

Leucadia Asset Management LLC

Topwater Capital Division

FORM ADV PART 2A

The Brochure

February 2021

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Disclaimer

This brochure provides information about the qualifications and business practices of Leucadia Asset Management LLC (f/k/a Jefferies Investment Advisers, LLC) ("LAM"). If you have any questions about the contents of this brochure, please contact us at 203-852-8005. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority. LAM is registered as an investment adviser with the SEC. Registration does not imply that a registered adviser has achieved a certain level of skill, expertise, or training in providing advisory services to its clients.

Additional information about LAM also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2. Material Changes

We last filed an update to this Brochure in January 2021 to reflect the reorganization of the Topwater Capital Division into a division of Leucadia Asset Management LLC ("LAM").

This annual update to our brochure contains changes and updates to incorporate and conform certain information related to LAM for the Topwater Capital Division in the following sections:

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

Item 9. Disciplinary Information

Item 10. Other Financial Industry Activities and Affiliations and Other Conflicts of Interest

Item 13. Review of Accounts

Item 14. Client Referrals and Other Compensation

Item 18. Financial Information.

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Item 4. Advisory Business

Leucadia Asset Management LLC (f/k/a Jefferies Investment Advisers, LLC) (referred to in this brochure as “LAM” or “we”), a limited liability company formed under the laws of the State of Delaware in June 2002, is a wholly-owned subsidiary of Jefferies Financial Group Inc. (“JFG”), a publicly traded corporation listed on the New York Stock Exchange and trading under the symbol “JEF”. This Brochure relates to the Topwater Capital division (the “Topwater Capital Division”) of LAM. Through the Topwater Capital Division, we are engaged in the business of offering advisory and portfolio management services to private funds. LAM expects to operate other services through other divisions of LAM, which will be described in other brochures.

Our principal place of business is New York City where we perform portfolio management, research, quantitative analysis, systems development, research, trading, operations, accounting, legal and compliance functions. Various affiliates of LAM perform administrative functions and services (such as Human Resources, Information Technology, Accounts Payable, Treasury, and Purchasing) in New York, New York, Jersey City, New Jersey and other U.S. locations of Jefferies Group LLC and its subsidiaries. The Topwater Capital Division maintains separate investment personnel and has physical and technological barriers in place between it and other LAM entities and their employees. The Topwater Capital Division’s office and place of business is located in South Norwalk, CT.

LAM conducts its activities in accordance with the Investment Advisers Act of 1940, as amended (the “Advisers Act”), and the rules and regulations promulgated thereunder. All personnel of the Topwater Capital Division are subject to the supervision and control of LAM. The Topwater Capital Division has its own Compliances and Procedures including a Code of Ethics which also incorporates certain policies and procedures which have been established by LAM. The Chief Compliance Officer of the Topwater Capital Division is responsible for the administration of such policies and procedures.

LAM through its Topwater Capital Division serves as the Manager and Investment Advisor to Topwater Partners LLC a Delaware limited liability company (the “Onshore Fund”) and Topwater Partners Offshore Ltd. a Cayman Islands exempted company (the “Offshore Fund”, together with the Onshore Fund, the “Funds”), as well as Topwater Master Fund Ltd., the Cayman master fund and, Topwater Mayfly Fund LLC and Topwater Stonefly Fund LLC (the “Trading Master Funds”). All trading is done at the level of the Trading Master Funds.

Each Trading Master Fund is expected to hold one or more managed accounts (each a “Managed Account”) managed by third-party account advisers (each an “Account Manager”). Each Account Advisor will be engaged by the relevant Trading Master Fund pursuant to an account investment advisory agreement (each an “Account Investment Advisory Agreement”) to manage a specified Managed Account and will have discretionary authority to invest and reinvest only that portion of a Trading Master Fund’s capital that is allocated to the Managed Account managed by it.

The Onshore Fund offers “Regular Interests and First-Loss Interests”. The holders of these Member Interests are referred to as First-Loss Members and Regular Members.

The Offshore Fund offers non-voting “Regular Shares and First Loss Shares”. The holders of these Shares are referred to as First-Loss Shareholders and Regular Shareholders.

Each First-Loss Interest/Shares is associated solely with a single Managed Account managed by an Account Advisor. The First-Loss Interest/Shares associated with each Managed Account is generally expected to be (but is not required to be) held by the Account Advisor for the relevant Managed Account or an affiliate or designee of such Account Advisor.

The Funds offer two separate classes of Regular Interests/Shares. Class A Regular Interests/Shares require minimum investments of \$5M and Class B Regular Interests/Shares with minimum investments of \$1M. Regular Interests/Shares will be associated with all of the Managed Accounts of the Trading Master Funds that are funded by such Regular Interests/Shares. Regular Interests/Shares may be held by LAM or an affiliate thereof, and eligible third party investors.

