
PART 2A OF FORM ADV: FIRM BROCHURE

SPRINGOWL ASSOCIATES LLC
September 3, 2020

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This brochure provides information about the qualifications and business practices of SpringOwl Associates LLC (the “Adviser”). If you have any questions about the contents of this brochure, please contact us at (212) 445-7800. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

The Adviser is registered as an investment adviser with the SEC. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Additional information about the Adviser is also available on the SEC’s website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. The CRD number for the Adviser is 134535.

**THIS BROCHURE SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE
SOLICITATION OF ANY OFFER TO BUY ANY SECURITY**

Item 2 Material Changes

This Item 2 is used to provide our clients and private fund investors with a summary of material amendments made to this Form ADV, Part 2A disclosure document (“Brochure”).

The last amendment to this Brochure was filed by SpringOwl Associates LLC with the SEC on June 26, 2020. Please review carefully the following material changes that have been made since that filing:

The address of the Adviser has changed to:

300 Park Avenue, Suite 219
New York, NY 10022

The appointment of John McNulty, to the role of Chief Compliance Officer (“CCO”) of SpringOwl Associates LLC.

Please note that the foregoing represents the only material changes made to this Brochure since our last amendment.

We are pleased to provide you with our current Brochure at any time upon request and without charge. Please request our Brochure by contacting our CCO, John McNulty, at 212.445.7826 or jmcnulty@springowl.com.

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Item 4 Advisory Business

A. General Description of Advisory Firm

SpringOwl Associates LLC, a New York limited liability company, commenced operations in 1970, under the name of Cumberland Associates, and is wholly owned and controlled by SpringOwl Asset Management LLC (“SpringOwl”), a Delaware limited liability company founded in 2013. The Adviser is managed, through SpringOwl, by two Managing Members, Jason N. Ader and Andrew M. Wallach; Mr. Ader serves as Chief Executive Officer of SpringOwl. The professional staff of SpringOwl consists of a CEO, a partner, a director, a chief financial officer, and a CCO. The principal owner of the Adviser is SpringOwl. The principal owners of SpringOwl are Jason N. Ader and Andrew M. Wallach. The CCO is John McNulty.

B. Description of Advisory Services

The principal investment advisory activity of the Adviser is the management of investment portfolios consisting primarily of equity securities on behalf of certain private funds (“Fund” or “Funds”) and separately managed accounts (“SMAs”). Currently, the Adviser serves as investment manager to the following Funds: SpringOwl Special Opportunities Fund LP, Cumberland Partners New York (d/b/a Cumberland Partners), Longview Partners B, L.P., and SpringOwl Special Opportunities Fund (Offshore) SPC.

Cumberland Partners and LongView Partners B, L.P., (collectively, the “Cumberland Partnerships”) are New York limited partnerships. SpringOwl Special Opportunities Fund LP is a Delaware limited partnership. SpringOwl Special Opportunities Fund (Offshore) SPC is a Cayman Islands exempted company registered as a segregated portfolio company.

SpringOwl is also the sole member of Ader Investment Management LP, a Delaware limited partnership, which relies on the SEC investment adviser registration of the Adviser and serves as the investment manager to Doha Partners I LP, which is a Delaware limited partnership.

The Adviser may, from time to time, also manage sidecar vehicles, which will be formed solely for the purpose of owning securities related to one or more issuers (the “sidecar vehicle”). The Adviser is solely responsible for making any and all portfolio management decisions.

As used herein, the term “client” generally refers to each Fund, SMA or sidecar vehicle, and an investor in a Fund shall be referred to as an “investor.”

C. Availability of Customized Services for Individual Clients

The Adviser manages its clients’ assets based on the individual needs of each client. At the outset of a client relationship, the Adviser identifies client-specific investment objectives and/or restrictions, mutually agreed upon, and the types of investments that shall be held by the client. Clients may impose restrictions on their accounts based on specific securities, security types, or industry types, among others. The Funds are managed on a discretionary basis in accordance with the investment objectives and policies set forth in each Fund’s Private Placement Memorandum, advisory agreement

and other governing documents (“Governing Documents”). Similarly, the Adviser’s investment decisions and advice with respect to each SMA are subject to each client’s investment objectives and guidelines, as set forth in the client’s investment management agreement, as well as any written instructions provided by the client to the Adviser.

The Adviser does not individually advise investors in the Funds about investing in securities generally or in any particular Fund managed by the Adviser. However, the Adviser does consult with prospective investors regarding initial subscriptions. The individual needs of the investors in the Funds are not the basis of our investment decisions. Investment advice is provided directly to the Funds and not individually to investors in the Funds.

D. Conflicts of Interest

The CEO, Jason Ader, also serves as an unpaid member of the Board of Directors of the SpringOwl Special Opportunities Fund (Offshore) SPC. This role gives rise to certain risks and potential conflicts of interest, including the possibility that the Fund may favor the interests of the Adviser over those of its investors. To mitigate such risks and potential conflicts of interest, the SpringOwl Special Opportunities Fund (Offshore) SPC has appointed two independent directors, registered with and subject to the oversight of the Cayman Islands Monetary Authority, who are not affiliated with or controlled by the Adviser.

E. Assets Under Management

As of December 31, 2019, the Adviser had approximately \$207,144,863, in regulatory assets under management. As of that date, the Adviser managed all such assets on a discretionary basis.

Item 5 Fees and Compensation

A. Advisory Fees and Compensation

The Adviser, either directly or indirectly through an affiliated entity, is compensated through the payment of a management fee by each of the Funds and may be compensated through the payment of a management fee by SMAs, as described below.

In addition, the Adviser or the general partner of each of the Funds may receive, subject to certain restrictions, a performance fee or performance allocation based on the net appreciation of the assets of each client, as described below.

Funds: Management Fees

The Adviser generally is entitled to receive management fees at a quarterly rate which ranges from 0.125% (0.50% per annum) to 0.375% (1.5% per annum) of the net asset value of the capital account balance of each limited partner of a domestic fund organized in limited partnership form or of the net asset value of the outstanding shares of an offshore fund organized in corporate form.

The timing of the payment of management fees differs between Funds. With respect to SpringOwl Special Opportunities Fund LP, SpringOwl Special Opportunities Fund (Offshore) SPC, and Doha Partners I LP, management fees are calculated and payable quarterly in advance as of the beginning of each calendar quarter. With respect to the Cumberland Partnerships, management fees are calculated and payable quarterly in arrears. Fees are deducted from the assets of each Fund. Capital contributions accepted after the commencement of a calendar quarter will be subject to a pro-rated management fee reflecting the time remaining during the quarter. Investors who withdraw from the Funds do not receive refunds of any fees paid in advance, if any.

Funds: Performance Allocations and Fees

With respect to the Funds, the general partner of each Fund receives a performance-based allocation calculated on a percentage, ranging from 10% to 25%, of either (i) the net capital appreciation allocated to the capital accounts of limited partners in each Fund that is a limited partnership (excluding, in some cases, special limited partners) or (ii) the net income attributable to each share of each class and series in each Fund that is a Cayman Islands exempted company registered as a segregated portfolio company, for each calendar year, payable at the end of each year, which in some cases must exceed an annual hurdle amount and which may be subject to a high water mark or loss carry forward. Net capital appreciation generally includes both realized gains and losses and unrealized appreciation and depreciation of securities held in a Fund portfolio. The performance fee or allocation is also payable with respect to any amount that is withdrawn from a Fund effective as of the date of withdrawal.

Under certain circumstances, a fund managed by the Adviser may invest in another fund managed by the Adviser, or an SMA may invest in a fund managed by the Adviser. In order to avoid any double payment of fees, the recipient fund will not charge any management fee or incentive allocation on the investing fund's investment. Any withdrawal or transfer by the investing fund from the recipient fund generally will be permitted on the same terms as other limited partners and will be subject to the same limitations applicable to withdrawals (e.g., notice, suspension of withdrawals, etc.).

