



ITEM 1  
COVER PAGE

**Part 2A of Form ADV: Firm Brochure**

**SADDLE POINT MANAGEMENT, L.P.**

**December 2021**

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*This brochure (the "Brochure") provides information about the qualifications and business practices of Saddle Point Management, L.P. If you have any questions about the contents of this Brochure, please contact us at 212-951-1223 or [compliance@saddlept.com](mailto:compliance@saddlept.com). The information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (the "SEC") or by any state securities authority.*

*Additional information about Saddle Point Management, L.P. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

*Registration with the SEC or any state securities authority does not imply a certain level of skill or training.*

## ITEM 2

### MATERIAL CHANGES

Saddle Point Management, L.P. (the “Investment Manager”, “Saddle Point”, “we” or “us”, as the context requires) is required to identify and discuss any material changes made to its Brochure since the last annual update; however, we filed an “other than annual amendment” in July 2021, and as such, we instead are identifying and discussing the material changes made to our Brochure since that time. In particular, since this last other than annual amendment, we have launched a new investment fund, Maxima Fund II, L.P. For information regarding this development, see Items 4-8 and 12-17.

## ITEM 3

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## ITEM 4

### ADVISORY BUSINESS

Saddle Point is a Delaware limited partnership that was formed on January 26, 2018. The Investment Manager currently has one office located in New York City, where its officers and employees are based.

Roy J. Katzovicz (the “Principal” or the “Chief Executive Officer”) serves as chief executive officer of Saddle Point and, as managing member of Saddle Point Management GP, LLC, the general partner of the Investment Manager, controls the Investment Manager. The general partner of the Investment Manager has ultimate responsibility for the management, operations and investment decisions made by the Investment Manager. Mr. Katzovicz is also the principal owner of Saddle Point.

The Investment Manager currently provides investment management services to three private investment funds: (i) Maxima Fund I, L.P. (“Maxima I” or a “Fund”), a Delaware limited partnership formed on July 31, 2018, (ii) Maxima Fund II, L.P. (“Maxima II” or a “Fund”, and together with Maxima I, the “Funds”), a Delaware limited partnership formed on April 20, 2020 and (iii) Optima Value Holdings, L.P. (“Optima”), a Delaware limited partnership formed on May 6, 2020 (fka Optima Value I GP, LLC). Each of Saddle Point GP, LLC, Maxima Fund II GP, LLC and Optima Value GP, LLC (each, a “General Partner” and collectively, the “General Partners”) serves as general partner of Maxima I, Maxima II and Optima, respectively, and each is an affiliate of the Investment Manager and is also controlled by Mr. Katzovicz.

Interests in Maxima I are offered on a private placement basis in compliance with the exemptions provided by Section 3(c)(7) of the U.S. Investment Company Act of 1940, as amended (the “Company Act”) to persons that are “accredited investors” as defined under the U.S. Securities Act of 1933, as amended (the “Securities Act”) and “qualified purchasers” (or “knowledgeable employees”) as defined under the Company Act. Interests in Maxima II are offered on a private placement basis in compliance with the exemptions provided by Section 3(c)(1) of the Company Act to persons that are “accredited investors” and “qualified clients” as defined under Rule 205-3 of the U.S. Investment Advisers Act of 1940, as amended (the “Advisers Act”). The Investment Manager manages the Funds in accordance with the investment objectives and strategies as set forth in each Fund’s Confidential Private Placement Memorandum (each, an “Offering Memorandum”) and does not tailor its services to any particular private investor in any Fund.

Optima currently contains only proprietary assets. The Investment Manager has also established a proprietary account (the “Proprietary Account”) that may from time to time invest in securities of certain issuers that are also invested in other client accounts, although the Proprietary Account does not hold any such securities currently.

In addition to the investment management services it provides, the Investment Manager may enter into research-for-hire arrangements from time to time. The Investment Manager currently has a research arrangement in place. The Investment Manager does not, and in the event that it enters into additional research-for-hire arrangements in the future, will not serve in a discretionary capacity with respect to such clients (each, a “research client”).

In the future, Saddle Point may form additional private investment funds, serve as sub-adviser to third-party private investment funds, or act as an adviser to managed accounts (each such client, a “Future Client”), or enter into additional sale of research arrangements with third parties.

In this Brochure, the term “client” generally refers to the Funds, Optima (as applicable) and any Future Client that the Investment Manager manages or sub-advises on a discretionary basis. As noted above, we may enter into sale of research arrangements in the future. To the extent that any responses provided in this Brochure are relevant to the research clients, we will separately note this.

The Investment Manager does not tailor its advisory services to the individual needs of the investors in any Fund.

The Investment Manager does not participate in any wrap fee programs.

The Investment Manager managed approximately \$21 million on a discretionary basis as of November 30, 2021. As of the date of this filing, the Investment Manager does not manage any assets on a non-discretionary basis that are

deemed to be “regulatory assets under management.” Any compensation received in connection with a separate sale of research arrangement would not be included in regulatory assets under management.

## ITEM 5 FEES AND COMPENSATION

### Optima

The investors in Optima do not currently pay fees.

### Maxima I

Maxima I's investors are all qualified purchasers, as such term is defined in Section 2(a)(51)(A) of the Company Act.

The fees and compensation applicable to Maxima I are set forth in detail in the Fund's Offering Memorandum. A brief summary of the Fund's fees and compensation is set forth below (all of which is qualified by, and subject to, the language of the Offering Memorandum).

**Management fee** – Maxima I will pay, in advance, a management fee to the Investment Manager on a monthly basis.

A *pro rata* portion of the management fee will be paid out of any capital contributions made by any investor on any date that does not fall on the first business day of a month. If an investor makes a withdrawal at any time other than at the end of a month, a *pro rata* portion of the management fee will be repaid to the Fund for the benefit of the withdrawing investor. The General Partner's capital account will not be debited with any management fee.

**Incentive allocation** – An incentive allocation will be allocated from each limited partner's capital account to the General Partner's capital account at the end of certain periods as set forth in the Offering Memorandum. The General Partner may be entitled to distributions in respect of certain taxes if and when assessed that will be withdrawn from a "provisional incentive allocation" as of a fiscal year end. The General Partner's capital account will not be subject to an incentive allocation.

In the sole discretion of the Investment Manager, the management fee and/or the incentive allocation may be waived, reduced or calculated differently with respect to any capital account held by any Fund investor, including, without limitation: (i) employees, former employees, partners or members of the Investment Manager or the General Partner (other than advisory committee members) and trusts or other charitable entities directed, supported, controlled by, or established primarily for the benefit of, the foregoing persons, and (ii) advisory committee members, other customary "friends and family" investors and trusts or other charitable entities directed, supported, controlled by, or established primarily for the benefit of, the foregoing persons and others who may hold interests in the Fund and who have provided or are expected to provide material business assistance to the Investment Manager, the General Partner or the Fund.

Fees and compensation paid to the Investment Manager or its affiliates by the Fund are generally deducted from the assets of the Fund.

### **Expenses of the Fund**

In consideration of the management fee, the Investment Manager will provide office space and utilities; administrative services; and secretarial, clerical and other personnel to the Fund. The Investment Manager will bear the costs of providing these goods and services, and its own overhead costs and expenses, except to the extent the goods, services, costs and expenses are: (i) provided for through soft dollars generated by the Fund, or (ii) are Fund expenses as provided below.

The Fund will bear those operating and other expenses that the General Partner deems necessary or desirable in connection with the Fund's business, including, without limitation, accounting, auditing, entity-level taxes imposed on or with respect to the Fund (with or without regard to the status or attributes of the partners), and tax preparation fees and expenses, legal fees and expenses (including fees and expenses relating to regulatory and self-regulatory organization filings and compliance made in connection with the Fund's business and activities, investments and prospective investments including Form PF, Hart-Scott-Rodino, exchange filings, court filings and other similar

filings, including fees and expenses incurred as a result of failing to make the filings, and fees and expenses relating to regulatory or similar investigations, inquiries and “sweeps”), all insurance fees and expenses, indemnification and advancements thereof and other related expenses, professional fees and expenses (including fees and expenses of investment bankers, management consultants, appraisers, public relations firms, and other consultants and experts), investment-related fees and expenses whether incurred prior to or after the launch of the Fund (including (i) fees and expenses associated with investment research and due diligence, (ii) fees and expenses (including travel and lodging expenses) associated with investment-related campaigns such as fees and expenses related to event hosting and production, public presentations, creating and maintaining informational websites, public relations, paid advertising and other expenses related to media campaigns, forensic and other analyses and investigations, proxy contests, solicitations and tender offers, and compensation, indemnification and advancements thereof, and other reasonable travel and lodging expenses of any nominees proposed by the Investment Manager as directors or executives of portfolio companies, (iii) fees and expenses (including travel and lodging expenses) relating to unaffiliated advisers and consultants, (iv) printing and postage expenses, brokerage fees and commissions, fees and expenses relating to short sales (including dividend and stock borrowing expenses), clearing and settlement charges, custodial fees, bank service fees, margin and other interest expense and transaction fees, (v) fees and expenses (including indemnification expenses and advances thereof) incurred in connection with activities of prime brokers, executing brokers, over-the-counter counterparties and/or trading platforms, instrumentalities and/or agency arrangements provided by any third-party, co-investor or “group” member (as defined under the Securities Exchange Act of 1934, as amended), (vi) fees and expenses of the order management system as it relates to the Fund’s trading and analytics and/or (vii) fees and expenses relating to newswire, quotation equipment and services, market data services, third-party providers of research, publications, periodicals, subscriptions and database services, data processing and computer software expenses, due diligence, providers of specialized data and/or analysis related to companies, sectors or asset classes in which the Fund had made or intends to make an investment), initial offering and organizational expenses, filing and registration fees (e.g., “blue sky” and corporate filing fees and expenses), on-going offering and marketing expenses (including the offering and sale of interests in compliance with the marketing rules of other jurisdictions and fees and expenses related thereto), payments for custody of the Fund’s assets and administrative expenses (including fees and expenses of the administrator), the management fee, and other Fund expenses as approved by the General Partner.

Non-exclusive examples of expenses not explicitly listed in the above paragraph but for which the General Partner is entitled to treat as a Fund expense are: (i) fees and expenses (including fees and expenses of accountants and other advisers) of preparing, creating, printing, copying, and distributing financial statements, tax returns, financial information and reports to the limited partners and schedules K-1, (ii) with respect to the Fund’s indemnification obligations (and any advancements thereof), any fees and expenses related to any settlement, litigation, proceeding, arbitration, and investigation (collectively, “litigation”) and/or threatened litigation, with respect to both current and past investments, subject to any limitations set forth in the partnership agreement of the Fund, (iii) fees and expenses relating to representation by the “Partnership Representative” and the limited partners and fees and expenses incurred in connection with compliance with FATCA (or any similar reporting and/or withholding regimes in any jurisdiction), (iv) preparation and sending of any letters or other communications with respect to plans and proposals regarding the management, ownership, business and capital structure of the Company (as defined in the Fund’s Offering Memorandum) and compensation, indemnification and other expenses of nominees proposed by the Investment Manager (if any) as directors or executives of the Company, and related expenses (such as all costs incurred in connection with identifying and recruiting directors to serve on the board of the Company, if applicable, proxy solicitors, public relations experts and fees and expenses associated with “white papers”), (v) fees and expenses of pricing services, valuation firms, and financial modeling services, (vi) all fees and expenses relating to directors’ and officers’ liability insurance, errors and omissions insurance, and other similar policies in respect of the Fund and the Investment Manager, (vii) fees and expenses related to the maintenance of the Fund’s registered office and registered agent, (viii) fees and expenses in connection with the admission of new limited partners pursuant to the offering contemplated by the Offering Memorandum, including fees and expenses related to filings and registrations with local, state and other countries’ laws or regulations, the cost of updating the Offering Memorandum and other relevant documents, the negotiation of side letters and other related costs, (ix) wind-up and liquidation fees and expenses, (x) disgorgement due to Section 16 of the Securities Exchange Act of 1934, and (xi) other fees and expenses related to the Fund similar in type and nature to the fees and expenses described in (i) to (x) above.