Subject to the investment guidelines and other restrictions imposed in the applicable Account Investment Advisory Agreement, Managed Accounts are authorized to trade in the financial markets by buying and selling a broad range of securities and financial instruments, including, without limitation, U.S. and non-U.S. equity and equity-related securities, futures, exchange-traded funds (“ETFs”), fixed-income securities, preferred securities, options, forward contracts (currency or otherwise) and swaps (including interest rate and total return or similar swaps) (collectively, “Financial Instruments”).

As of December 31, 2020, the Topwater Capital Division had Regulatory Assets Under Management totaling \$ 783,461,810 on a discretionary basis. The term “Regulatory Assets Under Management” is defined by the SEC in the instructions to Form ADV and are calculated in accordance with the requirements prescribed by the SEC. The Topwater Capital Division does not manage assets on a non-discretionary basis.

Item 5. Fees and Compensation

With respect to Class A Regular Interests/Shares, LAM is entitled to be paid, from the capital account of each Regular Member/Shareholder, a management fee (the “Management Fee”), paid in advance, equal to 0.25% (or approximately 1.0% on an annualized basis) of the value of such capital account as of the opening of business on the first business day of each calendar quarter (after giving effect to capital contributions).

With respect to Class B Regular Interests/Shares, LAM is entitled to be paid, from the capital account of each Regular Member/Shareholder, a management fee (the “Management Fee”), paid in advance, equal to 0.375% (or approximately 1.5% on an annualized basis) of the value of such capital account as of the opening of business on the first business day of each calendar quarter (after giving effect to capital contributions).

With respect to First Loss Interests, First-Loss Members/Shareholders are not expected to be charged the Management Fee.

Other Compensation

LAM, including the Topwater Capital Division, and its employees do not receive compensation for the sale of securities or other financial products.

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

With Respect to all Classes of Regular Interests/Shares, LAM is entitled to receive a performance allocation (the "Performance Allocation") with respect to each performance period in an amount equal to 10.0% of the excess, if any, of (i) the Fund Net Profits allocated to the Capital Account of such Regular Member/Shareholders during the performance period, over (ii) such Regular Member's/Shareholder's Loss Carryforward as of immediately before the end of the performance period.

No Performance Allocation is due with respect to the Capital Accounts (or portions thereof) corresponding to First-Loss Interests/Shares.

Each Performance Allocation is allocated from the Capital Account of the applicable Regular Member/Shareholder to LAM's Capital Account as of the end of the applicable performance period.

Item 7. Types of Clients

We provide investment advisory services to the Funds. The Regular Members/Shareholders and First-Loss Members/Shareholders in the Funds are primarily comprised of eligible corporations, endowments, pension plans, hedge funds of funds, family offices, investment managers (including Account Managers) and high net worth individuals.

Conditions for investing in the funds, such as the minimum investment amount, are stated in the Funds' offering materials and the terms and conditions of their respective governing documents. The Manager of the Onshore Fund and the Board of Directors or the Manager of the Offshore Fund has the sole discretion to reduce or waive the minimum investment amount. The minimum investment amount for Class A Regular Member Interests/Shares in the Funds is \$5 million. The minimum investment amount for Class B Regular Interests/Shares in the Funds is \$1million. A First-Loss Member/Shareholder required initial capital contribution will be as specified in the relevant Account Investment Advisory Agreement and will be allocated exclusively to the Managed Account associated with such First-Loss Member/Shareholder.

In order to invest in a Regular Interest/Shares or First Loss Interest/Shares and become a Member/Shareholder, a person must meet certain suitability standards and qualify as an "accredited investor" within the meaning of Regulation D promulgated under the Securities Act of 1933, as amended, and a "qualified purchaser" within the meaning of Section 2(a)(51) of the Investment Company Act of 1940, as amended (the "1940 Act") or a "knowledgeable employee" within the meaning of Rule 3c-5 under the 1940 Act.

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

The investment objective of the Funds is to seek attractive risk-adjusted returns through capital appreciation of, and income from, its investments. The investment strategies to be used for the Fund, and

any restrictions on trading on behalf the Funds, will be set out in the Funds' offering materials and the terms and conditions of their respective governing documents and/or the managed account's Account Investment Advisory Agreement.

