fund LP and is an affiliate of the Adviser. Arch Absolute Return Real Estate Fund GP Inc. is the general partner of Arch Anson Tactical Real Estate Fund, and is not an affiliate of the Adviser. Arch Absolute Return Real Estate Fund NR GP Inc. is the general partner of Arch Anson Tactical Real Estate NR Fund, and is not an affiliate of the Adviser. Since each respective general partner is entitled to receive the performance allocation from each respective fund, this may create an incentive for the Adviser to make investments that are riskier or more speculative than would be the case if such arrangement was not in effect. However, as noted in *Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading*, the Adviser has adopted a written Code of Ethics that contains policies and procedures to address conflicts of interest. Under such policies and procedures, the Adviser is required to make investment decisions for the funds in a manner that is consistent with its fiduciary duties to the Funds.

Anson Advisors Inc., an Ontario-based corporation and an SEC Exempt Reporting Adviser (“Anson Advisors”), is a co-investment advisor of the Funds. Anson Advisors assists our firm in providing investment advice to these clients and receives a portion of the management fee payable by the Funds.

We do not believe that our clients’ relationships with Anson Advisors creates a material conflict of interest in the management or investment activities of our clients.

Other than as described above, we do not recommend or select unaffiliated investment advisers for our clients, receive compensation directly or indirectly from unaffiliated advisers that create a material conflict of interest, or have other business relationships with them that create a material conflict of interest.

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

We have adopted a written Code of Ethics applicable to all of our employees. Among other things, our Code of Ethics requires our firm and our employees to adhere to high ethical standards, act in our clients' best interests and abide by all applicable regulations. Our Code of Ethics includes an Insider Trading Policy designed to prevent our employees from misusing material non-public information, including information regarding our clients' transactions. We will provide a copy of our Code of Ethics upon request by any prospective client, client or investor in a client.

We do not prohibit our firm nor our employees from buying or selling securities for their own accounts, and our firm and our employees may take investment positions similar or contrary to those acquired for our clients. This could create a conflict of interest if our firm or our employees receive more favorable execution prices than do our clients because our firm's or our employees' trades might drive up the market prices of target securities.

Certain of our employees may invest directly in our clients. We generally waive the management fee and the performance allocation for employees investing in our clients.

Item 12 - Brokerage Practices

We have the discretion to decide on the securities to be bought or sold on behalf of our clients. We also have the discretion to select the broker-dealers to be used to execute our clients' investment transactions. We work with prime brokers and executing brokers in connection with securities transactions, as well several institutions where we hold custody accounts for our clients.

In selecting broker-dealers to execute our client transactions, we seek to obtain the best net execution available. We evaluate execution quality on a variety of factors, including the following:

- the ability to achieve prompt and reliable executions at favorable prices;
- the operational efficiency with which transactions are effected;
- the financial strength, integrity and stability of the broker;
- the value of research and/or brokerage related services provided by the broker;
- the availability and cost of borrowing securities; and
- the competitiveness of commission rates in comparison with other brokers satisfying our other selection criteria.

We have the option to use "soft dollars" generated by our clients to pay for the research and non-research related services. The term "soft dollars" refers to the receipt by an investment manager of products and services provided by brokers, without any cash payment by the investment manager, based on the volume of revenues generated from brokerage commissions for transactions executed for clients of the investment manager. The products and services available from brokers include both internally generated items (such as research reports prepared by employees of the broker) as well as items acquired by the broker from third parties (such as quotation equipment). Section 28(e) of the Securities Exchange Act of 1934, as amended, provides a "safe harbor" to investment managers who use soft dollars generated by their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to the investment manager in the performance of investment decision-making responsibilities. Although the offering documents for our clients permit us to utilize soft dollar benefits outside of the Section 28(e) safe harbor, we limit our soft dollar usage to within the safe harbor as an internal policy.

Using client transactions to obtain research and other benefits creates incentives that result in conflicts of interest between advisers and their clients. If we use client markups or markdowns to obtain research products and services, our firm receives a benefit because we do not have to pay for the research products and services. The availability of these benefits may influence us to select one broker-dealer rather than another to perform services for clients, based on our interest

in receiving the products and services instead of on our clients' interest in receiving the best execution prices. Obtaining these benefits may cause our clients to pay higher fees than those charged by other broker-dealers.

The use of soft dollars to obtain research services and to pay for other costs and expenses that our firm might otherwise incur creates a conflict of interest between our firm and our clients because our clients pay for products and services that are not exclusively for their benefit and that may be primarily or exclusively for the benefit of our firm. To the extent that we are able to acquire these products and services without expending our own resources, our use of soft dollar benefits tends to increase our profitability.