It is impossible to anticipate all possible fees and expenses to be borne by the Fund and the list of fees and expenses described above is not exhaustive. Partners should expect that certain other fees and expenses will be borne by the

Fund from time to time; provided that for the avoidance of doubt, the Fund shall only be required to bear expenses related to the operation of its business.

To the extent that expenses to be borne by the Fund are borne by the General Partner or the Investment Manager on behalf of the Fund, the Fund will reimburse the General Partner or the Investment Manager (as applicable) for these expenses.

## Maxima II

**Management fee** – Maxima II will pay to the Investment Manager a management fee of up to 1% on an annual basis, which will be calculated and paid in monthly increments in advance based on the pre-tax net asset value of each capital account as of the beginning of such month. The General Partner’s capital account will not be debited with any management fee. The management fee will be pro-rated for a partial month. Under certain circumstances as set forth in Maxima II’s Offering Memorandum, the Investment Manager will no longer receive management fees including, without limitation, with respect to accounts affiliated with the General Partner, in the event the Manager determines to change its investment strategy or otherwise return capital to investors.

The management fee is also subject to offset with respect to transaction, consulting, management, monitoring, closing, topping, break-up and other similar fees received from the Company by the Investment Manager or its affiliates, but not including any fees or other consideration paid to individuals who serve as any affiliated party’s director-nominee or as a member of the Company’s board of directors.

**Incentive allocation** – At the end of the term of the fund or upon any withdrawal, the General Partner will cause the Fund to reallocate from each capital account to the General Partner’s capital account an incentive allocation in an amount equal to 10% of the adjusted net capital appreciation. The General Partner’s capital account will not be subject to an incentive allocation.

In addition, as of the last day of each fiscal year during the term of Maxima II, with respect to each capital account, the General Partner will reallocate an amount equal to the incentive allocation accrued through the end of such fiscal year (the “Provisional Incentive Allocation”) based on the adjusted net capital appreciation allocated to such capital account through the end of such fiscal year and taking into account any Provisional Incentive Allocation previously allocated to the General Partner’s capital account for prior fiscal years to a provisional memorandum account for the General Partner with respect to such capital account (a “Provisional Account”). The General Partner may not withdraw or receive any distributions in respect of the Provisional Incentive Allocation, except with respect to tax distributions. As of the end of the term of the fund or upon any withdrawal, the General Partner will reallocate an amount equal to the incentive allocation accrued with respect to the Performance Period, less the cumulative Tax Distributions previously made with respect to such capital account, from the Provisional Account to the General Partner’s capital account and any portion of such amount allocated to the General Partner’s capital account may be withdrawn by the General Partner. The General Partner will reallocate any balance remaining in the Provisional Account after such allocation to the related capital account. The General Partner will invest Provisional Accounts (less any amount distributed to the General Partner for tax distributions) in the Fund’s investment program; provided, however, that any appreciation or depreciation (net of tax distributions described above) will be credited or debited, as the case may be, to the related capital account. The Provisional Incentive Allocation amount less cumulative tax distributions related to each capital account will be included in the capital accounts for purposes of calculating the management fee.

In the sole discretion of the Investment Manager, the management fee and/or the incentive allocation may be waived, reduced or calculated differently with respect to any capital account held by any Fund investor, including, without limitation: (i) employees, former employees, partners, former partners, members or former members of the Investment Manager or the General Partner (other than advisory committee members) and trusts or other charitable entities directed, supported, controlled by, or established primarily for the benefit of, the foregoing persons, and (ii) advisory committee members, other customary “friends and family” investors and trusts or other charitable entities directed, supported, controlled by, or established primarily for the benefit of, the foregoing persons and others who have provided or are expected to provide material business assistance to the Investment Manager, the General Partner or the Fund, whether such investments are made through the Fund or the General Partner.



Fees and compensation paid to the Investment Manager or its affiliates by the Fund are generally deducted from the assets of the Fund.

## **Expenses of Maxima II**

In consideration of the management fee, the Investment Manager will provide office space and utilities; administrative services; and secretarial, clerical and other personnel to the Fund. The Investment Manager will bear the costs of providing such goods and services, and its own overhead costs and expenses, except to the extent such goods, services, costs and expenses are: (i) provided for through soft dollars generated by the Fund, or (ii) are Fund expenses as provided below.

The Fund will bear those operating and other expenses that the General Partner deems necessary or desirable in connection with the Fund's business, including, without limitation, accounting, auditing, entity-level taxes imposed on or with respect to the Fund (with or without regard to the status or attributes of the Partners), and tax preparation and filing fees and expenses, legal fees and expenses (including fees and expenses relating to regulatory and self-regulatory organization filings and compliance made in connection with the Fund's business and activities, investments and prospective investments including Form PF, Hart-Scott-Rodino, exchange filings, court filings and other similar filings and disclosure obligations, including fees and expenses incurred as a result of failing to make such filings and disclosures, and fees and expenses relating to regulatory or similar investigations, inquiries and "sweeps"), *all insurance fees and expenses*, indemnification and advancements thereof and other related expenses, *professional fees and expenses (including fees and expenses of investment bankers, management consultants, appraisers, public relations and government relations firms and officials, and other consultants and experts)*, *investment-related fees and expenses whether incurred prior to or after the launch of the Fund (including (i) fees and expenses associated with investment research and due diligence, (ii) fees and expenses (including travel and lodging expenses) associated with, or otherwise related to, the Investment Manager's activities with respect to the Company and/or any activist campaigns including, without limitation, event hosting and production, public presentations, creating and maintaining informational websites, paid advertising and other expenses related to media campaigns, forensic and other analyses and investigations, proxy contests, solicitations and tender offers, and compensation, indemnification and advancements thereof, and other reasonable travel and lodging expenses of any nominees proposed by the Investment Manager as directors or executives of portfolio companies, (iii) fees and expenses (including travel and lodging expenses) relating to unaffiliated advisers and consultants, (iv) printing and postage expenses*, brokerage fees and commissions, fees and expenses relating to short sales (including dividend and stock borrowing expenses), clearing and settlement charges, custodial fees, bank service fees, margin and other interest expense and transaction fees, (v) fees and expenses incurred in connection with activities of prime brokers, executing brokers, over-the-counter counterparties and/or trading platforms and instrumentalities and/or agency arrangements provided by any third-party, co-investor or "group" member, (vi) fees and expenses of the order management system as it relates to the Fund's trading and analytics and/or (vii) fees and expenses relating to newswire, quotation equipment and services, market data services, third-party providers of research, publications, periodicals, subscriptions and database services, data processing and computer software expenses, due diligence, providers of specialized data and/or analysis related to the Company, and its relevant sectors and/or asset classes, initial offering and organizational expenses, filing and registration fees (e.g., "blue sky" and corporate filing fees and expenses), ongoing offering and marketing expenses (including the offering and sale of interests in compliance with the marketing rules of other jurisdictions and fees and expenses related thereto), payments for custody of the Fund's assets and administrative expenses (including fees and expenses of the administrator), the management fee, and other Fund expenses as approved by the General Partner.

Non-exclusive examples of expenses not explicitly listed in the above paragraph but for which the General Partner is entitled to treat as a Fund expense are: (i) fees and expenses (including fees and expenses of accountants and other advisers) of preparing, creating, printing, copying, and distributing financial statements, tax returns, financial information and reports to the limited partners and schedules K-1, (ii) with respect to the Fund's indemnification obligations (and any advancements thereof), any fees and expenses related to any settlement, litigation, proceeding, arbitration, and investigation (collectively, "litigation") and/or threatened litigation, with respect to both current and past investments, subject to any limitations set forth in the partnership agreement of the Fund, (iii) fees and expenses relating to representation by the "Partnership Representative" and the limited partners and fees and expenses incurred in connection with compliance with FATCA (or any similar reporting and/or withholding regimes in any jurisdiction), (iv) *preparation and sending of any letters or other communications with respect to plans and proposals regarding*

*the management, ownership, business and capital structure of the Company and compensation, indemnification and other expenses of any nominees proposed by the Investment Manager as directors or executives of the Company, and related expenses (such as all costs incurred in connection with identifying and recruiting nominees to serve on the board of directors of the Company, if applicable, proxy solicitors, public relations experts and fees and expenses associated with “white papers”), (v) fees and expenses of pricing services, valuation firms, and financial modeling services, (vi) all fees and expenses relating to directors’ and officers’ liability insurance, errors and omissions insurance, and other similar policies in respect of the Fund and the Investment Manager, (vii) fees and expenses related to the maintenance of the Fund’s registered office and registered agent, (viii) fees and expenses in connection with the admission of new limited partners pursuant to the offering, including fees and expenses related to filings and registrations with local, state and other countries’ laws or regulations, the cost of updating the Offering Memorandum and other relevant documents, the negotiation of side letters and other related costs, (ix) wind-up and liquidation fees and expenses, (x) disgorgement due to Section 16 of the Exchange Act, and (xi) other fees and expenses related to the Fund similar in type and nature to the fees and expenses described in (i) to (x) above.*

All of the foregoing expenses that are italicized will be referred to as “Engagement Expenses”.

It is impossible to anticipate all possible fees and expenses to be borne by the Fund and the list of fees and expenses described above is not exhaustive. Limited partners should expect that certain other fees and expenses will be borne by the Fund from time to time.

The General Partner will cause the Fund expenses to be borne by all capital accounts on a pro-rata basis; provided, that certain Fund expenses incurred on behalf of or for the benefit of a particular partner or former partner) may be specially allocated.

To the extent that the above expenses are incurred jointly for the account of Maxima II and other parties (as more fully described in Maxima II’s Offering Memorandum), the General Partner will allocate such expenses among Maxima II and such other parties on a pro-rata basis in proportion to the size of the investment made by each in the activity or entity to which the expenses relate or in any other manner deemed fair and equitable as determined by the General Partner, in its reasonable discretion. Any indemnification obligations that relate to any engagement by the Investment Manager with respect to the Company and incurred by the Fund, the other Saddle Point sponsored participating parties and the Research and Voting Accounts will be joint and several among all of the accounts other than the Research and Voting Accounts (as more fully described in Maxima II’s Offering Memorandum), and several among the Research and Voting Accounts. In addition, the Research and Voting Accounts will only be responsible for indemnification expenses up to a certain cap. As a result, the Fund (and other participating parties) would, if the indemnification obligations were in excess of the cap, pay more than its *pro rata* share of such indemnification obligations.

The Investment Manager agrees not to incur material expenses in connection with a public, contested proxy campaign for the purpose of nominating new directors or removing incumbent directors unless the aggregate expense-bearing assets of the Fund and other participating parties at the time of the commencement of such campaign are equal to or greater than a certain threshold (as more fully described in Maxima II’s Offering Memorandum); provided, that the Investment Manager is not required to reach the threshold under certain circumstances. The Investment Manager will request and receive approval from the Fund prior to knowingly incurring aggregate Engagement Expenses allocable to the Fund, whether paid in advance or reimbursed, allocable in excess of an expense cap set forth in the Offering Memorandum.

To the extent that expenses are incurred for (i) the Fund and/or other parties (as more fully described in Maxima II’s Offering Memorandum) and/or Research and Voting Accounts, on the one hand, and (ii) the Investment Manager and/or the General Partner or their respective affiliates, on the other hand, then the Investment Manager will allocate such expenses, in its reasonable discretion, between the Fund and the relevant other parties and Research and Voting Accounts, if applicable, on the one hand, and the Investment Manager and/or the General Partner and/or such affiliates, on the other hand, in proportion to the size of the investment made by each in the activity or entity to which the expenses relate or in any other manner deemed fair and equitable as determined by the General Partner, in its reasonable discretion.

To the extent that expenses to be borne by the Fund are borne by the General Partner or the Investment Manager on behalf of the Fund, the Fund will reimburse the General Partner or the Investment Manager (as appropriate) for such expenses.

#### Research Arrangements

The research clients have separately negotiated arrangements. Generally speaking, the research clients pay, in advance, a management fee to the Investment Manager on a monthly basis, and will also pay an incentive fee at the end of the specified term.

#### Other Fees and Compensation

Other than as set forth above, neither the Investment Manager nor any of its supervised persons accepts compensation (*e.g.*, brokerage commissions) for the sale of securities or other investment products.