Allocations of capital will be made by LAM to Account Advisors who will in turn invest in a variety of investment strategies. There are no material limitations on the investment strategies or techniques which may be employed by Account Advisors. Generally, the investment strategies utilized by the Account Advisors will include, but are not limited to, Long/Short Equities, Relative Value, Long-Biased/Long Only, Short-Biased/Short Only, Merger or Risk Arbitrage, Statistical Arbitrage, Special Situations/Event Driven Investment, Fixed Income and Options (each strategy is further described in the Funds' the Funds' offering materials and the terms and conditions of their respective governing documents). Generally, a majority of the Funds' capital will be invested (indirectly through the Trading Master Funds) in publicly traded stocks, options, exchange-traded funds ("ETFs"), and fixed income instruments. Any restrictions on trading on behalf the Funds will be set out in the Account Investment Advisory Agreement among the Funds, the Account Advisor and the First-Loss Member/Shareholder.

LAM monitors the Funds' overall investment position, including ongoing evaluations of the performance of the Managed Accounts, and may make periodic changes in the allocation of the Trading Master Funds' assets to existing and new Account Advisors as it deems appropriate. LAM will assess the overall risk of all of the investments by examining the individual risks and the cross correlation of risks among each of the Managed Accounts and investments of the Funds. LAM will determine, on a monthly basis each Managed Account's investment account exposure, which is a specified dollar amount that is associated with such Managed Account in connection with its Account Advisor's trading.

Account Advisor selection may take into account investment strategy employed; prior performance; research and trading capabilities; depth and investment experience of management team; risk management capabilities; and potential volatility and risk exposure of portfolio.

Risks Associated with the Funds' Investment Strategy

The success of the Funds is substantially dependent on the LAM's ability to select and allocate assets to Account Advisors that successfully implement their investment strategies. No assurance can be given on LAM's recommended Account Advisors and their respective investment strategies will be successful. LAM's recommendation of an Account Advisor relies heavily on historical information which is not an indicator of future investment performance.

An investment in the Funds involves a substantial risk of loss an investor should be prepared to bear. No guarantee or representation is made the investment objective of the Funds will be achieved. There are material risks associated with the investment strategies used by the Account Advisors and with the structure of the Funds. Regular Members/Shareholders and First-Loss Members/Shareholders should be aware any investment in the Funds is subject to significant risks, including the loss of all or a substantial portion of their investment.

Each Account Advisor's ability to achieve the investment objective may be affected by a number and variety of risks, which include but are not limited to Equity Risks, Market Risk, Fixed Income Risk,

Extraordinary Events, Market Liquidity Risks, Investment Concentration, Leverage, Short Sales, Derivatives, Increased Regulation and Foreign Exchange Risk. The aforementioned risks do not attempt to describe all of the risks associated with the investment strategies employed by the Account Advisors or the Funds.

Furthermore, Regular Members/Shareholders and First-Loss Members/Shareholders should be aware of the following additional risks involved with making an investment in the Funds.

- Illiquid nature of the Funds' membership/shareholder interests;
- No assurance of the achievement of Funds' Investment Objective and Strategies;
- Dependence upon LAM to select, monitor, rebalance and change Account Advisors;
- Additional layer of performance fees paid to the Account Advisors;
- Use of multiple Account Advisors;
- Limited operating history for many of the Account Advisors
- Possibility of additional government or market regulation
- Possible unavailability of Key Personnel;
- Members/Shareholders do not participate in Management;
- Member/Shareholder interest concentration and the potential impact of a substantial withdrawal from the Funds;
- Regular Member/Shareholder's lack of control over the investment of the Funds' capital;
- Possibility of high levels of concentration with a specific Account Advisor; investment strategy, or a particular investment;
- Exposure to losses in any Managed Account;
- Possibility of magnified losses from the Funds' use of leverage; and
- Counterparty Risk with broker-dealers and other financial institutions.

First-Loss Members/Shareholders should be aware their investments in the Funds contain numerous risks in addition to those mentioned above. Each First-Loss Member/Shareholder only participates in the net profits attributable to the Managed Account associated with their First Loss Interest/Shares and will be allocated the first loss associated with such Managed Account. In addition, as an investor in the Funds, each First-Loss Member/Shareholder may be exposed to the third loss associated with the Funds' other Managed Accounts. As a result, a First-Loss Member/Shareholder will not benefit from the gains from the Funds' other Managed Accounts but could be exposed to losses of the Funds' other Managed Accounts. Furthermore, the allocation of net losses in each Managed Account is disproportionately allocated to the respective First-Loss Member/Shareholder according to the terms of the Funds' offering materials and the terms and conditions of their respective governing documents and Account Investment Advisory Agreement. This disproportionate allocation of net losses magnifies the risk of loss to the First-Loss Member/Shareholder.