In the sole discretion of the Adviser, the performance-based allocation or fee may be waived, reduced or calculated differently with respect to certain investors.

Funds: Side Letters

The Adviser may from time to time enter into letter agreements or other similar agreements (collectively, "Side Letters") with one or more investors or shareholders of a Fund that provide such investor or shareholder(s) with additional and/or different rights (including, without limitation, with respect to management fees, the performance allocations, withdrawals, access to information, minimum investment amounts and liquidity terms) than such shareholder(s) or investors have pursuant to general terms of such Fund. The Adviser will not be required to notify any or all of the other investors or shareholders of any such written agreements or any of the rights and/or terms or provisions thereof, nor will the Adviser be required to offer such additional and/or different rights and/or terms to any or all of the other investors or shareholders.

SMA's: Management and Performance-Based Fees

Management and performance-based fees for SMA's are subject to negotiation and established pursuant to each SMA's investment management agreement. Generally, the investment management agreements are terminable upon receipt by either party from the other of prior written notice of termination. Certain SMA's may be charged no or differently calculated management fees and performance-based fees. SMA's are invoiced pursuant to each SMA's investment management agreement and fees are payable, quarterly or as otherwise specified, in arrears, pursuant to each SMA's investment management agreement.

Sidecar Vehicles

The Adviser may receive carried interest distributions from sidecar vehicles upon the complete distribution of the respective portfolio holdings as described in the respective investment management agreements.

B. Additional Fees and Expenses

Funds

In addition to advisory (management and performance) fees, the Funds are responsible for additional fees and expenses. These are comprised of i) fees and expenses incurred as part of the Funds' respective investment programs, including brokerage commissions; clearing fees; fees, interest and other costs in connection with margin accounts or other borrowings; borrowing charges on securities sold short; custodial fees; bank service fees; costs of any outside appraisers, accountants, attorneys or other experts or consultants engaged by the general partner in connection with specific investments (including transactions that fail to close); costs of research, order and execution management systems, and data services; proxy solicitation services; and any legal fees and costs arising in connection with any litigation or regulatory investigation instituted against the Adviser or any client; and ii) the Funds' operating costs, including administrative, legal, accounting, audit, insurance, and termination and winding-up costs and expenses. The Funds' additional fees and expenses are described in greater detail in their respective Governing Documents.

***SMA*s**

In addition to advisory (management and performance) fees, certain SMAs may also be responsible for additional fees and expenses, including brokerage commissions, clearing fees, taxes, and the costs of any outside appraisers, accountants, attorneys, proxy solicitation services, or other experts or consultants engaged by the Adviser in connection with specific investments, as set forth in their respective investment management agreements.

C. Additional Compensation and Conflicts of Interest

Neither the Adviser nor any of its supervised persons accepts compensation (e.g., brokerage commissions) for the sale of securities or other investment products. Please refer to Item 12 for additional information about the Adviser's brokerage practices.

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

The Adviser may receive performance-based compensation from the Funds and the SMAs. The Adviser has full authority to waive or modify the performance-based allocation terms.

Investors should be aware that performance-based fee arrangements might create an incentive for the Adviser to recommend investments that may be riskier or more speculative than those that would be recommended under a different fee arrangement.

In addition, different client accounts managed by the Adviser may be subject to different performance-based compensation arrangements. If the Adviser is entitled to receive a higher percentage of the net profits of the account of one Fund or client than the percentage that the Adviser receives from another Fund or client, then the Adviser may have an incentive to (i) favor, (ii) allocate certain riskier or more speculative investments to, or (iii) disproportionately allocate time, services or functions to the Fund or client that is subject to the higher percentage. However, the Adviser will, as a policy, allocate all investment opportunities among its clients in a manner that it considers fair and equitable to all clients, considering all factors potentially applicable to each client.

The Adviser may receive carried interest distributions from sidecar vehicles upon the complete distribution of the respective portfolio holdings as described in the respective investment advisory agreements.

Item 7 Types of Clients

As noted above under Advisory Business (Item 4) of this Brochure, the Adviser generally provides advisory services to the Funds and SMAs. The SMA clients are primarily high-net-worth individuals, trusts, estates, partnerships, foundations and other legal entities. The Funds generally require a minimum investment of between \$1,000,000 and \$5,000,000, although the general partner of a domestic fund or the directors of an offshore fund may waive those requirements in their or its discretion. The SMAs generally do not require a minimum account size.

Investors in the Funds and SMA clients are required to meet certain requirements, including being accredited investors (as defined in Regulation D of the Securities Act of 1933, as amended) (the “Securities Act”) and qualified clients (as defined in the Investment Advisers Act of 1940) (the “Advisers Act”), as applicable, in addition to meeting general sophistication requirements. Investors in certain Funds are also required to be qualified purchasers (as defined in the Investment Company Act of 1940) (the “Company Act”).

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

A. Methods of Analysis and Investment Strategies

The descriptions set forth in this brochure of specific advisory services that the Adviser offers to clients, and investment strategies pursued and investments made by the Adviser on behalf of its clients, should not be understood to limit in any way the Adviser's investment activities. The Adviser may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this brochure, that the Adviser considers appropriate, subject to each client's investment objectives and guidelines. The investment strategies the Adviser pursues are speculative and entail substantial risks. Investors in the Adviser's Funds should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any client will be achieved.

The Adviser uses a fundamentally driven research process engaging in various methodologies, including analysis of company financial statements and meeting with officers and representatives of companies to which the assets of a Fund or other client may be allocated. In addition, the Adviser strives to form proprietary insights into the portfolio companies of the Funds and other clients by conducting fundamental research on such companies and their competitors and suppliers. The Adviser seeks capital appreciation for its clients by (i) investing primarily in companies domiciled in the United States ("U.S.") and Europe that the Adviser believes are undervalued or that otherwise possess characteristics presenting the opportunity for substantial appreciation and (ii) selling short securities that the Adviser believes are overvalued or that otherwise possess characteristics that may result in substantial depreciation.

In addition to the above, the Adviser's investment strategy frequently involves shareholder activism that could include attempts to influence the managements, boards, operations, business objectives, and/or corporate directions of portfolio companies. There is a risk that the intended strategy for a particular company will be unsuccessful. When securities are purchased in anticipation of influencing the future direction of a company, a substantial period of time may elapse between the Adviser's purchase of securities and the anticipated results. During this period, a portion or all of the Adviser's capital would be committed to the securities purchased, and the Adviser may finance some portion of the purchases with borrowed funds on which the Funds may pay interest. Additionally, if the anticipated results do not, in fact, occur, the Adviser may be required to sell such investment at a loss. There may be instances where the Adviser will be restricted in transacting in or redeeming a particular investment as a result of the size of its investment or its activist investment strategy.

The Adviser, on behalf of its clients, invests primarily in publicly held securities, although a portion of some clients' net assets may be invested in non-publicly traded securities. The Funds have no fixed policy with respect to the kinds of securities in which they may invest. Emphasis is placed on investments in common stocks, convertible debentures, convertible preferred stocks, other securities or securities combinations having equity characteristics, including warrants for or rights to purchase equity securities, and combinations of debt securities and securities having

equity characteristics. The Funds and other clients from time to time have invested and may invest in non-U.S. securities. The Funds and other clients have purchased and sold and may purchase or sell put and call options on both individual securities and market indices for the primary purpose of hedging its investment positions. Certain of the Funds may also purchase or sell over-the-counter equity derivative contracts (e.g., “swaps”) on both individual securities and market indices for the primary purpose of hedging their investment positions. The Funds and other clients will, from time to time, as part of their respective investment strategies, engage in short sales of securities and over-the-counter equity derivative contracts.