As noted above, in the future the Investment Manager may manage or sub-advise Future Clients or enter into additional sale of research arrangements with third parties. The Investment Manager may earn any type of compensation with respect to these clients and arrangements, including without limitation, asset-based fees, incentive fees/allocations and/or other types of fees (*e.g.*, withdrawal fees), and any of these fees and allocations may be payable/allocable in advance or in arrears. Generally, all fees and allocations will be deducted from client assets; however, certain clients may be billed separately. Further, any fees and allocations may be waived by the Investment Manager (or its affiliates) at its discretion.

## ITEM 6

### PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As noted above, the Investment Manager currently manages the Funds from which it receives management fees and performance-based compensation.

Conflicts arise when certain client accounts have different asset-based fees or more (or less) favorable performance-based compensation arrangements than others -- e.g., if Saddle Point and its affiliates have a greater economic incentive to favor client accounts that pay higher fees, especially if one account pays performance-based compensation and some do not, there is a potential for one client account to be favored over another.

Saddle Point's policy is to allocate investment opportunities on a fair and equitable basis over time and in a manner that is consistent with the investment objectives of each client account. As a general matter (subject to legal, regulatory, tax and other considerations), for any client investing side-by-side with other clients (as determined in the Investment Manager's sole discretion), the Investment Manager will generally allocate securities among the participating clients on a proportionate basis pursuant to policies that are intended to result in the clients generally holding similar securities or other financial instruments relative to their respective net asset values, and to the extent that orders are aggregated, the orders will generally be allocated at an average price where possible. This general allocation may also be affected by the investment policies of the Investment Manager. See "Item 11D—Code of Ethics, Participation or Interest in Client Transactions and Personal Trading." The Investment Manager also has created a Compliance Committee that is responsible for, among other things, discussing ways to address and mitigate conflicts of interest, which would include addressing conflicts that arise from side-by-side management of client accounts that have different fee arrangements, as necessary.

As noted above, the Investment Manager may receive management fees and performance-based compensation from the research clients, however the Investment Manager does not manage the research clients' assets.

Certain of our related persons also received "founders shares" of the SPAC, which only have value if the SPAC consummates an initial business acquisition.

## ITEM 7

### TYPES OF CLIENTS

The Investment Manager provides advice to the Funds, which are private investment funds, as described above. Investors in the Funds may include high net worth individuals, trusts, estates, family offices, private investment funds, pension funds, endowments, foundations and insurance companies. Investors in the Fund must meet certain eligibility requirements as set forth in the Offering Memorandum. Maxima I generally requires a minimum investment amount of \$1,000,000 and Maxima II generally requires a minimum investment of \$250,000; however, the Funds may accept lower subscription amounts as described in each Fund's offering documents.

Optima currently contains proprietary assets of certain personnel of the Investment Manager.

As noted above, in the future the Investment Manager may manage or sub-advise Future Clients or enter into sale of research arrangements with third parties. Investors in any such Future Clients or any such third-party recipients of research may include high net worth individuals, trusts, estates, family offices, private investment funds, pension funds, endowments, foundations and insurance companies.

## ITEM 8

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

Although the description set forth in this Brochure primarily relates to the investment strategies pursued, and investments made, by the Investment Manager on behalf of the Funds, this should not be understood to limit in any way the Investment Manager's investment activities. The Investment Manager may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that the Investment Manager considers appropriate, subject to each client's investment objectives and guidelines. The investment strategies the Investment Manager pursues are speculative and entail substantial risks. Clients 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.

#### I. Funds

##### A. Methods of Analysis and Investment Strategies of Maxima I.

Maxima I seeks to create capital appreciation by gaining exposure, directly or indirectly, to securities issued by a particular company or any of its subsidiaries or affiliates (collectively, the "Company") and related derivatives and hedging instruments. The Fund may seek to effect change in the governance, strategy, business, finances, capitalization, operations and capital allocation of the Company. The identity of the Company may or may not be disclosed the limited partners.

The Investment Manager, on behalf of the Fund, is permitted to invest in any manner and type of security (or derivative thereof). Although the Investment Manager has no obligation to do so, it has the authority to make any investments for hedging purposes including, but not limited to, hedging of interest rate risk, counterparty risk, currency risk, credit risk, equity (including securities of the Company and derivatives thereto) and/or equity market risk.

In effecting the foregoing, the Investment Manager, on behalf of the Fund, may invest by creating long or short exposure in interests of any kind, including, without limitation, securities and other financial instruments, as well as other assets, whether traded on an organized exchange, through "pink sheets," over-the-counter, or otherwise, including capital stock; shares of beneficial interest; partnership interests and similar financial instruments; equity, debt, and all equity-related and debt-related derivative products, including, but not limited to, (i) forwards or futures contracts (and options thereon) relating to individual equities and/or stock indices, custom baskets and other financial instruments, (ii) swaps (including total return swaps whether settled in cash or otherwise), options, swaptions and warrants, and (iii) agreements relating to or securing these transactions; participations; mutual funds, exchange-traded funds and similar financial instruments, in each case, of any natural person, partnership, limited liability company, corporation, unincorporated association, joint venture, trust, state or any other entity or any governmental agency or political subdivision thereof, whether or not publicly traded or readily marketable. The Fund may also invest in cash equivalents, money market funds, U.S. Treasury securities and similar instruments.

The Fund will be a concentrated investor, principally in the equity of the Company. The Fund is not subject to any diversification or concentration limits (and currently expects to concentrate all or substantially all of its exposure in the Company), and is not subject to any limitations on position size, other than certain position limits that may be imposed by regulatory agencies that are generally applicable to market participants and expectations relating to the level of leverage described below.

#### Leverage

In certain circumstances, the Fund may borrow money for financing purposes. The General Partner will not cause the Fund to borrow funds in an amount in excess of 25% of the Fund's gross assets (i.e., total monies borrowed divided by gross assets), in the aggregate, measured at the time of each borrowing.

The Investment Manager, on behalf of the Fund, may also enter into one or more derivative securities including, without limitation, equity forwards and/or futures, purchasing and selling options including in various combinations (by way of example only, purchasing call options, selling put options) and, in each case, related securities for a portion, and potentially a substantial portion, of its investment in the Company in order to add investment-specific non-recourse leverage to its investment in the Company (also known as synthetic leverage). These options or forwards may have strike prices more than 50% below the then trading price of the Company at the time of purchase. The Fund may also use other derivatives in order to obtain security specific non-recourse leverage, or for other reasons (consistent with the purpose of the Fund). Any synthetic leverage associated with entering into these securities will be included in the calculation of the 25% threshold discussed above. Synthetic leverage will be calculated, as of each date on which the Fund enters into a derivative security.

A more detailed description of the methods of analysis and investment strategies of the Fund is set forth in the Fund's Offering Memorandum.

#### B. Methods of Analysis and Investment Strategies of Maxima II

Maxima II seeks to create capital appreciation by (1) gaining exposure, directly or indirectly, to securities issued by a particular company or any of its subsidiaries or affiliates (collectively, the "Company") and related derivatives and hedging instruments, and other derivatives and hedging instruments which may include, among other things, equity and debt financial instruments related and/or correlated to the Company, its relevant sector or market and/or other broader-based indices or custom baskets of issuers and (2) seeking to effect change in, among other things, the governance, strategy, business, finances, capitalization, operations and capital allocation of the Company in an effort to increase the value of that exposure. The identity of the Company may or may not be disclosed to the limited partners. Typically, a limited partner or prospective limited partner to whom the identity of the Company is proposed to be communicated will be asked to execute a confidentiality agreement.

The Investment Manager, on behalf of the Fund, is permitted to invest in any manner and type of security (or derivative thereof). Although the Investment Manager has no obligation to do so, it has the authority to make any such investments for hedging purposes including, but not limited to, hedging of interest rate risk, counterparty risk, currency risk, credit risk, equity (including securities of the Company and derivatives thereto), sector risk and/or broader equity market risk.

In effecting the foregoing, the Investment Manager, on behalf of the Fund, may invest by creating long or short exposure in interests of any kind, including, without limitation, securities and other financial instruments, as well as other assets, whether traded on an organized exchange, through "pink sheets," over-the-counter, or otherwise, including capital stock; shares of beneficial interest; partnership interests and similar financial instruments; equity, debt, and all equity-related and debt-related derivative products, including, but not limited to, (i) forwards or futures contracts (and options thereon) relating to individual equities and/or stock indices, custom baskets and other financial instruments, (ii) swaps (including total return swaps whether settled in cash or otherwise), options, swaptions and warrants, and (iii) agreements relating to or securing such transactions; participations; mutual funds, exchange-traded funds and similar financial instruments, in each case, of any natural person, partnership, limited liability company, corporation, unincorporated association, joint venture, trust, state or any other entity or any governmental agency or political subdivision thereof, whether or not publicly traded or readily marketable. The Fund may also invest in cash equivalents, money market funds, U.S. Treasury securities and similar instruments.

The Fund will be a concentrated investor, principally in the equity of the Company. The Fund is not subject to any diversification or concentration limits (and currently expects to concentrate all or substantially all of its exposure in the Company), and is not subject to any limitations on position size, other than certain position limits that may be imposed by regulatory agencies that are generally applicable to market participants and expectations relating to the level of leverage described herein.

#### Leverage

In certain circumstances, the Fund may borrow money for financing purposes. The General Partner will not cause the Fund to borrow funds in an amount in excess of 25% of the Fund's gross assets (i.e., total monies borrowed divided by gross assets), in the aggregate, measured at the time of such borrowing (the "25% Leverage Cap").

The Investment Manager, on behalf of the Fund, may also enter into one or more derivative securities including, without limitation, equity forwards and/or futures, purchasing and selling options including in various combinations (by way of example only, purchasing call options, selling put options) and, in each case, related securities for a portion, and potentially a substantial portion, of its investment in the Company in order to add investment-specific non-recourse leverage to its investment in the Company (also known as synthetic leverage). These options or forwards may have strike prices more than 50% below the then trading price of the Company at the time of purchase. The Fund may also use other derivatives in order to obtain security specific non-recourse leverage, or for other reasons (consistent with the purpose of the Fund). It is the Investment Manager's intention, on behalf of the Fund, to pay premiums for options in full upon purchase of any calls, to sell covered calls and keep cash in an amount sufficient to satisfy in full any obligation in the event that the Investment Manager sells any puts. In addition, if and to the extent the Investment Manager, on behalf of the Fund, enters into forward contracts or total return swaps, generally it intends to post to counterparties (or retain) cash (or cash equivalents) collateral at least equal to the Fund's full potential liability with respect to each such derivative security. Any synthetic leverage associated with entering into these securities will not be included in the calculation of the 25% Leverage Cap. However, with respect to forward contracts or total return swaps, if collateral is not posted to counterparties or retained in cash (or cash equivalents) in the Fund's account as set forth above, then any potential liability of the Fund with respect to such derivative securities will be deemed "borrowed funds" for purposes of calculating the 25% Leverage Cap.

A more detailed description of the methods of analysis and investment strategies of the Fund is set forth in the Fund's Offering Memorandum

D. Material, Significant, or Unusual Risks Relating to Investment Strategies of the Funds.

*The following list of risk factors with respect to investing in the Funds cannot and is not intended to be exhaustive. Additional risk factors can be found in each Fund's Offering Memorandum. Further, new risks not addressed below or in the Offering Memoranda may affect a Fund in the future. Prospective limited partners should consult their own legal, tax and financial advisers about the risks of an investment in the Funds. The following risk factors and other relevant risks could have a material and adverse effect on the Funds and the limited partners' investments.*

Risks Relating to Private Investment Funds Generally

**Regulatory Changes for Hedge Funds.** The legal, tax and regulatory environment worldwide for private investment funds (such as the Funds) and their managers is evolving, and changes in the regulation of private investment funds, their managers, and their trading and investing activities may have a material and adverse effect on the ability of the Funds to pursue its investment program and the value of investments held by the Funds. There has been an increase in scrutiny of the alternative investment industry by governmental agencies and self-regulatory organizations. New laws and regulations or actions taken by regulators that restrict the ability of the Funds to pursue its investment program or conduct business with brokers and other counterparties could have a material and adverse effect on the Funds and the investors' investments. These laws and regulations may also materially increase the costs of operating the Funds and the costs of executing and financing certain strategies utilized by the Funds, which costs are borne by the Funds and may limit the Fund's ability to achieve its goals. In addition, the Investment Manager may, in its sole discretion, cause the Funds to be subject to certain laws and regulations if it believes that an investment or business activity is in a Fund's interest, even if these laws and regulations may have a detrimental effect on one or more limited partners, the liquidity of the Fund's investments and/or the fees and expenses borne by the Funds.