Increased reliance on internet-based programs and applications to conduct transactions and store data creates growing operational and security risks. The Fund is subject to risks associated with a breach of its information security ("Cybersecurity"). Cybersecurity is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from "hacking" by other computer users, other unauthorized access and the resulting damage and disruption of hardware and software systems, loss or corruption of data, as well as misappropriation of confidential

information. If a Cybersecurity breach occurs, the Fund may incur substantial costs, including those associated with: forensic analysis of the origin and scope of the breach; increased and upgraded Cybersecurity; investment losses from sabotaged trading systems; identity theft; unauthorized use of proprietary information; litigation; adverse investor reaction; the dissemination of confidential and proprietary information; and reputational damage. Any such breach could expose both the Manager and the Fund and its underlying investors to civil liability, as well as regulatory inquiry and/or action. In addition, investors could be exposed to additional losses as a result of unauthorized use of their personal information.

The recent global outbreak of the novel coronavirus (COVID-19) is currently creating unprecedented economic and social uncertainty throughout the world. The ultimate impact of the COVID 19 outbreak is difficult to predict, but it is likely that COVID-19 will have a materially adverse impact on global, national and local economies in the immediate future and that such negative impact is likely to persist for some time. In particular, disruptions to commercial activity across economies due to the imposition of quarantines, remote working policies, “social distancing” practices and travel restrictions, and/or failures to contain the outbreak despite these measures, could materially and adversely impact the Fund’s and a Master Fund’s investments. Similar disruptions may occur in respect of the Manager’s, an Account Adviser’s, the Fund’s or the Master Funds’ service providers and counterparties (including providers of financing), which could also negatively impact the Fund, the Master Funds or a Managed Account. While there are indications of various governmental responses to the potential negative effects of COVID-19, it is unclear how effective these responses will be and what other impacts such responses may have on the overall performance of markets or the Fund, the Master Funds or a Managed Account.

For additional information, prospective investors should carefully review the Funds’ offering materials and the terms and conditions of their respective governing documents with particular emphasis on the investment strategy, risk factors, and conflicts of interest. First-Loss Members/Shareholders should also carefully review the Account Investment Advisory Agreement relating to the managed account in which they are invested.

Item 9. Disciplinary Information

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

Item 10. Other Financial Industry Activities and Affiliations

In addition to our being a registered investment adviser, certain of our employees are registered representatives of our affiliate Jefferies LLC, a registered broker dealer.

Jefferies LLC is the principal subsidiary of Jefferies Group LLC. Jefferies Group LLC, a direct, wholly-owned subsidiary of JFG, is a global investment banking firm that provides clients with capital markets and financial advisory services, institutional brokerage and securities research, as well as wealth and asset management. JFG provides research and execution services in equity, fixed income, derivatives and foreign exchange markets, and a full range of investment banking services including underwriting, merger and acquisition, restructuring and recapitalization and other advisory services. Jefferies LLC, directly and through its affiliates acts as a placement agent for the private funds which we manage and receive a

customary placement fee in connection therewith. At the current time, no placement fees are charged to an investor in a private fund; however, we may pay a portion of our fees to Jefferies LLC or other placement agents, whether affiliated or unaffiliated, for having introduced an investor to the private fund. We may also pay such fees to Jefferies LLC for managed accounts to whom they introduce.

LAM is a registered Swap Firm, Commodity Trading Advisor ("CTA") and a Commodity Pool Operator ("CPO") with the National Futures Association and has claimed a 4.7 Exemption with respect to the Funds, the Cayman Master Fund and the Trading Master Funds.

We have operational and administrative support arrangements with JFG and Jefferies. We reimburse Jefferies for the reasonable cost of services provided by JFG and Jefferies to LAM, as well as any salary and benefits provided by JFG to our employees.

Our affiliates may be advising or may in the future play an advisory role or perform other services for our advisory clients and/or for one or more of a Fund's portfolio companies. Using information walls and similar policies and procedures, we seek to avoid becoming aware of the roles our affiliates are playing. However, if one of our affiliates decides to play such a role, e.g., act as adviser to a portfolio company, and in the unlikely event that we are aware or are deemed to be aware of that role, a Managed Account may be required or expected to liquidate its position in such portfolio company. Such a transaction may cause the Trading Master Fund to realize reduced profits or losses.

Similarly, if the Trading Master Fund maintains a short position in a company for which our LAM affiliate intends to play an advisory role, and if we become aware or are deemed to become aware of that role, the Trading Master Fund may be forced to cover the short prematurely, which, in turn, may result in reduced profits or losses. If the Trading Master Fund is permitted to maintain its position in such instance, our affiliate may take actions or provide advice with respect to the portfolio company that could result in adverse consequences to the Trading Master Fund and the restriction on the ability to close such position.