The Adviser focuses on intense, “bottom-up” research of companies domiciled predominately in the U.S. and Europe. The Adviser’s investment professionals seek out securities that the Adviser believes are significantly mispriced on an earnings-per-share, cash flow, and/or private-market-value basis. The Adviser primarily seeks to quantify the reasonable current value of businesses based on future net cash flows, discounted at an appropriate cost of capital. This definition of value enables the Adviser to adapt to different market and business cycles, and to a wide range of industries and capitalization sizes. Generally, the Adviser seeks situations – both long and short – where there is not only a large differential between market price and the respective investment professionals’ appraised value, but also some form of catalyst for optimization of market price and, therefore, shareholder value. The Adviser may, in addition, seek to identify public companies that are both undervalued and likely to experience a significant appreciation in value as a result of operational improvements, or a change in ownership, corporate direction or management or improved corporate governance. As the focal point of its process, the Adviser tries to form proprietary insights into its investments through fundamental research on its portfolio companies, their competitors and suppliers.

The Adviser looks for opportunities across all capitalization tiers but focuses most heavily on companies with equity capitalizations between \$250 million and \$5 billion. The Adviser normally finds the most “discovery value” and appreciation potential among the small and mid-capitalization tiers. The Adviser generally runs a diversified portfolio, which allows it to take advantage of outstanding small and medium capitalization opportunities while controlling fundamental and liquidity risks.

The Adviser focuses on long-term analysis and appreciation potential. The Adviser believes that part of its comparative advantage lies in analyzing and valuing businesses within a deep contextual framework and over an extended time frame. At the same time, the Adviser pays attention to the overall level of market valuation, technical factors, and other short-term issues that could affect its positions. A further benefit of the Adviser’s long-term orientation is that historically the great majority of the appreciation in its portfolios has come in the form of either unrealized gains or long-term capital gains. In periods of high market volatility, a higher proportion of the Adviser’s realized gains may be short-term.

B. Risk of Loss

The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the clients advised by the Adviser. These risk factors include only those risks

the Adviser believes to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis employed by the Adviser.

General Economic and Market Conditions. The investment activities of the Funds and the SMAs involve a significant degree of risk. The performance of any investment is subject to numerous factors which are neither within the control of nor predictable by the Adviser. The success of the Adviser's activities will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the clients' investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of prices and the liquidity of clients' investments. Volatility or illiquidity could impair clients' profitability or result in losses. The Adviser may cause clients to maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets.

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

The Adviser may cause its clients to effect transactions in markets that are not "exchange-based," such as "over-the-counter" or "interdealer" markets. The stability and liquidity of over-the-counter transactions depends in large part on the creditworthiness of the parties to the transactions. The participants in such markets are typically not subject to the credit evaluation and regulatory oversight to which members of "exchange-based" markets are subject. The lack of evaluation and oversight of over-the-counter markets exposes clients to the risk that a counterparty will not settle a transaction in accordance with the applicable client's terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the client to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Adviser has caused a client to concentrate its transactions with a single or small group of counterparties. Generally, clients will not be restricted from dealing with any particular counterparties. The Adviser's evaluation of the creditworthiness of counterparties may not prove sufficient. The lack of a complete and "foolproof" evaluation of the financial capabilities of the clients' counterparties and the absence of a regulated market to facilitate settlement may increase the potential for losses by a client.

If there is a default by a counterparty, the Adviser, acting on behalf of the applicable clients, under most normal circumstances will have contractual remedies pursuant to the agreements related to the transaction. However, exercising such contractual rights may involve delays or costs which

could result in the net asset value of the applicable client's accounts being less than if the Fund had not entered into the transaction. Furthermore, there is a risk that any of such counterparties could become insolvent and/or the subject of insolvency proceedings. In such case, the recovery of the client's securities from such counterparty or the payment of claims therefor may be significantly delayed and the client may recover substantially less than the full value of the securities entrusted to such counterparty.

In addition, the Adviser may cause clients to use counterparties located in jurisdictions outside the U.S. Such local counterparties usually are subject to laws and regulations in non-U.S. jurisdictions that are designed to protect customers in the event of their insolvency. However, the practical effect of these laws and their application to the client's assets are subject to substantial limitations and uncertainties. Because of the range of possible factual scenarios involving the insolvency of a counterparty and the potentially large number of entities and jurisdictions that may be involved, it is impossible to generalize about the effect of such insolvency on the client and its assets. Investors in the Funds should assume that the insolvency of any such counterparty would result in significant delays in recovering the Fund's securities from or the payment of claims therefor by such counterparty and a loss to the Fund, which could be material.

Competition; Availability of Investments. Certain markets in which the Adviser may cause its clients to invest are extremely competitive for attractive investment opportunities. As a result, there can be no assurance that the Adviser will be able to identify or successfully pursue attractive investment opportunities in such environments.

Volatility Risk. The Adviser's investment program (pursued on behalf of its clients) may involve the purchase and sale of relatively volatile securities and/or investments in volatile markets. Fluctuations or prolonged changes in the volatility of such securities and/or markets can adversely affect the value of a client's investments.

Credit Ratings. In general, the credit rating assigned by a nationally recognized rating agency to a security represents such rating agency's opinion of the safety of the principal and interest payments of the rated instrument based on available information. Such ratings are relative and subjective; they are not absolute standards of quality and do not evaluate the market value risk of such securities. Such ratings also do not reflect macroeconomic or systemic risk, including the risk of increased illiquidity in credit markets. Further, credit ratings may change over time due to various factors, including changes in the creditworthiness of the issuer and/or changes in the rating agency's analytics and processes. It is possible that a rating agency might not change its rating of a particular issue on a timely basis to reflect subsequent events and, as a result, outstanding ratings may not reflect the issuer's current credit standing. Clients may incur losses if the Adviser causes them to make investments based on credit ratings that subsequently change in a way that is not favorable to their investment objective.

Co-Investments with Third Parties. The Adviser may cause a client to co-invest with third parties through joint ventures or other entities. Third-party involvement with an investment may negatively impact the returns of such investment if, for example, the third-party co-venturer has financial difficulties, has economic or business interests or goals that are inconsistent with those

of the applicable client, or is in a position to take (or block) action in a manner contrary to the client's investment objective. In circumstances where such third parties involve a management group, such third parties may enter into compensation arrangements relating to such investments, including incentive compensation arrangements. Such compensation arrangements will reduce the returns to participants in the investments.

Significant Positions in Securities; Regulatory Requirements. In the event a client acquires a significant stake in certain issuers of securities and such stake exceeds certain percentage or value limits, the client may be subject to regulation and regulatory oversight that may impose notification and filing requirements or other administrative burdens on the client and the Adviser. Any such requirements may impose additional costs on the client and may delay the acquisition or disposition of the securities or the client's ability to respond in a timely manner to changes in the markets with respect to such securities.

In addition, various regulators may impose "position limits" that may limit the Adviser's ability to effect desired trades on behalf of a client. Position limits are the maximum amounts of gross, net long, or net short positions that any one person or entity may own or control in a particular issuer's securities. All positions owned or controlled by the same person or entity, even if in different accounts, may be aggregated for purposes of determining whether the applicable position limits have been exceeded. To the extent that a client's position limits were aggregated with an affiliate's position limits, the effect on the client and resulting restriction on its investment activities may be significant. If, at any time, positions managed by the Adviser were to exceed applicable position limits, the Adviser would be required to liquidate positions, which might include positions held by a client, to the extent necessary to come within those limits. Further, to avoid exceeding any position limits, such client might have to forego or modify certain of its contemplated trades.