**Dodd-Frank Act.** The U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") was enacted in July 2010. The Dodd-Frank Act has resulted in extensive rulemaking and regulatory changes that affect private fund managers, the funds that they manage and the financial industry as a whole. Additionally, under the Dodd-Frank Act, the SEC has mandated new recordkeeping, reporting, central clearing and mandatory trading on electronic facilities requirements for investment advisers, which add costs to the legal, operational and compliance obligations of the Investment Manager, the Funds and increase the amount of time that the Investment Manager spends on non-investment-related activities, which requirements will phase in over the next several years. The Dodd-Frank Act affects a broad range of market participants with whom the Funds may interact, including banks, non-bank financial institutions, rating agencies, mortgage brokers, credit unions, insurance companies, payday lenders and broker-dealers, and may change the way in which the Investment Manager conducts business with its brokers and other counterparties.



It is possible that these expanded reporting obligations will have an adverse impact upon derivatives trading. Exchange or other facility trading and trade reporting requirements, as well as clearing requirements, may reduce the liquidity of derivative transactions generally, leading to higher costs or the reduced availability of derivative instruments, which could adversely affect the trading activities and performance of market participants, such as the Investment Manager and the Funds. Even if certain new requirements are not directly applicable to the Funds or the Investment Manager, they may still increase the costs of entering into transactions with the parties to whom the requirements are directly applicable. From time to time, the U.S. Securities and Exchange Commission (the “SEC”) has communicated the possibility that it may conduct a broad review of the beneficial ownership reporting regime under Exchange Act. Rule 13d-1 of the Exchange Act currently requires anyone acquiring beneficial ownership of more than 5 per cent. of the equity securities of any class registered under Section 12 of the Exchange Act to disclose that beneficial ownership within ten days after the acquisition by filing a Schedule 13D (with certain exceptions applicable to investors who acquire securities without the purpose or effect of changing or influencing control). Pursuant to its authority under the Dodd-Frank Act, however, the SEC may consider, from time to time, whether to (among other things) (i) shorten this ten-day filing deadline, (ii) expand the definition of beneficial ownership to cover certain kinds of derivative instruments and (iii) alter the manner in which information is reported on Schedule 13D and Schedule 13G. Further, in February of 2013, the New York Stock Exchange, Inc. filed a rulemaking petition with the SEC seeking to shorten the reporting deadline for institutional investment managers under Rule 13f-1, from 45 days to two Business Days after the relevant calendar quarter. Although the SEC has not yet disclosed the fact, progress or result of its review, any of these changes could have a material and adverse effect on the Funds and the limited partner’s investment. In addition, the SEC could use its authority under Dodd-Frank Act to require reporting of short positions in Form 13F reports, which could negatively impact relationships with the issuers that a Fund is shorting or could attract purchasing from persons opposed to short sales.

**Systemic Risk.** Credit risk may arise through a default by or because of one of several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by or because of one institution may cause a series of defaults by the other institutions. This is sometimes referred to as a “systemic risk” and may adversely affect financial intermediaries, such as clearing houses, banks, securities firms and exchanges with which the Funds interact. A systemic failure could have material and adverse consequences on the Funds and on the markets for the securities in which the Funds seek to invest.

**Cyber Security Breaches and Identity Theft.** With the increased use of technologies such as the Internet and the dependence on computer systems to perform business and operational functions, portfolios (such as the Funds) and their service providers may be prone to operational and information security risks resulting from cyber-attacks and/or technological malfunctions. In general, cyber-attacks are deliberate, but unintentional events may have similar effects. Cyber-attacks include, among others, stealing or corrupting data maintained online or digitally, preventing legitimate users from accessing information or services on a website, releasing confidential information without authorization, and causing operational disruption. Successful cyber-attacks against, or security breakdowns of, the Funds, the Investment Manager, the General Partner or a custodian, or other affiliated or third-party service provider may adversely affect the Funds or the limited partners. For instance, cyber-attacks may interfere with the processing of transactions, affect the Fund’s ability to calculate net asset value, cause the release of private limited partner information or confidential Fund information, impede trading, cause reputational damage, and subject the Funds to regulatory fines, penalties or financial losses, reimbursement or other compensation costs, and additional compliance costs. Cyber-attacks may render records of Funds assets and transactions, ownership of the Interests, and other data integral to the functioning of the Funds inaccessible or inaccurate or incomplete. The Funds may also incur substantial costs for cyber security risk management in order to prevent cyber incidents in the future. The Funds and the limited partners could be negatively impacted as a result. While the Investment Manager intends to establish business continuity plans and has systems designed to minimize the risk of cyber-attacks through the use of technology, processes and controls, there are inherent limitations in these types of plans and systems, including the possibility that certain risks have not been identified given the evolving nature of this threat. The Funds rely on third-party service providers for many of its day-to-day operations, and will be subject to the risk that the protections and protocols implemented by those service providers will be ineffective to protect the Funds from cyber-attack.

**Force Majeure Events.** The Fund’s investments may be affected by force majeure events (i.e., events beyond the control of the party claiming that the event has occurred, including, without limitation, acts of nature, fire, flood, earthquakes, outbreaks of an infectious disease, pandemics or other serious public health concerns, war, terrorism, labor strikes, major plant breakdowns, pipeline or electricity line ruptures, failure of technology, defective design and

construction, accidents, governmental policies and social instability). Some force majeure events may adversely affect the ability of a party (including the Funds or a counterparty) to perform its obligations until it is able to remedy the force majeure event, if capable of remedying. Certain force majeure events (such as war or an outbreak of an infectious disease) could have a broader negative impact on the economies and securities markets, and could adversely affect individual issuers or related groups of issuers, securities markets, interest rates, credit ratings, inflation, investor sentiment, and other factors affecting the value of the Fund's investments. Force majeure events could also affect the principal prime brokers that carry and clear the Fund's trades and positions. The inability of key marketplace intermediaries to function could have an adverse impact upon liquidity as well as the ability of the Funds to trade positions. Such events could also have a direct physical impact upon the Funds and/or the Investment Manager's operations, including the destruction of the Investment Manager's office and/or loss of life to key personnel of the Investment Manager. While the Investment Manager has taken certain steps to mitigate the adverse consequences that could arise from the occurrence of a force majeure event, the inability to predict the timing, location, source and severity of such event or events make it difficult to provide assurances that the Funds would not suffer adverse consequences should such an event occur.

**Coronavirus and Other Global Health Events.** Epidemics, pandemics and other widespread public health problems could adversely affect the Fund's performance. For example, in late 2019, a novel virus started causing a disease ("COVID-19") with severe acute respiratory syndromes in humans, at times with serious health complications that sometimes result in death. What began as a local outbreak in Wuhan, China, spread globally over the course of weeks, stressing advanced healthcare systems of Western countries and resulting in financial disruptions to an extent that remains unclear. On March 11, 2020, the World Health Organization assessed that the outbreak can be characterized as a pandemic. Many countries imposed restrictions on travel and strict measures of social distancing.

As the potential impact on global markets from COVID-19, or future epidemics, pandemics or other health crises, is uncertain, it is impossible to predict the extent to which any such crisis may negatively affect the Fund's performance or the duration of any potential business disruption. Precautions or restrictions imposed by governmental authorities and public health departments related to this pandemic are expected to result in indeterminate periods of decreased economic activity throughout the U.S. and globally, including reduced or ceased business operations, decline in international trade and shortages of supplies, goods and services. An outbreak such as COVID-19, and the reactions to such an outbreak, are expected to continue to cause uncertainty in the markets and businesses and are generally expected to adversely affect the performance of the U.S. and global economy, including due to market volatility, market and business uncertainty and closures, supply chain and travel interruptions, and extensive medical absences among the workforce, especially if new variants of the virus appear that may not be affected by currently developed vaccines. As a reaction to such an outbreak, governmental fiscal and economic measures have lead and could continue lead to an increase in spending and other forms of financial stimuli, and it is difficult to predict what effect such measures will have on the U.S. and global economies.

In addition, in response to the spread of COVID-19, many businesses, including the Investment Manager, have encouraged, or mandated that their personnel work from home in an effort to help slow the spread of the coronavirus pandemic. Notwithstanding such precautionary measures, the Investment Manager may still experience a significant increase in illness of its personnel. To the extent personnel, as a result of working remotely, rely more heavily on external sources for information and technology systems for their business-related communications and information sharing, that business will likely be more vulnerable to cybersecurity incidents and cyberattacks and could have more difficulty resuming normal operations in the event it is the target of such incident or attack.

The impact that pandemics and other public health events will have on the performance of the Funds in particular is uncertain, and it will depend to a large extent on future developments and new information that may emerge regarding the duration and severity of the coronavirus or other health crisis, and the actions taken by authorities and other entities to contain such crisis or treat its impact, all of which are beyond the Fund's control.

#### Risks Relating to Management

**Lack of Operating History.** The Funds, the General Partner and the Investment Manager are each newly formed entities and have little or no operating history upon which prospective limited partners can evaluate their anticipated performance. The Principal has been using strategies similar to the strategies described here in the past. However,

there can be no assurance that the Funds will achieve results comparable to those that the Principal has achieved in the past.

**Dependence on the Investment Manager, the General Partner and Certain Personnel.** The success of the Funds is dependent upon the ability of the Investment Manager to manage the Funds and effectively implement the Fund's investment program. The Fund's governing documents do not permit the limited partners to participate in the management and affairs of the Funds. If a Fund were to incur substantial losses or were subject to an unusually high level of withdrawals, the revenues of the Investment Manager may decline substantially. Any losses and/or withdrawals may impair the Investment Manager's ability to retain employees, provide the same level of service to the Fund and continue operations. The loss of the services of the Investment Manager or the General Partner or their key personnel could have a material and adverse effect on the Funds and the limited partners' investments.

**Investment and Due Diligence Process.** Before making investments for the Funds, the Investment Manager will conduct due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment, including the Fund's investment in the Company. When conducting due diligence, the Investment Manager may be required to evaluate important and complex business, financial, tax, accounting and legal issues. When conducting due diligence and making an assessment regarding an investment, including the Fund's investment in the Company, the Investment Manager will rely on the resources reasonably available to it, which in some circumstances whether or not known to the Investment Manager at the time, may not be sufficient, accurate, complete or reliable. Any due diligence may not reveal or highlight matters that could have a material and adverse effect on the value of an investment that is made by a Fund.

**Dependence on Service Providers.** The Funds are dependent upon its counterparties and the service providers, including the General Partner, the Investment Manager and their respective affiliates, the administrator, legal counsel, auditor, prime brokers, custodians and other service providers utilized by the Funds and/or its affiliates from time to time (the "Service Providers"). Errors are inherent in the operations of any business, and although the Investment Manager will transact with counterparties and Service Providers they believe to be reliable, the counterparties and Service Providers may commit errors (or engage in misconduct) from time to time. These errors or misconduct could have a material and adverse effect on the Funds and the limited partners' investments.

As the Funds has no employees, the Funds are reliant on the performance of the Service Providers and, accordingly, any business interruptions or errors caused by Service Providers could have an adverse effect on the Funds. Each limited partner's relationship in respect of its Interests is with the Fund only. Accordingly, absent a direct contractual relationship between the limited partner and the relevant Service Provider, no limited partner will have any contractual claim against any Service Provider for any reason related to its services to the Fund. Instead, the proper plaintiff in an action in respect of which a wrongdoing is alleged to have been committed against the Fund by the relevant Service Provider is, prima facie, the Fund.