By reason of the advisory, investment banking, and/or other activities of our affiliates, we and our affiliates may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. We will not be free to divulge, or to act upon, any such confidential or material non-public information and, due to these restrictions, a Managed Account may not be able to initiate a that they otherwise might have initiated. A Trading Master Fund may be frozen in an investment position that it otherwise might have liquidated or closed out.

In addition, affiliates of LAM, including Jefferies LLC and its affiliates, may publish research and market commentary from time-to-time on financial markets and other matters that may influence the value of the Interests, or express opinions or provide recommendations that are inconsistent with purchasing or holding an Interest. Such affiliates of LAM may have published or may publish in the future research, market commentary or other opinions that call into question the investment view implicit in an investment in an Interest. Any research, market commentary, opinions or recommendations expressed by these entities may not be consistent with each other and may be modified from time-to-time without notice. Investors should make their own independent investigation of the merits of investing in an Interest.

Certain of our affiliates are investment advisers and other financial institutions whose businesses have no material relationship to our business. Certain of our officers and directors also serve as officers and directors of other Jefferies' companies.

Affiliated Broker-Dealer

From time to time, LAM may use an affiliate, including Jefferies LLC, to act as Prime Broker, Introducing Broker or executing broker for Financial Instruments where LAM determines it to be necessary or desirable in the interest of a Trading Master Fund (for example if LAM deems it likely to result in cost savings for such Trading Master Fund or protection of such Trading Master Fund's assets, or for interim periods when non-affiliated service providers are not available). In particular, LAM has appointed its affiliate, Jefferies LLC, to act as a Prime Broker and Custodian. In such event, the affiliate will receive customary fees for providing these services, and the affiliate also may benefit when, among other things, it earns fees for lending securities to such Trading Master Fund in connection with short sale positions, or for rehypothecating margined securities to third parties. To the extent that any of a client's transactions are effected through the affiliate as executing broker or a prime broker the affiliate would receive additional fees in the form of commissions.

In addition, from time to time, a Managed Account may use Jefferies LLC as an executing broker to execute agency orders.

Potential Conflict of Interests

Compensation. The Management Fee payable to LAM and any Brokerage Commissions payable to its affiliates, as applicable, are payable without regard to the overall success of or income earned by the Fund.

Additionally, LAM could receive substantial compensation in the event that the Funds generate Fund Net Profits. Prospective investors should note that (i) the fact that the Performance Allocation is allocable only out of increases in Fund Net Profits may create an incentive for LAM to choose Account Advisors who are expected to make investments that are riskier or more speculative than would be the case if LAM were compensated solely based on a flat percentage of capital and (ii) LAM may receive increased compensation because the Performance Allocation is calculated on a basis that includes unrealized appreciation as well as realized gains. Similarly, (i) the fact that the Account Adviser Fee due to an Account Adviser is payable only out of increases in Remaining Investment Gains in respect of the applicable Managed Account may create an incentive for the Account Adviser to make investments that are riskier or more speculative than would be the case if the LAM were compensated solely based on a flat percentage of capital and (ii) the Account Adviser may receive increased compensation because the Account Adviser Fee is calculated on a basis that includes unrealized appreciation as well as realized gains.

Allocation of Time. LAM and its affiliates and their key personnel will devote as much of their time to the business of the Fund, the Master Funds and the Managed Accounts as in their judgment is reasonably required. The Account Advisors and their key personnel will devote as much of their time to the business of the applicable Managed Account as in their judgment is reasonably required. However, they also provide investment advisory services for other clients (including other pooled accounts) and engage in other business ventures in which the Fund and the Shareholders have no interest. As a result of these separate business activities, LAM and the Account Advisors in respect of their respective Managed Accounts may have conflicts of interest in allocating management time, services and functions among the Fund and, for

purposes of the Account Advisors, their respective Managed Accounts and other business ventures or clients.

Other Clients; Allocation of Investment Opportunities. The Account Advisors are responsible for the investment decisions made on behalf of each Managed Account. There are no restrictions on the ability of the Manager, the Account Advisors and their respective affiliates to manage accounts of other clients following the same or a different investment objective, philosophy and strategy as those used for the Managed Accounts. In fact, the Manager and the Account Advisors may manage other portfolios that may invest pursuant to the same or different strategies as those employed by the Managed Accounts, including a portfolio of which the Account Strategies of the Managed Accounts may be a subset. One fund or account may trade prior to and at a better price than another fund or account trading in the same instrument.

These situations may involve conflicts between the interests of LAM or its related persons, on the one hand, and the interests of the Manager's clients, on the other.