In addition, if the Adviser causes a client, acting alone or as part of a group, to acquire beneficial ownership of more than 10% of a certain class of securities of a public company or places a director on the board of directors of such a company, under Section 16 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), such client may be subject to certain additional reporting requirements and may be required to disgorge certain short-swing profits arising from purchases and sales of such securities. Furthermore, in such circumstances such client will be prohibited from entering into a short position in such issuer's securities, and therefore limited in its ability to hedge such investments. Similar restrictions and requirements may apply in non-U.S. jurisdictions.

As noted herein, the Adviser, acting either alone or as part of a group, may cause a client to acquire a "control" position in an issuer's securities. This may subject the client to additional risks of liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations and other types of liability in which the limited liability generally characteristic of business operations may be ignored.

Litigation Risk. Some of the tactics that the Adviser may use involve litigation. A client could be a party to lawsuits either initiated by it, or by a company in which a client invests, other

shareholders of such company, or U.S. federal, state and non-U.S. governmental bodies. There can be no assurance that any such litigation, once begun, would be resolved in favor of the client.

Exposure to Material Non-Public Information. From time to time, the Adviser may receive material non-public information with respect to an issuer of publicly-traded securities. In such circumstances, clients may be prohibited, by law, policy or contract, for a period of time from (i) unwinding a position in such issuer, (ii) establishing an initial position or taking any greater position in such issuer, and (iii) pursuing other investment opportunities related to such issuer.

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

Risk of Loss. No guarantee or representation is made that the Adviser's investment program, including, without limitation, a client's investment objective, diversification strategies or risk monitoring goals, will be successful. Investment results may vary substantially over time. No assurance can be made that profits will be achieved or that substantial or complete losses will not be incurred.

Economic Conditions in European Countries. Certain European countries, including Greece, Italy, Portugal and Spain, have experienced varying degrees of financial distress. The risks from a debt crisis in Europe, for example, could disrupt financial markets, which may have a detrimental impact on global economic conditions. There remains considerable uncertainty as to the likelihood of further deterioration or its potential impact on global financial markets. A debt crisis in Europe could result in material reductions in the value of sovereign debt and other asset classes, disruptions in capital markets, a widening of credit spreads, a loss of investor confidence in the financial services industry, a slowdown in global economic activity, and other adverse developments that could negatively impact the value of a client's investments.

Brexit. The United Kingdom formally left the European Union on January 31, 2020. The ongoing transition period could cause an extended period of uncertainty and market volatility, not just in the United Kingdom but throughout the European Union, the European Economic Area and globally. It is not possible to ascertain the precise impact these events may have on clients or the Adviser from an economic, financial or regulatory perspective, but any such impact could have material consequences for clients.

Activism. The success of the Adviser's activist investment strategy depends upon, among other things: (i) the Adviser's ability to properly identify portfolio companies whose securities prices can be improved through corporate and/or strategic action; (ii) the Adviser's ability to acquire sufficient securities of such portfolio companies at a sufficiently attractive price; (iii) the Adviser's ability to avoid triggering anti-takeover and regulatory obstacles while aggregating its position; (iv) the willingness of the management of such portfolio companies and other security holders to respond positively to the Adviser's proposals; and (v) favorable movements in the market price of any such portfolio company's securities in response to any actions taken by such portfolio company. There can be no assurance that any of the foregoing will occur.

Corporate governance strategies may prove ineffective for a variety of reasons, including: (i) opposition of the management or investors of the subject company, which may result in litigation and may erode, rather than increase, the value of the subject company; (ii) intervention of a governmental agency; (iii) efforts by the subject company to pursue a "defensive" strategy, including a merger with, or a friendly tender offer by, a company other than the offeror; (iv) market conditions resulting in material changes in the prices of securities; (v) the presence of corporate governance mechanisms such as staggered boards, poison pills and classes of stock with increased voting rights; and (vi) the necessity for compliance with applicable securities laws. In addition, opponents of a proposed corporate governance change may seek to involve regulatory agencies in investigating the transaction or the Adviser, acting on behalf of one or more clients, and such regulatory agencies may independently investigate the participants in a transaction, including a client, as to compliance with securities or other law. Furthermore, successful execution of a corporate governance strategy may depend on the active cooperation of investors and others with an interest in the subject company. Some investors may have interests that diverge significantly from those of a client, and some of those parties may be indifferent to the proposed changes. Moreover, securities that the Adviser believes are fundamentally undervalued or incorrectly valued may not ultimately be valued in the capital markets at prices and/or within the timeframe the Adviser anticipates, even if a corporate governance strategy is successfully implemented. Even if the prices for a portfolio company's securities have increased, no guarantee can be made that there will be sufficient liquidity in the markets to allow the Adviser to dispose of all or any of the clients' securities therein or to realize any increase in the price of such securities.

Long/Short. The success of the Adviser's long/short investment strategy depends upon the Adviser's ability to identify and purchase securities that are undervalued and identify and sell short securities that are overvalued or that the Adviser believes are suitable for hedging its investment positions. The identification of investment opportunities in the implementation of the Adviser's long/short investment strategies is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. In the event that the perceived opportunities underlying a client's positions were to fail to converge toward, or were to diverge further from values expected by the Adviser, the client may incur a loss. In the event of market disruptions, significant losses can be incurred which may force the Adviser to close out one or more of a client's positions. Furthermore, the valuation models used to determine whether a position presents an attractive opportunity consistent with the Adviser's long/short strategies may become outdated and inaccurate as market conditions change.

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

Long-Term. The success of the Adviser's long-term investment strategy depends upon the Adviser's ability to identify and purchase securities that are undervalued and hold such investments so as to maximize value on a long-term basis. In pursuing any long-term strategy, the Adviser may cause a client to forego value in the short-term or temporary investments in order to be able to avail the client of additional and/or longer-term opportunities in the future. Consequently, the client may not capture maximum available value in the short-term, which may be disadvantageous, for example, for investors in a Fund who withdraw all or a portion of their capital accounts before such long-term value may be realized by such Fund.

Proxy Contests and Unfriendly Transactions. The Adviser may cause a client to purchase securities of a company that is the subject of a proxy contest on the expectation that new management will be able to improve the company's performance or effect a sale or liquidation of its assets so that the price of the company's securities will increase. If the incumbent management of the company is not defeated or if new management is unable to improve the company's performance or sell or liquidate the company, the market price of the company's securities may be adversely affected, which may cause the client to suffer a loss. In addition, where the subject company's management opposes an acquisition or restructuring transaction or proxy fight, the transaction may become the subject of litigation. Such litigation could involve substantial uncertainties and may impose substantial cost and expense on the company participating in the transaction.

Leverage and Borrowing.

Leverage for Investment Purposes. The use of leverage, where permitted, will allow the Adviser to cause clients to make additional investments, thereby increasing such clients' exposure to assets, such that its total assets may be greater than its capital. However, leverage will also magnify the volatility of changes in the value of the client's portfolio. The effect of the use of leverage by a client in a market that moves adversely to its investments could result in substantial losses to the client, which would be greater than if the client's accounts were not leveraged.

Borrowing for Cash Management Purposes. The Adviser has the authority to borrow on behalf of certain clients for cash management purposes, such as to satisfy withdrawal requests. The rates at and terms on which the Adviser can cause a client to borrow will affect the operating results of the respective client.

Collateral. The instruments and borrowings utilized by the Adviser to leverage a client's investments, where permitted, may be collateralized by all or a portion of the client's portfolio. Accordingly, the Adviser may cause a client to pledge its securities in order to borrow or otherwise obtain leverage for investment or other purposes. Should the securities pledged to brokers to secure a client's margin accounts decline in value, the client could be subject to a "margin call," pursuant to which the Adviser must cause the client to either deposit additional funds or securities with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. The banks and dealers that provide financing to the Fund can apply essentially discretionary margin, "haircut," financing and collateral valuation policies. Changes by counterparties in any of the foregoing may result in large margin calls, loss of financing and forced liquidations of positions at disadvantageous prices. Lenders that provide other types of asset-based or secured financing to a client may have similar rights. There can be no assurance that the Adviser will be able to secure or maintain adequate financing on behalf of its clients.