**Retention and Motivation of Key Employees.** The success of the Funds is dependent upon the talents and efforts of highly skilled individuals employed by the Investment Manager and the Investment Manager's ability to identify and willingness to provide acceptable compensation to attract, retain and motivate talented investment professionals and other employees.

There can be no assurance that the Investment Manager's investment professionals will continue to be associated with the Investment Manager throughout the life of the Funds, and the failure to attract or retain investment professionals could have a material and adverse effect on the Funds and the limited partners' investments. Competition in the financial services industry for qualified employees is intense and there is no guarantee that, if lost, the talents of the Investment Manager's investment professionals could be replaced.

**Execution Risks and Investment Manager Error.** The execution of the trading and investment strategies employed by the Investment Manager for the Funds may require time-sensitive trades, complex trades, difficult to execute trades, use of negotiated terms with counterparties such as in the use of derivatives and the execution of trades involving less common or novel instruments. In each case, the Investment Manager seeks best execution and has a member of staff devoted to supervising the execution, settlement and clearing of trades. However, in light of the time pressures and complexity involved, some slippage, errors and miscommunications with brokers and counterparties are inevitable and may result in losses to the Funds. These losses may be caused by the Fund's brokers and counterparties or by the

Investment Manager or by a combination of the broker or counterparty and the Investment Manager. The Investment Manager may, but is not required to, attempt to recover losses from brokers or counterparties.

**Increased Regulatory Oversight.** Increased regulation and regulatory oversight of private investment funds and their managers may impose administrative burdens on the Investment Manager, including, without limitation, responding to examinations and other regulatory inquiries and implementing policies and procedures. These administrative burdens may divert the Investment Manager's time, attention and resources from portfolio management activities. Regulatory inquiries are generally confidential in nature, may involve a review of an individual's or a firm's activities or may involve studies of the industry or industry practices, as well as the practices of a particular institution.

**Securities Law Compliance Risks.** The domestic and foreign laws and regulations governing trading in the securities markets (and governing investing in other kinds of markets) are often complex and difficult to implement and monitor (and may be even more difficult to implement and monitor in light of the speed with which certain regulatory changes have been implemented in certain jurisdictions), especially in the context of funds structured like the Funds, and are subject to re-interpretation (or different interpretations from those applied by the Funds in light of information currently available to the Investment Manager), which could expose the Funds, the Investment Manager and their respective affiliates to liability.

#### Risks Relating to the Business of the Firm

**Sharing of Information Regarding the Company, Discretionary Advisory Arrangements, Sale of Research and Split Allocations.** The Investment Manager has, and may in the future, share information relating to the Company with third parties (each, a "Third Party") in connection with an investment in the Company. These activities may take any form, including discretionary advisory arrangements and/or the sale of research with respect to the Company for which the Investment Manager will receive compensation from the Third Party in the form of advisory fees and/or performance fees. In certain circumstances, the Third Parties may invest in the Fund while also investing in the Company, either directly or through other third-party investment vehicles, and the amounts invested outside the Fund may be significant. Any of these Third Parties may act on this information, including trading securities of the Company, in a manner that may adversely affect the Fund. In addition, any Third Party may not bear expenses relating to its investment in the Company, requiring the Fund to pay more than its *pro rata* share of the expenses related to the investment in the Company.

**Referral of Other Investors.** The Investment Manager or its affiliates may refer other investors (each, an "Other Investor") to a third-party investment manager (an "Other Manager"), that will purchase securities of the Company. The Fund may be adversely affected by the Other Manager's actions with respect to the Company's securities. The Investment Manager will benefit from these arrangements due to the compensation it receives from the Other Manager while the Fund may be simultaneously disadvantaged. In addition, investments in the Company by Other Investors may be subject to better liquidity terms (and as a result the Other Managers may sell Company securities prior to the Fund) and the Other Investors may not agree to bear a *pro rata* share of certain expenses relating to the investment in the Company, requiring the Fund to pay more than its *pro rata* share of the expenses related to the investment in the Company.

#### Risks Related to the Operations and Investment Activities of the Funds

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

The assets of the Funds will generally be held in "street name" or in accounts maintained for it by its prime brokers or in accounts with other market participants. The accounts generally will not be segregated, bankruptcy-remote accounts titled in the owner's name and, therefore, a failure of any broker or market participant is likely to have a

greater adverse impact than if the assets, or the accounts in which they are held, were registered in the name of the Funds. In addition, because the Funds' securities generally will be held in margin accounts the prime brokers will have the ability to loan those securities to other persons under certain circumstances, and the Funds' ability to recover all of its assets in the context of a bankruptcy or other failure of a prime broker may be further limited.

Some of the markets in which the Funds will effect transactions may not be "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 these 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 the Funds to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Funds to suffer a loss. This "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Funds have concentrated its transactions with a single or small group of counterparties. Generally, the Funds will not be restricted from dealing with any particular counterparties. The Investment Manager'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 Funds' counterparties and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Funds.

If there is a default by a counterparty, the Funds under most normal circumstances will have contractual remedies pursuant to the agreements related to the transaction. However, exercising these contractual rights may involve delays or costs which could result in the net asset value of the Funds being less than if the Funds had not entered into the transaction. Furthermore, there is a risk that any of these counterparties could become insolvent and/or the subject of insolvency proceedings. In such case, the recovery of the Funds' securities from the counterparty or the payment of claims therefor may be significantly delayed and the Funds may recover substantially less than the full value of the securities entrusted to the counterparty.

In addition, the Funds may use counterparties located in jurisdictions outside the United States. These foreign counterparties usually are subject to laws and regulations in foreign 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 Funds' 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 an insolvency on a Fund and its assets. Investors should assume that the insolvency of any counterparty would result in significant delays in recovering the Funds' securities from or the payment of claims therefor by the counterparty and a loss to the Funds, which could be material.

**Trading Agency.** Under certain circumstances, the Investment Manager may coordinate trading by or on behalf of one or more third parties or co-investors. In the event that the Investment Manager acts in such a manner, it is anticipated that the parties will not exculpate or indemnify the Funds or the Investment Manager for any action or failure to take any action in connection thereto.

#### Risks Related to Investment Strategy

**Prospective Limited Partners should not assume that the risk factors included here reflect any and all risks associated with investment in the Company.**

**Risk of Loss.** No guarantee or representation is made that a Fund's investment program, including, without limitation, a Fund's investment objectives, 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. Past investment results of the investments otherwise made by the investment professionals of the Investment Manager are not necessarily indicative of a Fund's or the Investment Manager's future performance.

**Investment and Trading Risks in General.** Inherent in any investment in securities is the risk of losing the invested capital. The Investment Manager believes that the Funds' investment program and the Investment Manager's research techniques moderate this risk through a careful selection of securities and investment opportunities, including in the

Companies, as well as through the application of the Investment Manager's ongoing qualitative and quantitative review of its investments. However, no guarantee or representation is made that a Fund's investment program will be successful or profitable, and investment results may vary substantially over time. The Funds' investment program will utilize investment techniques such as option and derivative transactions, margin transactions, short sales, and futures and forward contracts, which can, in certain circumstances, maximize the adverse impact of any loss or adverse event to which a Fund may be subject.

The Investment Manager will not, in general, attempt to measure or hedge all market or other risks inherent in a Fund's portfolio, and will seek to measure and hedge certain risks, if at all, only partially. Specifically, the Investment Manager may choose not, or may determine that it is economically unattractive, to hedge certain risks.

**General Economic and Market Risk.** The success of the Funds' activities also will be affected by general economic and market conditions, such as commodity prices (including oil and gas), interest rates, availability of credit, inflation rates, employment conditions and labor relations, economic uncertainty, changes in laws (including laws relating to taxation of the Funds' investments) or regulations (or their interpretation), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors will affect the level and volatility of the prices of securities, commodities and other financial instruments.

**Highly Concentrated Investment; No Diversification.** The Investment Manager expects to invest substantially all of a Fund's investable capital in securities issued by, or instruments the reference asset for which is, the relevant Company. Therefore, the Funds will fluctuate in value if there are adverse economic conditions affecting the performance of the Company (for instance, conditions affecting the sector in which the Company operates or the geographic area in which its activity is focused). Additionally, a decline in the value of the securities of the Company will have a material and adverse impact on the Funds' assets, and, in turn, the value of any limited partner's investment in a Fund.

**Engaged Investment Strategy.** The Funds may pursue an active role in effectuating corporate, managerial or similar change with respect to its investment in the Company. While the Investment Manager does not anticipate litigation in pursuit of its engaged investor strategy with respect to the Company, the Investment Manager itself and the Funds may engage in litigation and may be the subject of litigation or regulatory investigations resulting from litigation initiated by the Investment Manager or otherwise.

The costs in time, resources and capital involved in an engaged investment strategy depend on the circumstances, which are only in part within the Investment Manager's control, and may be significant. For example, the Funds, other clients invested in a Company and/or the Investment Manager may be defendants in lawsuits initiated by third parties, including the Company, other shareholders, or government bodies. There can be no assurance that any litigation, once begun, will be resolved in favor of, or conclude without potential exposure to, the Funds, other clients invested in a Company, and/or the Investment Manager. In addition, by pursuing an engaged investor strategy, the Investment Manager and its affiliates are subject from time to time (and especially in the context of a proxy contest) to formal or informal investigations or inquiries by the SEC and other governmental and self-regulatory organizations in connection with their activities. Litigation and regulatory investigations involving the Funds, other clients invested in the Company and/or the Investment Manager may require significant amounts of the Investment Manager's time. Furthermore, the expenses associated with initiating or defending these actions or pursuing this investment strategy (including without limitation, the expense of pursuing litigation, defending against claims by third parties and paying amounts pursuant to settlements or judgments or paying other transactional costs, such as the costs associated with proxy contests, regulatory authority filings, audits and inquiries, and the costs (including without limitation, incentive compensation and potential indemnification costs) of having certain individuals be the nominees for or serve on the board of directors of the Company, at the Funds' request) generally will be borne by the Funds. These expenses may be significant and will reduce returns and/or may result in losses.

The success of the Funds' engaged investment strategy may require, among other things: (i) that the securities of the Company prove to be undervalued so that prices can be improved, including through the Investment Manager's actions; (ii) that a Fund acquires sufficient shares of the securities of the Company at a sufficiently attractive price; (iii) a positive response by the management of the Company to engagement; (iv) a positive response by other shareholders and other stakeholders to engagement and a Fund's proposals; and (v) a positive response by the markets to any actions taken by the Company in response to shareholder engagement.

Strategies employed in respect of the Funds' investments may prove ineffective for a variety of reasons, including: (i) opposition of the management, board and/or shareholders of the Company, which may result in litigation and may erode, rather than increase, shareholder value; (ii) intervention of one or more governmental agencies; (iii) efforts by the Company to pursue a "defensive" strategy, including a merger with, or a friendly tender offer by, a company other than a Fund or its affiliates; (iv) the presence of corporate governance mechanisms, such as poison pills and/or classes of shares with increased voting rights; and (v) the necessity for disclosure in compliance with applicable securities laws or corporate law requirements. These risks may be exacerbated to the extent the Company develops and utilizes novel strategies. Furthermore, successful execution of the Funds' strategy may depend on the active cooperation of shareholders and others with an interest in the subject company. Some shareholders may have interests which diverge significantly from those of the Company and some of those parties may be indifferent to the proposed changes.

**Board Participation.** A Fund, either alone or together with others (including any other clients invested in a Company), may secure the appointment of persons to the Company's board of directors. In doing so, individual(s) (including members, partners, officers, managers, employees or affiliates of the General Partner, the Investment Manager and their respective affiliates or designees) serving on the board of directors of the Company at a Fund's request will be compensated by the Company for board service, and will acquire fiduciary duties to the Company and to the Company's shareholders, members, unitholders, partners or other owners, in addition to the duties it owes the Fund (subject to the waiver of the duty as set forth below). These fiduciary duties may require individuals to take actions that are in the best interests of the Company or the shareholders, members, unitholders, partners or other owners of the Company. Accordingly, situations may arise where members, partners, officers, managers, employees or affiliates of the General Partner, the Investment Manager and their respective affiliates or designees may have a conflict of interests between any duties that they owe to the Company and the shareholders, members, unitholders, partners or other owners of the Company, on the one hand, and any duties that they owe to the Fund, on the other hand.