Investment Professionals Also Act in a Similar Capacity for Other Accounts. As described above, the investment professionals for the Fund or a Managed Account also act in a similar capacity for certain other Manager or Account Adviser accounts (including collective investment vehicles and managed accounts) ("Other Accounts"). Other Accounts may have negotiated terms different from the terms applicable to the Fund or a Managed Account. While these Other Accounts may trade the same and/or similar Financial Instruments as traded by the Fund or a Managed Account, some may be distinguished from one another by their investment objectives, investment methodology, fee terms or other investment or trading parameters. Accordingly, the investment professionals, on behalf of LAM or an Account Adviser, may cause purchases or sales to be effected for one or more Other Accounts while not causing such purchases or sales to be effected for the Fund or the applicable Managed Account, or alternatively may cause purchases or sales to be effected for the Fund or the applicable Managed Account while not causing such purchases or sales to be effected for one or more Other Accounts. They also may determine to use substantially different degrees of leverage in Other Accounts when effecting a transaction, when maintaining a position, or in conducting the Other Account's activities generally. Discretion as to which collective investment vehicles or accounts will receive allocations of particular positions may occur whether investment opportunities are limited or unlimited, and opportunities to participate in transactions may not necessarily be allocated among the Fund or a Managed Account, as applicable, and Other Accounts in any particular proportion.

Adviser Selection. LAM, as part of its service to the Funds, provides sourcing, conducts due diligence, and recommends potential Managed Account Advisors to the Funds. The compensation for these services is described in Item 5 "Fees and Compensation".

By acquiring interests/shares in the Funds, each investor will be deemed to have acknowledged the existence of any such actual and potential conflicts of interest, and to have waived any claim with respect to any liability arising from the existence of any such conflicts of interest.

Personal Account Trading Policy. LAM's personnel are required to conduct their personal investing activities in a manner to avoid actual or potential conflicts of interest with the Manager's clients, including the Fund. Each of our employees is prohibited from using his or her position, or any investment opportunities learned because of his or her position, to the detriment of the LAM's clients such as the Fund. All accounts of our employees and certain other employee-related accounts must be disclosed to our

compliance personnel, and trades in those accounts (except for limited exceptions for certain types of instruments) must be pre-approved by the Topwater Capital Division's Chief Compliance Officer or his or her designee.

The personal account trading policies of the individual Account Advisors may differ materially from LAM's policies.

Proprietary Trading. LAM, the Account Advisors and their principals and employees and affiliates, including Jefferies Group LLC (together with its subsidiaries, "Jefferies Group"), Jefferies Financial Group Inc. ("JFG", collectively with its subsidiaries and affiliates, including Jefferies Group, "Jefferies"), may trade in the securities, commodities, foreign exchange and derivatives markets for their own accounts and the accounts of their clients, and in doing so may take positions opposite to, or ahead of, those held by the Fund or may be competing with the Fund for positions in the marketplace. Such trading may result in competition for investment opportunities or create other conflicts of interest on behalf of one or more such persons in respect of their obligations to the Fund. Records of this trading will not be available for inspection by Shareholders.

Because LAM, the Account Advisors, their investment professionals and affiliates may trade for their own accounts or Other Accounts at the same time that they are managing the Fund, prospective Investors should be aware that as a result of, among other things, testing a new trading system, trading their proprietary accounts more aggressively, hedging or other activities not constituting a breach of fiduciary duty – such persons may from time-to-time take positions in proprietary accounts or other client accounts which are opposite, or ahead of, the positions taken for the Fund.

The proprietary activities or portfolio strategies of LAM, the Account Advisors, their investment professionals, their affiliates, and their employees or the activities or strategies used for accounts managed by the Manager or the Account Advisors for other customer accounts could conflict with the transactions and strategies employed by the Fund or, in the case of an Account Adviser, the applicable Managed Account, and affect the prices and availability of the instruments in which the Fund or such Managed Account invests. Issuers of Financial Instruments held by the Fund or the applicable Trading Master Fund may have publicly or privately traded securities in which LAM and its affiliates are investors or make a market. The trading activities of LAM or the Account Advisors and their respective affiliates generally are carried out without reference to positions held directly or indirectly by the Fund or, with respect to an Account Adviser, the applicable Managed Account and may have an effect on the value of the positions so held or may result in LAM and its affiliates having an interest in the issuer adverse to that of the Fund or the applicable Managed Account.

The proprietary trading policies of the individual Account Advisors may differ materially from the LAM's policies.

Material Non-Public Information. By reason of the advisory, investment banking, and/or other activities of the Manager, the Account Advisers and their respective affiliates, LAM, the Account Advisers and their respective affiliates may acquire confidential or material non-public information or be restricted from initiating transactions in certain Financial Instruments. LAM, the Account Advisers and such affiliates will not be free to divulge, or to act upon, any such confidential or material non-public information and, due to these restrictions, it may not be able to initiate a transaction or liquidate a position for a Trading Master

Fund's account that it otherwise might have initiated. A Trading Master Fund may be frozen in an investment position that it otherwise might have initiated or liquidated.