Costs. Borrowings will be subject to interest, transaction and other costs, and other types of leverage also involve transaction and other costs. Any such costs may or may not be recovered by the return on a client's portfolio.

Diversification and Concentration. The Adviser may select investments that are concentrated in a limited number or limited types of securities. In addition, a client's portfolio may become significantly concentrated in securities related to a single or limited number of issuers, industries, sectors, strategies, countries or geographic regions. This limited diversification may result in a concentration of risk, which, in turn, could expose the client to losses disproportionate to market movements, in general, if there are disproportionately greater adverse price movements in such securities.

Lack of Control. The Adviser may cause a client to invest in debt instruments and equity securities of companies that it does not control, which the Adviser may cause the client to acquire through market transactions or through purchases of securities directly from the issuer or other shareholders. Such securities will be subject to the risk that the issuer may make business, financial or management decisions with which the Adviser does not agree or that the majority stakeholders

or the management of the issuer may take risks or otherwise act in a manner that does not serve the client's interests. In addition, the Adviser may cause a client to share control over certain investments with co-investors, which may make it more difficult for the Adviser to implement its investment approach or cause the client to exit the investment when it otherwise would. The occurrence of any of the foregoing could have a material adverse effect on the client and (in the case of a Fund), the investors owning interests in the Fund.

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

Discretion of the Adviser; New Strategies and Techniques. While the Adviser will generally seek to employ the representative investment strategies and techniques discussed herein, the Adviser has in many circumstances considerable discretion in the types of securities its clients may trade and has the right, with respect to the Funds, to modify the investment strategies and techniques without the consent of the investors in the Funds. New investment strategies and techniques may not be thoroughly tested in the market before being employed and may have operational or theoretical shortcomings which could result in unsuccessful trades and, ultimately, losses to clients. In addition, any new investment strategy or technique developed by the Adviser may be more speculative than earlier investment strategies and techniques and may involve material and as-yet-unanticipated risks that could increase the risk of utilizing the Adviser's services (or investing in a Fund).

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

Derivative Instruments Generally. Certain swaps, options and other derivative instruments may be subject to various types of risks, including market risk; liquidity risk; the risk of nonperformance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty; legal risk; and operations risk. Derivatives traded over-the-counter may not have an

authoritative source of valuation and the models used to value such derivatives are subject to change. Special risks may apply in the future that cannot be determined at this time with respect to certain other derivative instruments that are not presently contemplated for use or that are currently not available. The regulatory and tax environment for derivative instruments in which the Adviser may cause a client to participate is evolving, and changes in the regulation or taxation of such securities may have a material adverse effect on clients.

Call Options. The seller (writer) of a call option that is covered (i.e., the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The securities necessary to satisfy the exercise of an uncovered call option may be unavailable for purchase, except at much higher prices, thereby reducing or eliminating the value of the premium. Purchasing securities to cover the exercise of an uncovered call option can cause the price of the securities to increase, thereby exacerbating the loss. The buyer of a call option assumes the risk of losing its entire premium investment in the call option.

Put Options. The seller (writer) of a put option that is covered (i.e., the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying security if the market price falls below the exercise price of the option. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option.

Index or Index Options. The value of an index or index option fluctuates with changes in the market values of the securities included in the index. Because the value of an index or index option depends upon movements in the level of the index rather than the price of a particular security, whether the client will realize appreciation or depreciation from the purchase or writing of options on indices depends upon movements in the level of instrument prices in the security market generally or, in the case of certain indices, in an industry or market segment, rather than movements in the price of particular securities.

Index Futures. The price of index futures contracts may not correlate perfectly with the movement in the underlying index because of certain market distortions. First, all participants in the futures market are subject to margin deposit and maintenance requirements. Rather than meeting additional margin deposit requirements, participants may close futures contracts through offsetting transactions that would distort the normal relationship between the index and futures markets. Second, from the point of view of speculators, the deposit requirements in the futures market are less onerous than margin requirements in the securities market. Therefore, increased participation by speculators in the futures market also may cause price distortions. Successful use of index

futures contracts by a client also is subject to the Adviser's ability to correctly predict movements in the direction of the market.

Swaps. Whether the Adviser's use of swap agreements or swaptions on behalf of a client, where permitted, will be successful will depend on the Adviser's ability to select appropriate transactions for the client. Swap agreements and options on swap agreements ("swaptions") can be individually negotiated and structured to include exposure to a variety of different types of investments, asset classes or market factors. Depending on their structure, swap agreements may increase or decrease the holder's exposure to, for example, equity securities, long-term or short-term interest rates, non-U.S. currency values, credit spreads or other factors. Swap agreements can take many different forms and are known by a variety of names. Swap transactions may be highly illiquid and may increase or decrease the volatility of the client's portfolio. Moreover, the client bears the risk of loss of the amount expected to be received under a swap agreement in the event of the default or insolvency of its counterparty. The client will also bear the risk of loss related to swap agreements, for example, for breaches of such agreements or the failure of the Adviser to post or maintain required collateral on a client's behalf. It is possible that developments in the swap markets, including potential government regulation, could adversely affect the client's ability to terminate swap transactions or to realize amounts to be received under such transactions.

Credit Default Swaps. Credit default swaps can be used to implement the Adviser's view that a particular credit, or group of credits, will experience credit improvement or deterioration. In the case of expected credit improvement, the Adviser may cause a client to sell credit default protection in which it receives a premium to take on the risk. In such an instance, the obligation of the client to make payments upon the occurrence of a credit event creates leveraged exposure to the credit risk of the referenced entity. The Adviser may also cause a client to buy credit default protection with respect to a referenced entity if, in the Adviser's judgment, there is a high likelihood of credit deterioration. In such instance, the client will pay a premium regardless of whether there is a credit event. The credit default swap market in high-yield securities is comparatively new and rapidly evolving compared to the credit default swap market for more seasoned and liquid investment-grade securities, creating the risk that the newer markets will be less liquid, and making it potentially more difficult to exit or enter into a particular transaction.

Futures Contracts. The value of futures contracts depends upon the price of the securities, such as commodities, underlying them. The prices of futures contracts are highly volatile, and price movements of futures contracts can be influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, as well as national and international political and economic events and policies. In addition, investments in futures contracts are also subject to the risk of the failure of any of the exchanges on which the client's positions trade or of its clearinghouses or counterparties. Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in that contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This

could prevent the Adviser from promptly liquidating a client's unfavorable positions and subject the client to substantial losses or prevent it from entering into desired trades. Also, low margin or premiums normally required in such trading may provide a large amount of leverage, and a relatively small change in the price of a security or contract can produce a disproportionately larger profit or loss. In extraordinary circumstances, a futures exchange or the CFTC could suspend trading in a particular futures contract, or order liquidation or settlement of all open positions in such contract.

Non-U.S. Futures Transactions. Foreign futures transactions involve executing and clearing trades on a foreign exchange. This is the case even if the foreign exchange is formally "linked" to a domestic exchange, whereby a trade executed on one exchange liquidates or establishes a position on the other exchange. No domestic organization regulates the activities of a foreign exchange, including the execution, delivery, and clearing of transactions on such an exchange, and no domestic regulator has the power to compel enforcement of the rules of the foreign exchange or the laws of the foreign country. Moreover, such laws or regulations will vary depending on the foreign country in which the transaction occurs. For these reasons, the client may not be afforded certain of the protections that apply to domestic transactions, including the right to use domestic alternative dispute resolution procedures. In particular, funds received from customers to margin foreign futures transactions may not be afforded the same protections as funds received to margin futures transactions on domestic exchanges. In addition, the price of any foreign futures or option contract and, therefore, the potential profit and loss resulting therefrom, may be affected by any fluctuation in the foreign exchange rate between the time the order is placed and the time the foreign futures contract is liquidated or the time the foreign option contract is liquidated or exercised.