Under the Delaware Revised Uniform Limited Partnership Act (6 Del. C. § 17-101 et seq.), as amended from time to time, limited partnerships are permitted to restrict or otherwise eliminate of fiduciary duties. Accordingly, the partnership agreements provides, among other things, for the elimination of fiduciary duties to the Funds or the limited partners in the event that a conflict arises.

**Exposure to Material Non-Public Information.** The Investment Manager and its affiliates expect to receive material non-public information in connection with investments of the Funds, including in the Company. As a result, the Funds may be prohibited, by law, policy or contract, including any "restricted list" maintained by the Investment Manager, for a period of time from (i) unwinding a position in the issuer, (ii) establishing an initial position or taking any greater position in the issuer and (iii) pursuing other investment opportunities related to the issuer. These restrictions on the purchasing or selling of securities may have an adverse effect on the Funds.

**Beneficial Ownership of the Company's Securities; Certain Regulatory Filings and Hart-Scott-Rodino Obligations.** In connection with any acquisition of beneficial ownership by the Funds and the other clients invested in a Company of the securities of a Company, the Funds may be required to make certain filings with certain regulatory authorities, including filings pursuant to Sections 13(d) and/or 16 of the Exchange Act, or the rules and regulations promulgated thereunder. These filings may require disclosure of the identity and background of the Funds and other clients acquiring the securities, the source and amount of funds used to acquire the securities, the purpose of the transaction, the clients' interest in the securities and any contracts, arrangements or undertakings regarding the securities and other information. The Funds do not expect that these filings would require the Funds to disclose the identity of its investors.

In certain circumstances, a Fund may be required to aggregate certain investments in a Company with the beneficial ownership of the Company's securities held by or on behalf of the Investment Manager and its affiliates, which could require the Fund, together with the other parties, to make certain disclosure filings or otherwise restrict the Funds' activities with respect to the Company's securities. These laws and regulations may inhibit the Funds' ability to freely acquire and dispose of certain securities, and possibly subject the Fund to "short swing profits" disgorgement. Should a Fund be affected by these rules and regulations, it may not be able to transact in ways that would realize value for the Fund. In addition, a Fund may be required to make filings along with other clients invested in the Company under

the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (“Hart-Scott Rodino Act”) and possibly be subject to certain fees, penalties or sanctions, if it fails to do so.

In addition, any changes to government regulations (such as to Schedule 13D or Hart-Scott Rodino Act filings) could make some or all forms of engaged investor strategies more difficult to implement, impractical or unlawful. Accordingly, these changes, if any, could have an adverse effect on the Funds.

**Financial Fraud.** Instances of fraud and other deceptive practices committed by senior management of the Company may undermine the Investment Manager’s due diligence efforts with respect to the Company, and if fraud is discovered, negatively affect the valuation of the Funds’ investments. In addition, when discovered, financial fraud may contribute to overall market volatility which can negatively impact the Funds’ investment program.

**Due Diligence Performed May Not Reveal All Relevant Facts.** When assessing this investment opportunity, the Investment Manager has relied and will continue to rely on resources that may provide limited or incomplete information. In particular, the Investment Manager has relied and will continue to rely on publicly available information and data filed with various government regulators. Although the Investment Manager has evaluated and will continue to evaluate information and data as it deemed or deems appropriate, and has sought and will continue to seek independent corroboration when reasonably available, the Investment Manager has not and may choose not to evaluate all publicly available information and data with respect to any investment and has often not been and will often not be in a position to confirm the completeness, genuineness or accuracy of the information and data that it did or will evaluate.

In addition, when assessing this investment opportunity for the Funds, investment analyses and decisions by the Investment Manager may be undertaken on an expedited basis in order to take advantage of what it perceives to be short-lived investment opportunities. In these cases, the available information at the time of an investment decision may be limited, inaccurate and/or incomplete.

As a result, there can be no assurance that due diligence investigations carried out by the Investment Manager will reveal or highlight all relevant facts that may be necessary or helpful in evaluating investment opportunities. Any failure to identify relevant facts may result in inappropriate investment decisions, which may have a material and adverse effect on the value of any investment in the Funds.

**Leverage and Borrowing.** The Funds may use leverage in the Investment Manager’s discretion. The use of leverage will allow the Funds to make additional investments, thereby increasing its exposure to assets, so that its total assets may be greater than its capital. However, leverage will also magnify the volatility of changes in the value of the Funds’ portfolio. The effect of the use of leverage by the Funds in a market that moves adversely to its investments could result in substantial losses to the Funds, which would be greater than if the Funds were not leveraged.

*Borrowing for Cash Management Purposes.* The Funds have the authority to borrow for cash management purposes, such as to satisfy withdrawal requests.

*Collateral.* The instruments and borrowings that may be utilized by the Funds to leverage investments may be collateralized by all or a portion of a Fund’s portfolio. Accordingly, the Funds may 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 Fund’s margin accounts decline in value, the Fund could be subject to a “margin call,” pursuant to which the Fund must 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 a 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 Fund may have similar rights. There can be no assurance that a Fund will be able to secure or maintain adequate financing.



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

**Short Selling.** A short sale in equity 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 a Fund of buying those securities to cover the short position. There can be no assurance that a Fund will be able to maintain the ability to borrow securities sold short. In these cases, the Fund 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 these market makers will be willing to make these quotes. Short strategies can also be implemented on a leveraged basis. Lastly, even though a 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 Fund to purchase the security at the then-prevailing market price, which may be higher than the price at which the security was originally sold short by the Fund.

**Social Media-Related Trading Volatility.** Several stocks have recently been targeted for trading by participants on social media platforms in part due to the amount of short interest in the stock. If our clients trade in a manner to benefit from the decline in value of the stock (especially if others also trade a substantial amount), the short interest may attract social media attention and related trading. Given changes to market structure and the low cost of trading for retail clients, the volume of trading related to social media attention may be significant. As the borrowing costs increase as the price of the stock increases (and may typically only be ended through purchases of securities), social-media-related trading may cause clients to incur outsize losses or to exit short positions earlier than they normally would so exit. In addition, if a client itself is targeted by social media groups, our publicly reported short-aligned interest, such as put options, may attract buying. It is possible that Congress and regulators may react to the volatility related to social-media related trading and restrict, or require the public reporting of, short interest, which may limit our ability to achieve our trading objectives.

**Hedging Transactions.** The Funds may utilize financial instruments both for investment purposes and for risk management purposes in order to: (i) protect against possible changes in the market value of a Fund's investment portfolio resulting from fluctuations in the securities markets and changes in interest rates; (ii) protect a Fund's unrealized gains in the value of the Fund's investment portfolio; (iii) facilitate the sale of any investments; (iv) enhance or preserve returns, spreads or gains on any investment in a Fund's portfolio; (v) hedge against a directional trade; (vi) hedge the interest rate or currency exchange rate on any of a Fund's liabilities or assets; (vii) protect against any increase in the price of any securities the Fund anticipates purchasing at a later date; or (viii) satisfy any other purpose that the Investment Manager deems appropriate.

Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses, although hedging does typically reduce the risk of loss. On the other hand, the hedging transactions also limit the opportunity for gain if the value of a portfolio position should increase. Moreover, it should be noted that (i) the Investment Manager may determine not to hedge against, or may not anticipate, certain risks, (ii) the portfolio will always be exposed to certain risks that cannot be hedged and (iii) there is no guarantee that a hedge will be properly implemented, will function in the manner anticipated or will not be adversely effected by changes in the applicable law or regulation.

The success of the Funds' hedging transactions to a significant degree will be subject to the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio position being hedged. Since the characteristics of many securities change as markets change or time passes, the success of any hedging strategy will also be subject to the ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. While the Funds may enter into hedging transactions to seek to reduce risk, these transactions may result in a poorer overall performance for the Funds than if it had not engaged in the hedging

transactions. For a variety of reasons, the Investment Manager may not seek to establish a perfect correlation between the hedging instruments utilized and the portfolio holdings being hedged. Such an imperfect correlation may prevent the Funds from achieving the intended hedge or expose the Funds to risk of loss. The Funds will not be required to hedge any particular risk in connection with a particular transaction. Moreover, it should be noted that the portfolio will always be exposed to certain risks that may not be hedged. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of the Funds' portfolio holdings.

**Hedging Activity by Limited Partners and Other Third Parties.** A limited partner and/or any Third Party may hedge some or all of its risk related to its exposure to the Company by engaging in short sales (or similar strategies) related to the Company or other transactions. These activities could impact the liquidity and the share price of the Company, which may have a material and adverse effect on the value of an investment in the Funds.

**Cash Management.** The Funds may hold cash or money market instruments. The percentage of a Fund invested in and among the holdings varies and depends on various factors, including market conditions and purchases and withdrawals of Interests. A Fund may agree to certain restrictions on the liquidity of the underlying cash or money market instruments in exchange for a more favorable interest rate or increased capacity (e.g., "time deposits"). Furthermore, when instruments other than demand deposits of cash are held (e.g., money market instruments or short-term securities), there may be greater market risk, illiquidity risk or the risk of operational delays in converting the instrument into cash. Demand deposits in cash are generally not collateralized and would give rise to an unsecured claim in the event of the bankruptcy of the deposit-taking institution.

**Litigation Expenses May Be Borne by Subsequent Investors.** Litigation costs may be expensed as incurred, and therefore a Fund may pay for litigation expenses associated with historical investments that may no longer be material to the Fund. Alternatively, if the expenses are expected to be material in a particular case, a Fund may create a reserve to pay the estimated expenses. In both cases, the Fund may expense any litigation costs, or record any litigation reserves, in the accounting period in which the expense is incurred or the reserve created, which may be subsequent to the period in which the gains that resulted in the litigation were generated.

In that event, a limited partner who elects to withdraw part or all of its capital account will not be paid any portion of its capital account that is allocated to the reserve until the reserve is released. The existence of litigation reserves could result in substantial delays before a limited partner receives the complete return of its capital account in connection with a withdrawal.

#### Risks Related to Specific Investments

**Equities.** The Funds may invest its capital in long and short positions in equities and other investments. Equity prices are directly affected by issuer-specific events, as well as general market conditions. In addition, in many countries investing in equity is subject to heightened regulatory and self-regulatory scrutiny as compared to investing in debt or other financial instruments.

**Exchange Traded Funds.** The Funds may invest in exchange-traded funds ("ETF"). ETFs are a type of investment security representing an interest in a passively managed portfolio of securities selected to replicate a securities index, such as the S&P 500 Index or to represent exposure to a particular industry or sector. Unlike open-ended mutual funds, the shares of ETFs and certain closed-end funds are not purchased and redeemed by investors directly, but instead are purchased and sold through broker-dealers in transactions on a stock exchange. Because ETF and certain closed-end fund shares are traded on an exchange, they may trade at a discount from or a premium to the net asset value per share of the underlying portfolio of securities. In addition to bearing the risks related to investments in equity securities, investors in ETFs designed to replicate a securities index bear the risk that the ETF's performance may not correctly replicate the performance of that particular index. Investors in ETFs, closed-end funds and other investment companies bear a proportionate share of the expenses of those funds, including management fees, custodial and accounting costs and other expenses. Trading in ETF and closed-end fund shares also entails payment of brokerage commissions and other transaction costs.

**Convertibles.** The Funds may invest in fixed income and other securities that may be converted into or exchanged for a specified amount of another security (typically common equity) of the same or different issuer within a particular

period of time at a specified price or formula. Convertible securities are exposed to changes in the price of the security into which they are convertible, changes in the creditworthiness of the issuer, changes in interest rates, and changes in overall fixed-income risk premiums. The Funds and other investors in convertible securities frequently hedge their position by selling short all or a portion of the underlying securities into which they are convertible. As a result, to the extent that they hedge in this fashion, the Funds may also be exposed to the following risks: (i) the loss of the ability to hedge the security due to loss of stock loan or a corporate event like a merger; (ii) an unexpected increase in dividends by the issuer making hedging more expensive and thus lowering the value of the conversion option; (iii) an unexpected termination of the conversion option due to a cash takeover of the issuer; (iv) a decline in the volatility of the underlying security by reason of a share-for-share takeover or otherwise which also tends to reduce the value of the conversion option; and (v) a failure of the issuer to deliver common stock upon receipt of a conversion notice preventing a Fund from liquidating its hedge.