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

As required by SEC Rule 204A-1 under the Investment Advisers Act of 1940, LAM has adopted a Code of Ethics (the "Code") which sets forth its business standards and its fiduciary duty to the Funds. At the beginning of employment and annually, each employee of LAM must acknowledge the terms of the Code and receive training on the various obligations imposed by the Code. The CCO will ensure all employees have access to the most recently updated Code. Any employee who violates the Code may be subject to disciplinary action, up to and including termination. All employees are obligated to report any violation of the Code to the CCO. The Code addresses the following:

- Prohibition on the use of material non-public information of a security;
- Reporting initially and quarterly thereafter all brokerage accounts of employees and members of their household;
- Prohibition on employees executing security orders for their personal accounts ahead of the Funds security orders (i.e. front running);
- Pre-clearance of all private placement security transactions;
- Prohibition of the purchase of new issue securities;
- Reporting of all reportable transactions within thirty (30) days of each calendar quarter end by all employees;
- Reporting of gifts over a de minimis value; and
- Other potential conflicts of interest.

The Code is available to all current and prospective investors by contacting the CCO at compliance@topwaterpartners.com.

Item 12. Brokerage Practices

Brokerage Selection

LAM continuously evaluates and recommends broker-dealers to the Funds. There are a number of factors considered when recommending broker-dealers and determining the reasonableness of their compensation.

Such factors include:

- Capital introduction and sales trading teams
- Client service
- Technology
- Legal documentation and entity structure
- Margin requirements
- Financing costs

- Commission costs
- Custodial services
- No material adverse news

Research and Other Soft Dollar Benefits

Currently, LAM has no soft dollar agreements with the broker-dealers used by the Funds. However, an Account Advisor may have their own individual arrangements in which soft-dollar credits are accumulated for its sub account in the Trading Master Funds to pay for research services and brokerage services ("Soft Dollar Services"), provided that such Soft Dollar Services are within the "safe harbor" provided by Section 28(e) of the Exchange Act.

The proprietary trading policies of the individual Account Advisors may differ materially from LAM's policies however, in connection with Soft Dollar Services, an Account Advisor in selecting the brokers for performing portfolio executions, takes into account various factors, most notably technology capabilities and systems capacity, and could also take into account such factors as the financial stability and reputation of the broker, the quality of the investment research, investment strategies, special execution capabilities, clearance, settlement, custody, recordkeeping and other ancillary services, including the broker's willingness to provide Soft Dollar Services. In some cases, the Soft Dollar Services are bundled with execution services in consideration for the Account Manager directing client orders to the broker (e.g., proprietary research of the broker, access to the broker's analysts, and direct communication lines between the Account Manager and the broker). In other cases, the Soft Dollar Services are priced separately from the execution services. As a result, the sub accounts in the Trading Master Funds may pay more than the lowest available commission in consideration for the Account Advisor's receipt of any or all of the above services. The portion of the commission attributable to execution services may be materially smaller than the portion of the commission attributable to Soft Dollar Services. The Account Advisor does not necessarily undertake to apply every negotiated reduction in the cost of execution services to reduce the overall commission rate, where the balance of the commission rate is applied to Soft Dollar Services within the safe harbor.

An Account Advisor is expected to derive substantial direct or indirect benefit from Soft Dollar Services, particularly to the extent they use soft dollars to pay for expenses which they would otherwise be required to pay for their sub account in the Trading Master Funds. With respect to Soft Dollar Services that are bundled by the broker with the execution price, there is a risk that the Account Manager is agreeing to pay more on a bundled basis for the combined services than the Trading Master Fund would need to pay to obtain the services separately if available on that basis. The investment information and soft dollar benefits received from brokers may be used by the Account Advisor in servicing other unrelated accounts, and not all such information and soft dollar benefits may be used by the Account Advisor in connection with its sub account in the Trading Master Fund.

As a general matter, the Account Advisor will be required to allocate soft dollar benefits to its sub account in the Trading Master Fund on a pro rata or on an equitable basis among its other unrelated accounts with a preapproved allowable commission rate. LAM requires that an Account Advisor that has been allowed to use Soft Dollar Services, provide a quarterly certification as to its soft dollar allocations in its sub account of the Trading Master Fund.