Forward Contracts. Banking authorities generally do not regulate trading in forward contracts. The principals who deal in the forward contract market are not required to continue to make markets in such contracts. There have been periods during which certain participants in forward markets have refused to quote prices for forward contracts or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. The imposition of credit controls or price risk limitations by governmental authorities may limit such forward trading to less than that which the Adviser would otherwise recommend, to the possible detriment of a client. In forward trading, a client will be subject to the risk of the failure of, or the inability or refusal to perform with respect to its forward contracts by, the principals with which the client trades. Client assets on deposit with such principals will also generally not be protected by the same segregation requirements imposed on certain regulated brokers in respect of customer funds on deposit with them. The Adviser may order trades for a client in such markets through agents. Accordingly, the insolvency or bankruptcy of such parties could also subject the client to the risk of loss.

Contracts for Differences. Contracts for differences ("CFDs") are privately negotiated contracts between two parties, buyer and seller, stipulating that the seller will pay to or receive from the buyer the difference between the nominal value of the underlying instrument at the opening of the contract and that instrument's value at the end of the contract. The underlying instrument may be a single security, stock basket or index. A CFD can be set up to take either a short or long position

on the underlying instrument. The buyer and seller are both required to post margin, which is adjusted daily. The buyer will also pay to the seller a financing rate on the notional amount of the capital employed by the seller less the margin deposit. A CFD is usually terminated at the buyer's initiative. As is the case with owning any financial instrument, there is the risk of loss associated with buying a CFD. There may be liquidity risk if the underlying instrument is illiquid because the liquidity of a CFD is based on the liquidity of the underlying instrument. A further risk is that adverse movements in the underlying security will require the buyer to post additional margin. CFDs also carry counterparty risk (i.e., the risk that the counterparty to the CFD transaction may be unable or unwilling to make payments or to otherwise honor its financial obligations under the terms of the contract). If the counterparty were to do so, the value of the contract may be reduced. Entry into a CFD transaction may, in certain circumstances, require the payment of an initial margin and adverse market movements against the underlying stock may require the buyer to make additional margin payments. CFDs may be considered illiquid. To the extent that there is an imperfect correlation between the return on a client's obligation to its counterparty under the CFDs and the return on related assets in its portfolio, the CFD transaction may increase such client's financial risk.

Failure to Enter into Offsetting Trade. To the extent the Adviser causes a client to invest in a futures contract or option long, unless an offsetting trade is made, the client would be required to take physical delivery of the commodity underlying the future or option. To the extent the Adviser fails to cause the client to enter into such offsetting trade prior to the expiration of the contract, the client may suffer a loss since neither the client nor the Adviser has the operational capacity to accept physical delivery of commodities.

Equity Securities Generally. The value of equity securities of public and private, listed and unlisted companies and equity derivatives generally varies with the performance of the issuer and movements in the equity markets. As a result, a client may suffer losses if it invests in equity instruments of issuers whose performance diverges from the Adviser's expectations or if equity markets generally move in a single direction and the client has not hedged against such a general move. The client also may be exposed to risks that issuers will not fulfill contractual obligations such as, in the case of convertible securities or private placements, delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale.

Illiquid Securities, Including Privately-Placed, Privately-Owned, and Restricted Securities. Certain securities, including privately-placed, privately-owned, and restricted securities, may be illiquid because, for example, they are subject to legal or other restrictions on transfer or there is no liquid market for such securities. Valuation of such securities may be difficult or uncertain because there may be limited information available about the issuers of such securities. The market prices, if any, for such securities tend to be volatile and may not be readily ascertainable, and the Adviser may not be able to sell them on behalf of a client when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. The sale of illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. The Adviser may not be able to cause a client to readily dispose of such

illiquid investments and, in some cases, may be contractually prohibited from disposing of such investments for a specified period of time. As a result, the client may be required to hold such securities despite adverse price movements. Even those markets that the Adviser expects to be liquid can experience periods, possibly extended periods, of illiquidity. Occasions have arisen in the past where previously liquid investments have rapidly become illiquid.

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

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

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

Unlisted Securities. Unlisted securities may involve higher risks than listed securities. Because of the absence of any trading market for unlisted securities, it may take longer to liquidate, or it may not be possible to liquidate, positions in unlisted securities than would be the case for publicly traded securities. Companies whose securities are not publicly traded may not be subject to public disclosure and other investor protection requirements applicable to publicly-traded securities.

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

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

Cybersecurity Breaches and Identity Theft. The Adviser's information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by its professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although the Adviser has implemented various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, the Adviser may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the Adviser's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm the Adviser's reputation or subject it or its affiliates to legal claims and otherwise affect their business and financial performance.

Item 9 Disciplinary Information

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of the Adviser's advisory business or the integrity of the Adviser's management.

Item 10 Other Financial Industry Activities and Affiliations

A. Broker-Dealer Registration Status

The Adviser and its management persons are not registered as broker-dealers and do not have any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer.

B. Futures Commission Merchant, Commodity Pool Operator or Commodity Trading Adviser Registration Status

The Adviser and its management persons are not registered as, and do not have any application to register as, futures commission merchants, commodity pool operators, commodity trading advisers or associated persons of the foregoing entities.

C. Material Relationships or Arrangements with Industry Participants

Jason Ader is the Manager of MDIA Holdco, LLC, a limited liability company formed to oversee the interests of all stockholders of MD Insider, Inc., including Mr. Ader and certain clients of the Adviser, following the August 2019 acquisition of MD Insider, Inc. by Accolade, Inc. and affiliates.

Executives, employees and other access persons (“Access Persons”) of the Adviser or its affiliates (including SpringOwl), may serve as officers, advisers, directors or in comparable management functions for portfolio companies in which the Funds or SMAs invest, or provide other services to portfolio companies, and may receive compensation in connection therewith; it is the Adviser’s policy to offset such compensation against management fees charged to the respective Funds or SMAs. Access Persons of the Adviser or SpringOwl may also from time to time serve on the board of directors or a creditors committee of a portfolio company, or be given access for other reasons to confidential information relating to companies in which a Fund or SMA managed by the Adviser invests. As a result, the Funds or SMAs may, under certain circumstances, be prohibited for a period of time from engaging in transactions with respect to the debt or securities of such a portfolio company, which prohibition may adversely affect the value of client investments.

D. Material Conflicts of Interest Relating to Other Investment Advisers

The Adviser does not recommend or select other investment advisers for its clients.

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

The Adviser strives to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty and trust. In seeking to meet these standards, the Adviser has adopted a Code of Ethics (the “Code”). The Code requires, among other things, that Access Persons:

- Act with integrity, competence, diligence, respect, and in an ethical manner with respect to the public, clients, prospective clients, investors, employers, Access Persons, colleagues in the investment profession, and other participants in global capital markets;
- Place the interests of clients and investors above their own personal interests;
- Adhere to the fundamental standard that an Access Person should not take inappropriate advantage of his or her position;
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities;
- Promote the integrity of, and uphold the rules governing, capital markets; and
- Comply with applicable provisions of the federal securities laws.

The Code also requires Access Persons to 1) report personal securities transactions on at least a quarterly basis, and 2) provide the Adviser with a detailed summary of certain holdings (both initially upon commencement of employment and annually thereafter) over which the Access Persons have a direct or indirect beneficial interest.