We obtain research and/or brokerage related services from some broker-dealers at which our client accounts generate commissions, which benefit our firm. Research and brokerage related services that we received within the last year include written information and analysis concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; statistics and pricing services; discussions with research personnel; and certain market connectivity and order management products. We do not, however, maintain formal soft dollar agreements with any brokers or other third-parties, and do not otherwise negotiate higher rates on fees and expenses to be paid by our clients in exchange for lower rates on fees and expenses to be paid by our firm.

We may receive capital introduction services from some of the broker-dealers we use to execute and/or settle our clients' transactions. Although these services may benefit our firm by increasing our client assets under management, we do not direct brokerage transactions to brokers based on the availability of capital introduction services or the referral of clients or investors.

Our firm does not recommend, request or require that a client, nor do we permit a client to, direct us to execute transactions through a specified broker-dealer.

BEST EXECUTION REVIEWS

Our firm's portfolio managers constantly evaluate brokers and compare broker performance when allocating trades. Relevant investment personnel are surveyed regarding their ratings of brokers on a variety of factors annually. Factors such as broker performance and execution quality, broker financial condition, conflicts of interest, value of research and brokerage services provided, and trading-related recordkeeping are evaluated on an ongoing basis.

TRADE ERRORS

While we take the utmost care in making and implementing investment decisions on behalf of our clients, trade errors may inevitably occur. Trade errors can include, but are not limited to: (i) purchasing securities not within our clients' investment guidelines; or (ii) purchasing or selling the wrong securities (or amount of securities) for our clients. Our firm's operations manager reconciles transaction journals from our prime brokers daily against internal trading records. Any trade error must be immediately reported to our firm's Chief Compliance Officer. We seek to correct all trade errors promptly and in a manner that minimizes any impact on the affected client. To the extent that a trade error results in a loss to a client, the account will generally bear the loss, absent willful misconduct or gross negligence on the part of our firm. The affected clients will also retain any gains that result from a trade error. Notwithstanding the foregoing, federal and state securities laws impose liabilities under certain circumstances on persons who act in good faith. We do not intend for our policies to limit any rights that a client may have under these laws.

When managing multiple funds with similar investment strategies, the Adviser generally will attempt to aggregate multiple orders for the purchase or sale of the same instrument into block transactions, subject to the overall obligation to achieve best price and execution for the Funds.

Item 13 - Review of Accounts

Our firm has internal accounting personnel and also retains an external fund administrator. Both Tony Moore, the CFO, and the administrator for our clients conduct reviews of our client accounts on at least a monthly basis (or more frequently in the case of certain material events). With respect to accounting matters, we have engaged an independent public accountant to conduct an annual audit of each of our clients.

We invest client assets in securities and other financial instruments. In monitoring the performance of the investments, we perform various levels of review. Among other items, we consider short and long-term rates of return, investment diversification and risk allocations as part of our regular review.

Investors in our clients receive written capital account statements on a quarterly basis, as well as audited financial statements and Federal Income Tax Form K-1s, if applicable, annually.

Item 14 - Client Referrals and Other Compensation

We currently do not receive any economic benefit from any person who is not a client for providing investment advice or other advisory services to our clients.

We do not have any agreements with any third party marketing firms.

Item 15 - Custody

We have, or may be deemed to have, “custody” of our clients’ assets. In accordance with Rule 206(4)-2 under the Advisers Act, one or more qualified custodians holds our clients’ assets. We may change custodians at any time and from time to time without the consent of our clients or investors in our clients. Qualified custodians do not provide account statements directly to investors in our clients. We have engaged an independent public accountant registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board to conduct an annual audit of each of our clients. Audited financial statements are provided to each investor in our clients within 120 days after the end of each fiscal year.

Item 16 - Investment Discretion

We generally have discretionary power and authority over the types of financial instruments bought or sold, as well as the amount bought or sold, on behalf of our clients. We have the authority to determine the broker-dealer or other counterparty used for client transactions and the negotiation of commission rates and other consideration paid by our clients. Despite this broad authority, we are committed to adhering to the investment strategy and program set forth in each of our clients' offering documents.

Each investor in our clients generally grants us a limited power of attorney upon investing in our clients.

Item 17 - Voting Client Securities

We have the authority to vote proxies on behalf of our clients, but generally only vote proxies in substantially important matters. In these cases, we seek to vote proxies in the best interests of our clients.

We maintain records of (i) all proxy votes that are made on behalf of our clients; (ii) all written requests from each client's underlying investors regarding voting history; and (iii) all responses (written and oral) to investors' requests. Such records are available to each client's underlying investors upon request.

Item 18 - Financial Information

We do not require nor do we solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

We do not believe any financial condition exists that is reasonably likely to impair our ability to meet contractual commitments to our clients.

Our firm has never been the subject of a bankruptcy petition.