Cross Transactions

LAM or an Account Adviser may also enter into cross transactions where an affiliate acts as agent on behalf of a Trading Master Fund or a Managed Account, as applicable, and the other party to the transaction. Cross transactions enable LAM or an Account Adviser to purchase or sell a block of Financial Instruments for a Trading Master Fund or a Managed Account, as applicable, at a set price and possibly avoid an unfavorable price movement that may be created through entrance into the market with such purchase or sell order. The relevant affiliate may have a potentially conflicting division of responsibilities to both parties to such cross transaction. A Trading Master Fund or a Managed Account will only consider engaging in a principal or cross transaction with an affiliate of LAM or an Account Adviser, as applicable, to the extent permitted by applicable law.

Brokerage for Client Referrals

As mentioned above, LAM receives Account Advisor introductions from broker-dealers. These introductions could be classified as client referrals and may create a conflict of interest. If a broker-dealer introduction results in the selection of an Account Advisor the standard procedure for LAM is to recommend each Trading Master Fund:

- Establish the managed account at the broker-dealer that provided the introduction; and
- Require the Managed Account Advisor to primarily execute its trading activity at the broker-dealer providing the introduction.

This procedure creates an incentive for LAM to recommend broker-dealers who make introductions of Account Advisors. Conflicts of interest may exist because the recommended broker-dealers may not be as competitive as other broker-dealers based on the factors listed above. LAM's recommendation of specific broker-dealers may not result in the most favorable execution which may result in additional cost to the Funds.

Directed Brokerage

As described above, LAM routinely recommends the Funds establish managed accounts and the Account Advisors execute brokerage transactions at specific broker-dealers. However, LAM does not have the ability to require the Funds or an Account Advisor to execute brokerage transactions at specific broker-dealers.

LAM does not aggregate the purchase or sale of securities for the Funds or Regular Member/Shareholder accounts.

Item 13. Review of Accounts

LAM monitors the activity of each Managed Account on a continual basis and produces multiple reports which are sent to the Funds including:

- A report prepared every two (2) hours containing a brief summary of the Managed Account's daily trading activity and profitability;
- A daily report containing a brief summary of the prior day's performance, investment exposure of the Managed Account and the assets at each broker-dealer;
- A monthly report containing detailed information relating to the Managed Account, including the performance, return attribution, and exposure level of the Managed Account; and
- Customized reports.

These reports are conducted and reviewed by LAM's chief risk officer and employees.

In addition to the above, LAM, either directly or through the third-party administrator to the Funds, provide the following reports to investors in our Funds: monthly statements, annual audit report for Funds, and for investors in U.S. Funds an IRS Schedule K-1. We may provide additional reports to the investors in the Funds as we deem necessary. Upon request, we provide weekly and monthly estimates to investors. Upon request, certain investors in a Fund may receive more frequent and/or more detailed information from us, in our sole discretion. Our investment staff is available for conference calls or meetings for those clients, investors or prospective clients or investors that wish to undertake a due diligence review of our operations.

First Loss Managed Accounts generally have daily access to account information through service providers other than ourselves and our Fund Administrator.

Item 14. Client Referrals and Other Compensation

For a discussion of Jefferies LLC and its affiliates as placement agent, please see Item 10.

There are no arrangements, written or otherwise, in which LAM will receive an economic benefit, including sales awards or other prizes, for someone else, providing investment advice or other advisory services to the Fund. Please see Item 12 "Brokerage Practices" above.

Item 15. Custody

LAM may be deemed to have custody, as defined under Rule 206(4)-2 under the Advisers Act, of funds or securities of the Funds. LAM relies on the "audit exemption" under Rule 206(4)-2(b)(4) under the Advisers Act, which exempts an adviser to a limited partnership, limited liability company or other pooled investment vehicle from the requirement to deliver account statements to its clients if the adviser requires the vehicle to be audited annually by an independent public accountant that is registered with the Public Company Accounting Oversight Board and distributes the audited financial statements annually to the investors in the vehicle. The audited financial statements will be prepared in accordance with generally accepted accounting principles and distributed within 120 days of the funds' fiscal year ends.

Item 16. Investment Discretion

We have broad discretionary authority to manage securities accounts on behalf of the Regular Members/Shareholders who are investors in the Funds. LAM is delegated such authority in the Operating Agreement/Articles and Memorandum of the Onshore and Offshore Funds, respectively. Each Account Advisor has investment discretion over their managed account, subject to the parameters set forth in each

of their respective Account Investment Advisory Agreement with the Fund. However, the Account Investment Advisory Agreement generally place investment restriction on each Account Advisor.

Item 17. Voting Client Securities

The Account Manager will, on behalf of and in the name of the Trading Master Fund, have all responsibility with respect to the voting of (including the election not to vote) the securities and other investments in the Investment Account.

Item 18. Financial Information

We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to clients and we have not been the subject of a bankruptcy proceeding. We do not require any payment in advance.

Item 19. Requirements for State Registered Advisers

This Item 19 is not applicable.