Access Persons may (i) hold, either directly or through the Funds’ general partner, financial interests in the Funds, (ii) personally invest in some of the same investments (or related investments) that are held by clients, (iii) own investments that are subsequently purchased for clients, or (iv) individually, or through a related person, act as an investment adviser to an investment company whose securities are recommended to clients. This gives rise to certain risks and potential conflicts of interest between Access Persons and clients, including the possibility that Access Persons may attempt to trade ahead of clients for their personal advantage, or otherwise direct client investments for personal gain.

To mitigate such risks and potential conflicts of interest and to ensure the fulfillment of the Adviser’s fiduciary responsibilities, the Adviser maintains the following procedures on personal investment activities contained in its Code of Ethics:

- (i) Access Persons must obtain preclearance for all personal trades prior to the initiation of the trade, with the exception of open-end mutual funds, exchange-traded funds, and other exceptions detailed in its compliance policies and procedures;
- (ii) All Access Persons are required to submit to the CCO, on an annual basis, an Attestation Statement listing the names and account numbers of any brokerage firms or banks where they maintain an account in which any securities are held; and

- (iii) Access Persons must either report to the CCO quarterly all reportable securities transactions in accounts in which they have a beneficial interest and any accounts opened during the quarter that hold any securities, or they may direct their brokers/custodians to supply to the CCO monthly or quarterly account statements for the applicable periods as soon as they are available.

From time to time, an Access Person of the Adviser may serve as an officer or director of a public company. As a result, such Access Persons might acquire material nonpublic information (commonly called “inside information”) about the company. Since client accounts may be invested in securities of the company, and since the Adviser would be prohibited from trading while in the possession of material, non-public information, the Adviser would be unable to trade the company’s securities for the benefit of clients and might be forced to hold the securities when selling would otherwise be indicated.

The Adviser manages investments on behalf of a number of clients. Certain clients have investment programs that are similar to or overlap and may, therefore, participate with each other in investments. It is the policy of the Adviser to allocate investment opportunities among all clients fairly, to the extent practical and in accordance with each client’s applicable investment strategies, over a period of time. The Adviser will have no obligation to purchase or sell a security for, enter into a transaction on behalf of, or provide an investment opportunity to any client solely because the Adviser purchases or sells the same security for, enters into a transaction on behalf of, or provides an opportunity to any client if, in its reasonable opinion, such security, transaction or investment opportunity does not appear to be suitable, practical or desirable for the client.

Clients, prospective clients, and investors may contact the Adviser’s CCO at (212) 445-7826 or jmcnulty@springowl.com if they would like to receive a copy of the Adviser’s Code of Ethics.

Item 12 Brokerage Practices

A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions

When selecting brokers and dealers, the Adviser will generally seek the best combination of brokerage expenses, research services, and execution quality. The Adviser is not required to, and in some cases does not, select the broker or dealer that charges the lowest transaction cost, even if that broker provides execution quality comparable to other brokers or dealers.

When determining the reasonableness of broker-dealer compensation, the Adviser will consider, among other factors, the execution, settlement and error correction capabilities of the broker or dealer; the research the broker or dealer provides; the broker or dealer's willingness to commit capital; the broker or dealer's reliability, responsiveness, reputation and financial stability; and the broker or dealer's capacity to provide securities to borrow for short sales.

Research and Other Soft Dollar Benefits

The Adviser has entered into arrangements with broker-dealers and research firms that allow the Adviser to use brokerage commissions incurred by clients to pay for investment research through the use of soft dollars. The research the Adviser receives in exchange for soft dollars includes both proprietary research (created or developed by a broker-dealer) as well as research created or developed by a third party, including advisers. In addition, as discussed more fully below, the Adviser does in some cases use soft dollars to pay for goods or services that fall within the Section 28(e) "safe harbor" described below. The term "soft dollars" means the receipt by the Adviser of research and other products and services provided or paid for by brokers without cost to the Adviser based on the volume of commissions generated by securities transactions executed by such brokers for clients of the Adviser.

Section 28(e) of the Exchange Act provides that a person who exercises investment discretion with respect to an account will not be deemed to have acted unlawfully or to have breached a fiduciary duty solely by reason of such person's having caused the account to pay a broker more than the lowest available commission if such person determines in good faith that the amount of the commission is reasonable in relation to the value of the brokerage and research services provided by such broker. The Adviser does direct brokerage to firms that provide or pay for brokerage and research services that fall within the safe harbor afforded by Section 28(e). Research and related services furnished by brokers may include written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; statistics and pricing services; as well as discussions with research personnel and software, seminars or conferences that provide content relating to a permissible subject matter. Since commission rates are negotiable, selecting brokers on the basis of considerations that are not limited to applicable commission rates may at times result in higher transaction costs than would otherwise be obtainable.

Because the soft dollar benefits the Adviser receives consist of investment research that benefits all clients without distinction, the Adviser does not seek to allocate soft dollar benefits to client accounts in proportion to the soft dollar credits each client account generates.

The use of brokerage commissions incurred by clients to pay for research and brokerage services to be used by the Adviser creates incentives that result in conflicts of interest between investment advisers such as the Adviser and the entities they are investing on behalf of. For example, the Adviser may have an incentive to select or recommend a broker based on the Adviser's interest in receiving research, rather than on a clients' interest in receiving the most favorable execution. The Adviser may also have an incentive to make frequent trades in order to earn soft dollar credits that can be applied to obtain investment research. By using brokerage commissions incurred by the Funds to obtain research, the Adviser, like other investment managers, receives a benefit because it does not have to produce or pay for the research received.

In addition, in connection with subscriptions by investors in the Funds, the Funds may accept subscriptions from investors who also provide services to the Funds including brokers and their affiliates. Relationships such as these could be viewed as creating a conflict of interest. The Governing Documents for the Funds do not prohibit the Adviser from engaging in any business activities with investors who are brokers or individuals that are affiliated with brokers. As a result, the Adviser, subject to its best execution policy, may from time to time place trades with brokers who are investors in the Funds.

Brokerage for Client Referrals

As discussed above, subject to best execution, the Adviser may consider, among other things, capital introduction and marketing assistance with respect to investors in the Funds in selecting or recommending broker-dealers for the its clients. In some cases, broker-dealers that have entered into prime brokerage arrangements with the Adviser may occasionally provide the Adviser with introductions to potential investors. Although this "capital introduction" service is customarily provided for "free," various conflicts of interest are presented by such arrangements. The Adviser may be incentivized to use the services of a specific prime broker due to the broker's ability to raise capital for the Adviser. In addition, the Adviser benefits from arrangements where investors are referred to the Adviser because its management fees are generally based upon a percentage of assets managed and its incentive- or performance-based fees are generally based upon a percentage of net profits on such assets. Also, there is a direct conflict arising out of prime brokers' desire to increase revenues by raising capital through their prime brokerage services. The prime broker and/or its affiliates generally receive fees/commissions as a result of the Adviser's decision to utilize its services, as follows: custodian of client accounts managed by the Adviser; securities transactions executed on behalf of the Adviser's clients; and lending funds and/or securities to the Adviser as part of the Adviser's investment strategy (e.g., margin/short sale and/or securities lending programs). While the relationship may present the appearance of a conflict of interest, the availability of the foregoing products and services to the Adviser is not contingent upon the Adviser committing to providing a prime broker with a specific amount of business (assets in custody or trading commissions).

Directed Brokerage

The Adviser does not recommend, request or require that a client direct the Adviser to execute transactions through a specified broker-dealer.