**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 non-performance 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 the derivatives is subject to change. In addition, the Funds may, in the future, take advantage of opportunities. 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.

*Call Options.* The seller (writer) of a call option which 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 which 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 Funds 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.

*Swaps.* Whether the Funds' use of swap agreements or swaptions will be successful will depend on the Investment Manager's ability to select appropriate transactions for the Funds. 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, foreign 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 Funds' portfolio. Moreover, the Funds bear 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 Funds will also bear the risk of loss related to swap agreements, for example, for breaches

of these agreements or the failure of the Funds to post or maintain required collateral. It is possible that developments in the swap markets, including potential government regulation, could adversely affect the Funds' ability to terminate swap transactions or to realize amounts to be received under these transactions.

*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 these 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 these forward trading to less than that which the Investment Manager would otherwise recommend, to the possible detriment of the Funds. In its forward trading, the Funds 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 Funds trade. Fund assets on deposit with the 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 Investment Manager may order trades for the Funds in such markets through agents. Accordingly, the insolvency or bankruptcy of these parties could also subject the Funds to the risk of loss.

#### Risks Related to Investment Program of Maxima II Only

**Unique Risks of the Company.** All investors in Maxima II will have separately received specific risk factors associated with the Company including without limitation, its exposures to cyclical end markets, government budgets and spending, energy prices and regulation, current and future volumes of passenger traffic levels, increasing fuel and labor costs, intense price competition, the retirement of rolling stock and other vehicles, regulatory changes, outbreak of infectious disease such as the COVID-19 pandemic, terrorist attacks, general economic conditions, worldwide travel, aviation and hospitality profits, and backlog levels, all of which can be unpredictable and are outside the Company's control. Any decrease in demand resulting from a downturn in the Company's end markets could adversely affect the Company's business, financial condition, and results of operations.

**Potential Product Liability.** The Company may be exposed to liabilities for personal injury, death, or property damage due to the failure of a product that the Company has sold. The Company typically agrees to indemnify its customers against certain liabilities resulting from the products the Company sells, and any third-party indemnification the Company seeks from its suppliers and the Company's liability insurance may not fully cover its indemnification obligations to customers. The Company may also not be able to maintain insurance coverage in the future at an acceptable cost. Any liability for which third-party indemnification is not available that is not covered by insurance could have a material adverse effect on the Company's business, financial condition, and results of operations.

In addition, an accident caused by one of the Company's products could damage its reputation for selling quality products. The Company believe that its customers consider safety and reliability as key criteria in selecting its products and believe that its reputation for quality assurance is a significant competitive strength. If an accident were to be caused by one of the Company's products, or if the Company were to otherwise fail to maintain a satisfactory record of safety and reliability, the Company's ability to retain and attract customers may be materially adversely affected.

**Liability Under Warranty.** The majority of the Company's contracts contain provisions which expose it to potential liability for warranty claims made by customers or third parties with respect to products that have been designed, manufactured, or serviced by the Company or its suppliers. Material product warranty obligations could have a material adverse effect on the Company's business, financial condition, and results of operations. Further, the Company's reputation may be adversely affected by such defective product claims, whether or not successful, including potential negative publicity about the Company's products.

## II. Optima and Future Clients

### A. Method of Analysis and Investment Strategies of Optima

Optima is a concentrated, long-biased, equity long-short and opportunistic debt investment vehicle. The Investment Manager will seek to create capital appreciation for the benefit of Optima by gaining exposure directly or indirectly to one or more companies and securities. Investments may be in public or private markets.

### B. Method of Analysis and Investment Strategies of Future Clients.

The Investment Manager will seek to create capital appreciation for the benefit of all of its clients by gaining exposure directly or indirectly to one or more companies and securities. Investments may be structured through one or more special purpose vehicles (like the Funds) or vehicles with more diversified portfolios (like Optima). Client investments may be in public or private markets.

### C. Material, Significant, or Unusual Risks Related to Investment Strategies of Optima and Future Clients.

Although the risk factors set forth under I.B above contemplate an investment in the Funds and not the risks related to investment strategies or methods or analysis with respect to other clients, the bulk of those risk factors will be applicable to Optima and any Future Client, including risks related to private investment funds generally, risks related to management, certain risks related to the business of the firm, certain risks related to the operations and investment activities of the Fund, certain risks related to investment strategy and certain risks related to specific investments.

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 Investment Manager's advisory business or the integrity of the Investment Manager's management.

ITEM 10  
OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. Broker-Dealer Registration Status.

The Investment Manager and its management persons are not registered as broker-dealers and do not have an application pending to register as a broker-dealer or a representative of a broker-dealer.

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

Each of the General Partners and Optima GP is exempt from registration with the Commodities Future Trading Commission (the “CFTC”) as a “commodity pool operator” pursuant to CFTC Rule 4.13(a)(3) with respect to the Fund and Saddle Point is exempt from registration as a CTA. None of the General Partners, Optima GP or Saddle Point is registered as a futures commission merchant or introducing broker.

C. Material Relationships or Arrangements with Industry Participants.

Saddle Point, which is controlled by the Principal, is the investment manager to the Funds and Optima, each of which are pooled investment vehicles.

Saddle Point Strategic Advisors, LLC (“Saddle Point Strategic Advisors”), which is also controlled by the Principal, is the investment adviser to the Principal’s family office. Saddle Point Strategic Advisors is exempt from registration pursuant to the “family office” exemption.

Saddle Point is the managing member of a co-founder of HLI Sponsor, LLC, the sponsor to Advanced Merger Partners, Inc. (“AMPI”), the SPAC. Certain personnel of Saddle Point are participating as officers of AMPI and Saddle Point has been retained by AMPI to provide certain administrative and consulting services in return for a fee.

D. Material Conflicts of Interest Relating to Other Investment Managers.

The Investment Manager has reserved the right to refer third-party investors to other investment managers in exchange for a fee. That fee would be disclosed at the time of the recommendation in accordance with SEC rules.

## ITEM 11

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

#### A. Code of Ethics.

The Investment Manager has adopted a Code of Ethics (the “Code”) which is designed to assist Saddle Point in meeting its obligations as a fiduciary, protecting Saddle Point’s reputation and instilling in its employees Saddle Point’s commitment to honesty, integrity and professionalism. In addition, the Investment Manager has procedures to detect and prevent the misuse of material non-public information which are intended to detect and prevent possible violations of the prohibition on unlawful insider trading.

The Code states that Saddle Point has a duty to place the interests of its clients before the interests of the Investment Manager and its employees. In connection with this, the Code imposes limitations on employees’ personal trading, among other things. With respect to the limitations on personal trading, generally employees are prohibited from buying and selling “reportable securities” without obtaining prior approval from the Chief Compliance Officer, subject to certain limited exceptions. For example, without prior approval employees may buy or sell “exempt securities”, municipal bonds, foreign unit trusts and foreign mutual funds and exchange-traded funds.

Employees are required to disclose their personal securities accounts (i.e., any account that may hold securities), personal securities holdings and transactions to the Chief Compliance Officer on a periodic basis. The Code’s personal trading policy applies to accounts held by employees, their immediate family members (including any relative by blood or marriage) and any other family member sharing an employee’s household or claimed for U.S. Federal income tax purposes as financially dependent on the employee. Certain accounts are exempt from ongoing reporting obligations, e.g., managed accounts in which securities are traded, provided that the employee does not have any direct or indirect influence or control over these accounts.

The Code also contains policies and procedures related to outside activities, the receipt and provision of gifts/entertainment, policies and procedures related to political contributions and compliance with the “pay to play” laws, among other things.

Clients may request a copy of the Code by contacting the Investment Manager at the address or telephone number listed on the first page of this Brochure.

#### B. Securities in Which You or a Related Person Has a Material Financial Interest.

The Investment Manager currently has investment discretion over the Funds and Optima. To the extent Saddle Point obtains additional clients in the future and engages in rebalancing or internal “cross” transactions between or among clients, the Investment Manager will follow a policy that, for any clients investing side-by-side with other clients (as determined by the Investment Manager in its sole discretion), is intended to result in the accounts generally holding the relevant securities or other financial instruments on a proportionate basis relative to their respective net asset values, taking into account various factors to (e.g., cash balances and anticipated cash flows).

At times, the Investment Manager or its affiliates may make an in-kind contribution of securities in lieu of cash upon launch of a Future Client. To the extent that any client trades may be viewed as principal transactions due to the ownership interest in a client by the Investment Manager or its personnel or otherwise, the Investment Manager will comply with the requirements of Section 206(3) of the Investment Advisers Act of 1940, as amended (the “Advisers Act”).

#### C. Investing in Securities That You or a Related Person Recommends to Clients.

The Investment Manager may determine that certain securities currently in Principal’s family office portfolio (or securities related to the same underlying investment, e.g., a different series of securities issued by the same company) may be appropriate for a Future Client. In the event that any conflict arises as a result of any Future Client holding



the same or similar securities as are held in the Principal's family office portfolio, the Investment Manager's Compliance Committee will review the conflict and determine the appropriate course of action.

Optima currently has a position in the same securities as are held by each of the Funds, but Optima has a different investment program, i.e., it is a diversified portfolio that does not invest side-by-side with the Funds.

Personnel of Saddle Point are permitted to buy and sell the same securities as are held by Optima, so long as they obtain pre-approval in accordance with the Investment Manager's personal trading policy prior to effecting such trade. The Chief Compliance Officer or Mr. Katzovicz will determine if there is a conflict such that it would be inappropriate for the employee to trade in such security. Factors that are considered are the size of the personal trade and the immediate plans with respect to trading the security in Optima (if the size of the employee's trade makes this factor relevant).

Personnel of Saddle Point have also been permitted to buy and sell the same securities as are held by Maxima II. Currently, further purchases of such securities by personnel of Saddle Point outside Maxima II generally will not be permitted (unless such personnel do not satisfy the statutory and other qualifications required to invest in the Fund); (ii) in the event that there is a planned disposition by Maxima II, generally sales will not be permitted in advance of such disposition, but Saddle Point may permit such personnel to dispose of such investment alongside Maxima II and any other Saddle Point sponsored parties that hold such securities on *pro rata* basis based on securities held by the parties disposing of the securities; and (iii) in the event that there is no planned disposition by Maxima II, personnel who have purchased such securities will be permitted to dispose of their securities at their discretion. In all cases, such personnel will only be permitted to trade such securities in a manner that is consistent with Saddle Point's fiduciary duties to Maxima II and the other Saddle Point sponsored parties.

Please also refer to Item 11(A) for a description of the Investment Manager's personal trading policy.

#### D. Conflicts of Interest Created by Contemporaneous Trading.

The Investment Manager currently has investment discretion over the Funds, each of which is a single-name SPV, and Optima, which has a diversified portfolio. To the extent Saddle Point obtains additional clients in the future, its policy will be to allocate investment opportunities on a fair and equitable basis over time and in a manner that is consistent with the investment objectives of each client account. As a general matter, for any client investing side-by-side with other clients (as determined in the Investment Manager's sole discretion), the Investment Manager will allocate securities among the participating clients on a proportionate basis pursuant to policies that are intended to result in the clients generally holding similar securities or other financial instruments relative to their respective net asset values. At times, certain clients (like the Funds) may be heavily concentrated in one or more investments while other clients may have a broader portfolio of investments. A determination by the Investment Manager as to whether a particular investment opportunity (including the size of exposure of any one investment opportunity) is appropriate for a particular client will take into account factors that the Investment Manager determines in good faith to be relevant, including, among other considerations (a) the risk-reward profile of the proposed investment opportunity in light of the client's objectives (whether these objectives are considered solely in connection with the specific investment opportunity or in the context of the client's overall holdings); (b) the potential for the proposed investment to create an imbalance in the client's portfolio; (c) liquidity, leverage, and other operational factors, cash balances and anticipated cash flows (including as a result of actual or anticipated subscriptions or withdrawals) or during a "ramp up period," which may occur, for instance, at the initial closing of a client or at the time of acceptance of a significant inflow of capital contributions to a client until the applicable capital contributions have been invested or substantially invested; (d) tax considerations; (e) regulatory or contractual restrictions that would or could limit a client's ability to participate in a proposed investment; (f) any need to re-size risk in a client's portfolio; (g) whether the opportunity will be de minimis for a client; and (h) any other considerations it deems appropriate under the circumstances. The considerations described above, however, may result in allocations among the clients investing side-by-side to be made on a different (and not proportionate) basis. Similarly, as a result, one client participating in an opportunity may increase its exposure to an existing investment position, while one or more other clients may not participate in the increase, or vice versa. The allocation of investment opportunities may, in particular, take into account cash balances or cash requirements of the clients, including as a result of actual or anticipated subscriptions or withdrawals.