Certain clients may establish a custodial account at a broker-dealer that may obligate the Adviser to effect portfolio transactions through the broker-dealer at rates agreed upon between the client and the broker-dealer. In such circumstances, the client is responsible for negotiating the terms and arrangements for the account with the broker-dealer. The Adviser will not seek better execution services or prices from other broker-dealers and will not be able to aggregate the client's transactions, for execution through other brokers-dealers, with orders for other accounts advised or managed by the Adviser. As a result, the Adviser may not be able to obtain best execution on behalf of the client, who may pay materially disparate commissions, or greater spreads or other transaction costs, or who may receive less favorable net prices on transactions than would otherwise be the case. Accordingly, clients should satisfy themselves that the broker-dealer in such an arrangement provides adequate price and execution of transactions.

The Adviser maintains policies and procedures to review the quality of trade executions, including reviews during quarterly Operating Committee meetings.

B. Aggregation of Trades

Should the Adviser buy or sell the same security for two or more clients, or for a client and itself or a related person, the Adviser may place concurrent orders with a single broker to be executed together as a single "block" in order to facilitate orderly and efficient execution. Whenever the Adviser does so, each account on whose behalf an order was placed will receive the average price and will bear a proportionate share of all transaction costs, based on the size of the account's order. While the Adviser believes combining transaction orders in this way is, over time, advantageous to all participants, in particular cases the average price could be less advantageous to one particular client than if that client had been the only account effecting the transaction or had completed its transaction before the other participants. The Adviser may place orders for the same security for different clients at different times due to differences in investment objectives, cash availability, size of order and practicability of participating in "block" transactions. In addition, the Adviser and/or its related persons may buy or sell specific securities for its or their own account that are not deemed appropriate for client accounts at the time, based on personal investment considerations that differ from the considerations on which decisions as to investments in client accounts are made. Where execution opportunities for a particular security are limited, the Adviser attempts in good faith to allocate such opportunities among clients in a manner that, over time, is equitable to all clients. In each case, the books and records of the clients will separately reflect, for each client, the orders that are aggregated and the securities held by and bought and sold for that client.

The Adviser does not expect to engage in any cross trades, including agency cross trades. However, while unlikely, a Fund may purchase positions from or sell positions to another Fund in connection with subscriptions or redemption transactions by investors in one or both Funds. Any such transaction will be effected at prevailing market prices by unaffiliated brokers, and the Adviser will not receive compensation for such trade execution. In the event that such a transaction is contemplated, the trader or portfolio manager will consult with the CCO for guidance and the requisite approvals.

Item 13 Review of Accounts

A. Frequency and Nature of Review of Client Accounts or Financial Plans

The Adviser reviews the portfolios of all investment advisory clients informally on an ongoing basis. Reviews include information regarding cash levels, securities positions, particular strategies, investment guidelines and total portfolio performance. Reviews are conducted by portfolio managers and the CCO.

B. Factors Prompting Review of Client Accounts Other than a Periodic Review

A review of a client account may be triggered by any unusual activity or special circumstances.

C. Content and Frequency of Account Reports to Clients

Within a reasonable time period following the end of each month, the respective third-party administrator prepares and distributes to each investor in the Cumberland Partnerships, SpringOwl Special Opportunities Fund LP, and SpringOwl Special Opportunities Fund (Offshore) SPC a statement of the respective investor's capital account balance. A statement of the respective investor's capital account balance, prepared by the Adviser, is also distributed to each limited partner in Doha Partners I LP from time to time. In addition, the Adviser distributes, on a periodic basis, letters to investors in certain Funds that document performance, provide analysis, and detail organizational changes.

On an annual basis, an independent public accountant audits the Funds' records and provides each Fund with audited financial statements that are distributed to its investors within 120 days of the its fiscal year end by the respective third-party administrator or, in those cases where Funds are administered by the Adviser, by the Adviser. Each Fund's investors are also provided with tax information, including Schedule K-1s, where applicable, setting forth sufficient detail to enable them to prepare their respective income tax returns.

Item 14 Client Referrals and Other Compensation

A. Economic Benefits for Providing Services to Clients

The Adviser does not receive economic benefits, such as sales awards or prizes, from non-clients for providing investment advice and other advisory services.

B. Compensation to Non-Supervised Persons for Client Referrals

The Adviser may from time to time engage placement or referral agents for shares or interests in the Funds, or for SMAs. The Adviser may pay such agents a fixed fee or a portion of the fees paid to the Adviser. Where applicable, such compensation is paid in a manner intended to comply with SEC Rule 206(4)-3, which regulates the payment of solicitation fees by registered investment advisers, as well as applicable provisions of regulations under the Exchange Act.

Except as described in the above paragraph, the Adviser will not enter into any agreement with, or make commitments to, any broker-dealer that would bind the Adviser to compensate that broker-dealer, directly or indirectly, for client referrals. However, as mentioned previously, when one or more brokers is believed capable of providing the best price and execution with respect to a particular transaction, the Adviser may select a broker who has referred clients to the Adviser's firm or who may do so in the future. In doing so, the Adviser will not pay a higher commission than would be paid to other brokers for a similar transaction.

Item 15 Custody

Funds

The Adviser is deemed to have custody of funds and securities of the Funds because it has the authority to obtain client funds or securities, for example, by deducting advisory fees from a client's account or otherwise withdrawing funds from a client's account. Actual custody of funds and other client assets, however, is held at qualified custodians, not at the Adviser, in accordance with SEC regulations.

To ensure the Adviser is in compliance with Rule 206(4)-2 under the Advisers Act (the "Custody Rule"), the Adviser or the Funds' administrators provide Fund investors with audited financial statements for their respective Funds within 120 days of the end of such Funds' fiscal years. Fund investors should carefully review such statements. However, the Adviser is not required to comply (or is deemed to have complied) with certain requirements of the Custody Rule with respect to each client because it complies with the provisions of the Pooled Vehicle Annual Audit Exception.

SMAs

The adviser does not maintain custody of SMA

s.

Item 16 Investment Discretion

The Adviser generally has investment discretion with respect to clients' accounts. The Adviser's investment decisions with respect to each Fund are subject to each Fund's investment objectives and guidelines, as set forth in each Fund's Governing Documents. Similarly, the Adviser's investment decisions with respect to any SMA are subject to each client's investment objectives and guidelines, as set forth in the client's investment management agreement, as well as any written instructions provided by the client to the Adviser.

Item 17 Voting Client Securities

The Adviser generally has discretion to vote proxies and will do so in the best interest of its clients and in accordance with its written policies and procedures. In compliance with Rule 206(4)-6 under the Advisers Act, the Adviser has adopted proxy voting policies and procedures, which includes using a proxy voting service, Institutional Shareholder Services (“ISS”). The general policy is to vote proxy proposals, amendments, consents or resolutions (collectively, “Proxies”) in a prudent and diligent manner that will serve the applicable client’s best interest and is in line with each client’s investment objectives.

The Adviser may take into account all relevant factors, as determined by the Adviser in its discretion, including, without limitation: (i) the impact on the value of the securities or instruments owned by the relevant client and the returns on those securities; (ii) the anticipated associated costs and benefits; (iii) the continued or increased availability of portfolio information; and (iv) industry and business practices.

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

Conflicts of interest may arise between the interests of the clients, on the one hand, and the Adviser or its affiliates, on the other hand. If the Adviser determines that it may have, or is perceived to have, a conflict of interest when voting Proxies, the Adviser will vote in accordance with its Proxy voting policies and procedures. Clients and investors in the Funds may obtain a copy of the Adviser’s Proxy voting policies and its Proxy voting record upon request by contacting the CCO at (212) 445-7826 or jmcnulty@springowl.com.

Item 18 Financial Information

The Adviser is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to clients, and has not been the subject of a bankruptcy petition at any time during the past ten years.

Item 19 Requirements for State-Registered Advisers

Not applicable.