Further, if the Investment Manager determines that the purchase or sale of a security is appropriate with regard to the Funds, Optima and/or any other client, the Investment Manager may, but is not obligated to, purchase or sell a security on behalf of some or all of such parties with an aggregated order, for the purpose of reducing transaction costs, to the extent consistent with its duty to obtain best execution and as otherwise permitted by applicable law. When an aggregated order is filled through multiple trades at different prices on the same day, each participating account will receive the average price, with transaction costs generally shared *pro rata* based on the size of each account's participation in the order as determined by the Investment Manager. In the event of a partial fill, allocations may be modified on a basis that the Investment Manager deems to be appropriate, including, for example, in order to avoid odd lots or *de minimis* allocations; however, the Investment Manager will endeavor to allocate partial fills *pro rata* in proportion to the size of the orders placed for each account to the extent practicable.

Notwithstanding the foregoing, an aggregated order may be allocated on a different basis than that which is set forth above if all accounts receive fair and equitable treatment and the reason for the different allocation is based on one or more of the following: available cash, liquidity requirements, tax or legal considerations, the Investment Manager determines that one or more accounts have sufficient exposure to the applicable security, to avoid odd-lots or in cases when a *pro rata* allocation would result in a *de minimis* allocation to one or more accounts.

Please also refer to (C) above.

## ITEM 12 BROKERAGE PRACTICES

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

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

Portfolio transactions for the Funds will be allocated to brokers and dealers on the basis of numerous factors and not necessarily lowest pricing. Brokers and dealers may provide other services that are beneficial to the Investment Manager and/or the Funds, Optima and/or certain other client accounts, but are not beneficial to all client accounts. Subject to seeking best execution, in selecting brokers and dealers to execute transactions, the Investment Manager may consider, among other factors, the following: (a) confidentiality of trading activity; (b) quality of execution – including accurate and timely execution, clearance and error/dispute resolution; (c) expertise in and/or access to the specific financial instrument or sector in which the client seeks to trade; (d) willingness and ability to execute difficult transactions and accommodate any special execution or order handling requirements; (e) overall cost of a trade (i.e., net price paid or received) including commissions markups, markdowns or spreads in the context of the Investment Manager’s knowledge of negotiated commission rates currently available and other current transaction costs; (f) desired timing of the transaction, the size of trade and the ability to find liquidity; (g) quality and usefulness of research services and investment ideas; (h) ability to respond promptly to inquiries during volatile markets; (i) the nature of the market or the financial instrument; and (j) the broker’s financial stability. Accordingly, the commission rates (or dealer markups and markdowns arising in connection with riskless principal transactions) charged to a Fund or Optima by brokers or dealers in the foregoing circumstances may be higher than those charged by other brokers or dealers that may not offer these services. The Investment Manager need not solicit (and expects not to solicit) competitive bids and does not have an obligation to seek the lowest available commission cost or spread.

From time to time, brokers (including a prime broker) may assist the Funds and Optima in raising additional funds from investors. Additionally, brokers may provide capital introduction and marketing assistance services, and representatives of the Investment Manager may speak at conferences and programs sponsored by the brokers, for investors interested in investing in private investment funds. Through these events, prospective investors in the Funds and Optima may encounter representatives of the Investment Manager. Brokers may also provide other services, including, without limitation, consulting services relating to technology and office space. Although neither the Investment Manager nor the Funds or Optima compensate brokers for this assistance, events or services, or for any investments ultimately made by prospective investors attending these events, these activities may influence the Investment Manager in deciding whether to use the broker in connection with brokerage, financing and other activities of the Funds and Optima. However, the Investment Manager will not commit to an investor or a broker to allocate a particular amount of brokerage.

The Investment Manager maintains policies and procedures to review the quality of execution, including periodic reviews by its Best Execution Committee.

#### 1. Research and Other Soft Dollar Benefits.

The Investment Manager currently has no formal “soft dollar” arrangements in place. However, from time to time, the Investment Manager may pay a broker-dealer commissions (or markups or markdowns with respect to certain types of riskless principal transactions) for effecting transactions in excess of that which another broker-dealer might have charged for effecting the transaction in recognition of the value of the brokerage and research services provided by the broker-dealer. The Investment Manager will effect these transactions, and receive these brokerage and research services, only to the extent that they fall within the safe harbor provided by Section 28(e) of the Exchange Act and subject to prevailing guidance provided by the SEC regarding Section 28(e). Where a product or service obtained with soft dollars provides both research and non-research assistance to the Investment Manager (i.e., a “mixed use” item), the Investment Manager will make a good faith allocation of the cost which may be paid for with soft dollars. In making this determination, a conflict of interest may exist by reason of the Investment Manager’s allocation of the costs of the benefits and services between those that primarily benefit the Investment Manager and those that primarily

benefit the client accounts. Currently, the Investment Manager receives company and sector related research from various broker dealers. If research is not provided through this means, the client would generally be responsible for its cost, as described in Item 5.

Further, research products or services obtained with “soft dollars” generated by certain client accounts may be used by the Investment Manager to service one or more clients, including accounts that may not have paid for the soft dollar benefits.

2. Trade Errors.

Pursuant to the exculpation and indemnification provisions set forth in the partnership agreement of the Fund, the Investment Manager and its affiliates and personnel will generally not be liable to the Funds for any act or omission, absent bad faith, gross negligence, willful misconduct or actual fraud or uncured material breach of the partnership agreement, and the Funds will generally be required to indemnify these persons against any losses they may incur by reason of any act or omission related to the Funds, absent bad faith, gross negligence, willful misconduct or actual fraud or uncured material breach of the partnership agreement. Trading errors might include, for example, keystroke errors that occur when entering trades into an electronic trading system and typographical or drafting errors related to derivatives contracts or similar agreements.

3. Brokerage for Client Referrals.

Neither the Investment Manager nor any related person receives client referrals from any broker-dealer or third party. However, subject to best execution, the Investment Manager 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 Funds. Directed Brokerage.

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

B. Order Aggregation.

Please refer to Item 11(D) for a description of the Investment Manager’s order aggregation procedures.

## ITEM 13 REVIEW OF ACCOUNTS

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

The Investment Manager performs various daily, monthly, quarterly and periodic reviews of the Funds' portfolio. These reviews are conducted by the Chief Executive Officer and/or operations personnel.

Saddle Point has engaged independent administrators for each of the Funds to, among other things, maintain the books and records of the Funds and provide certain back-office services to the Funds, such as reconciling the Funds' cash, trade activity, and securities positions with that of the Funds' prime brokers and custodians. Saddle Point reviews the work performed by the administrators on an ongoing basis and confirms the accuracy of the net asset values determined by the administrators.

### 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.

Investors in Maxima I have access to the Fund's daily exposures. Investors in Maxima I and Maxima II receive at least monthly capital account statements, via the administrators' web portals. The monthly account statements include net performance for the month and year-to-date.

In addition, investors in the Funds typically will receive the Fund's audited financial statements, which is produced by an independent public accountant, within 90 days of the applicable fiscal year end and, if applicable, the information necessary for the investor to complete its annual federal income tax return.

## ITEM 14

### CLIENT REFERRALS AND OTHER COMPENSATION

A. Economic Benefits Received from non-Clients for Providing Investment Advice or Other Advisory Services to Clients.

The Investment Manager generally does not receive economic benefits from non-clients for providing investment advice and other advisory services.

In connection with the Fund's and/or Saddle Point's engagement with the Company, the General Partner, the Investment Manager, employees of the Investment Manager or members or partners of the General Partner or the Investment Manager could have received transaction, directors', consulting, management, monitoring, closing, topping, break-up and other similar fees to the (all of these fees, referred to as "other fees"). To avoid any conflict of interest that results from receiving compensation from a non-client in connection with the advisory services provided to a client, such parties agreed that one hundred percent (100%) of any other fees (other than directors' fees with respect to Maxima II) would be applied to reduce the management fee dollar for dollar for the following month. To the extent these offsets would have reduced the management fee for a given month below zero, these offsets would have been carried forward to reduce future installments of the management fee.

B. Compensation to Non-Supervised Persons for Client Referrals.

In addition to the considerations regarding capital introduction programs (described in Item 12A), from time to time the Investment Manager or a related person may compensate persons who are not supervised persons, including placement agents, for client referrals.

## ITEM 15 CUSTODY

The Investment Manager is deemed to have custody of the Fund's assets and securities because it has the authority to deduct advisory fees from a Fund's account or otherwise withdraw funds from a Fund's account. Account statements related to the clients are sent by qualified custodians to the Investment Manager.

The Investment Manager is subject to rule 206(4)-2 under the Advisers Act (the "Custody Rule"). However, it is not required to comply (or is deemed to have complied) with certain requirements of the Custody Rule with respect to the Funds because it complies with the provisions of the "Pooled Vehicle Annual Audit Exception", which, among other things, requires that the Funds be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and requires that the Funds distribute its audited financial statements to all investors within 120 days of the end of its fiscal year.

Because Optima is currently only owned by Saddle Point control persons, under prevailing authority Optima does not distribute audited financial statements.

## ITEM 16

### INVESTMENT DISCRETION

The Investment Manager has entered into an investment management agreement with the Funds, pursuant to which it was granted discretionary trading authority with respect to the Funds. The Investment Manager's investment decisions and advice with respect to the Funds is subject to each Fund's investment objectives and guidelines, as set forth in each Fund's respective offering documents.

The Investment Manager also has discretionary trading authority with respect to Optima.



## ITEM 17

### VOTING CLIENT SECURITIES

In compliance with Advisers Act Rule 206(4)-6, the Investment Manager has adopted proxy voting policies and procedures. Saddle Point will always seek to vote proxies to serve the best interests of the client and will consider each potential proxy issue on a case-by-case basis, within the full context of the business, performance, management and corporate governance of each company in which the client has invested, and reach a determination of how to vote in light of all the surrounding material circumstances. The Investment Manager has opted to maintain flexibility on all voting matters as it believes that case-by-case analyses on all proxy voting matters is in the best interests of the client. Non-exclusive factors that the Investment Manager might take into account when determining how to vote proxies include: (a) potential conflicts of management and the likelihood of management to profit from the event, transaction or decision under consideration, (b) the likelihood of the event, transaction or decision under consideration to increase the value of the company and (c) the potential alternatives to the event, transaction or decision under consideration. Given the Funds' investment strategies, its concentrated portfolios and the activist nature of a Fund's investments, corporate actions affecting portfolio companies are typically monitored by the Chief Executive Officer.

Although the potential for conflicts may arise between the interests of a Fund, on the one hand, and the interests of the Investment Manager and/or another client, on the other hand, the Investment Manager does not believe that conflicts are likely. If the Investment Manager encounters an identifiable conflict of interest with respect to a particular vote, in sufficient time before a vote, the Investment Manager's Compliance Committee will determine how to vote the proxy consistent with the best interests of the clients and in a manner that it believes is not affected by the conflict of interest. The Compliance Committee may opt for a voting procedure by which guidance is sought from a proxy adviser or outside legal counsel, on matters involving a material conflict or potential conflict of interest.

The Funds and investors in the Funds may not direct the Investment Manager's proxy vote in a particular situation. Investors may obtain a copy of the Investment Manager's proxy voting policies and procedures by contacting the Investment Manager at the address or telephone number listed on the first page of this Brochure.

ITEM 18  
FINANCIAL INFORMATION

The Investment Manager 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.