

SEGANTII CAPITAL MANAGEMENT (USA) LLC

520 Madison Avenue
Suite 21B
New York City, NY 10022
United States of America

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This “**Brochure**” provides information about the qualifications and business practices of Segantii Capital Management (USA) LLC (hereinafter “**Segantii USA**”, “**we**”, “**us**”, “**our**” or the “**Firm**”). If you have any questions about the contents of this Brochure, please contact our Chief Compliance Officer (“**CCO**”), Niral Maru, by email at niral.maru@segantii.com. 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.

Registration as an investment adviser does not imply that Segantii USA or any of its principals or employees possesses a particular level of skill or training in the investment advisory business or any other business.

Additional information about Segantii USA and its affiliates is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Material Changes

This Item 2 lists material changes to the Brochure since we filed our last Form ADV with the SEC. The following material amendments were made to this Brochure:

- Item 5 was updated to revise the disclosure on the expenses charged to the Fund
- Item 8 was updated to revise the description of the Fund's investment objective and to include additional risk factors.

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Item 4: Advisory Business

Segantii Capital Management (USA) LLC (hereinafter “**Segantii USA**”, “**we**”, “**us**”, “**our**” or the “**Firm**”) is organized as a Delaware limited liability company with a principal place of business in New York. The Firm was founded in 2020 and is entirely owned by Segantii Capital Management (UK) Limited.

Segantii USA has three affiliate advisers: (i) Segantii Capital Management (Cayman) Limited (“**Segantii Cayman**”), (ii) Segantii Capital Management Limited (“**Segantii HK**”), and (iii) Segantii Capital Management (UK) Limited (“**Segantii UK**”). Each of these affiliates files a report with the SEC as an exempt reporting adviser.

Segantii Cayman is a Cayman Islands corporation that was formed on 27 September 2007. Segantii HK is a Hong Kong corporation that was formed on 16 July 2007. Segantii UK is a company incorporated in England that was formed on 6 March 2014.

Segantii Cayman is the investment manager and provides investment management services to qualified investors through its private fund, “The Segantii Asia Pacific Equity Multi-Strategy Fund” (the “**Fund**” or the “**Client**”). Segantii HK is the investment adviser to the Fund through an advisory agreement in place. Pursuant to sub-advisory agreements with Segantii HK, each of Segantii UK and Segantii USA provides investment advisory services on a discretionary basis to the Fund.

The Fund is incorporated as an exempted open-ended investment company with limited liability in the Cayman Islands.

Interests in the Fund are offered through a private placement memorandum to US persons who are accredited investors, as defined under the Securities Act of 1933, as amended (the “**Securities Act**”), and qualified purchasers, as defined under the Investment Company Act of 1940, as amended (the “**Investment Company Act**”) or knowledgeable employees as defined under Rule 3c-5 under the Investment Company Act. Segantii USA does not tailor its advisory services to the individual needs of any particular investor.

The Fund’s “**Shareholders**” are hereafter collectively referred to as the “**Investors**” where appropriate.

Our investment decisions and advice with respect to the Fund are subject to the Fund’s investment objectives and guidelines, as set forth in its “**Offering Documents**.”

We do not currently participate in any Wrap Fee Programs.

As of 30 September 2020, we had \$ 12,686,102,170 regulatory assets under management.

Item 5: Fees and Compensation

The fees applicable to the Fund are set forth in detail in the corresponding Offering Documents. A brief summary of such fees is provided below. Investors should refer to the Offering Documents for a complete understanding of how the Firm is compensated for its advisory services.

Management Fee

An investment management fee ("**Management Fee**") equal to two percent, per annum for each class of the net asset value of the Fund is charged and is paid to Segantii HK.

The Fund may issue different classes of participating shares and as such the management fee and/or the performance fee may be further reduced or waived and may permit certain shareholders to participate in the funds on different terms.

Other Types of Fees or Expenses

Investor Adviser Fees – Segantii HK pays sub-advisory fees to Segantii USA in accordance with its internal transfer pricing policies. Such sub-advisory fees are paid out of the Management Fee and Performance Fee (as defined below) paid by the Fund.

Prime Brokerage Fees – Each prime broker is entitled, in its capacity as prime broker, to interest on any advances which it makes to the Fund and such fees as may be agreed with the Fund from time to time in relation to any other facilities each prime broker provides to the Fund.

Fees for the Administrator, Registrar and Transfer Agent – The administrator, registrar and transfer agent are entitled to receive fees paid out of the assets of the Fund based upon the nature and extent of the services performed for the Fund.

General Expenses – The Fund bears the cost of all brokerage (if any) payable on the purchase or sale of investments, interest on borrowings and fees in respect thereof, fees payable in the Cayman Islands on increase in the share capital of the Fund, the annual company registration fee payable in the Cayman Islands, the fees and reasonable travel and per diem expenses of the Fund's Directors, the fees and expenses of the auditors and legal advisors, the cost of any liability insurance taken out by the Fund in respect of the directors, the cost of the investment management insurance, the cost of printing and distributing the annual and semi-annual reports and statements and all other operating and administrative expenses.

Segantii USA is expected to incur costs and expenses on research services, data and information technology (including software, hardware, infrastructure and connectivity) charged by service providers including but not limited to Bloomberg, data providers, law firms and expert network service providers, in relation to investments programs that Segantii USA deems beneficial to the Fund. Segantii USA may request the Fund to bear or reimburse such costs and expenses.

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

Segantii HK is entitled to a performance-based compensation from the Fund in respect to certain classes of shares, this fee being calculated by the administrator on a share-by-share basis (the “**Performance Fee**”).

Performance-based fees may create an incentive for us to recommend investments that may be riskier or more speculative than those which we would recommend under a different arrangement.

The Performance Fee (if any) is calculated as at the last valuation point in respect of each period of 12 months ending on 30 September of each year (the “Performance Period”). Information on the calculation of the Performance Fee for investors who redeem from the Fund during its financial year is available from Segantii HK upon request.

The Performance Fee is equal to 20 percent of the appreciation in the net asset value above the high watermark, per Performance Period. Performance fees are not charged to the Fund’s designated share class which is available only to officers and employees of the investment manager of the Fund, Segantii Cayman, or its affiliates (including Segantii USA).

Item 7: Types of Clients

Segantii USA provides investment management services to the Fund. For purposes of this Brochure, the terms “client” is synonymous with the Fund.

The Fund is open to any investors who are able to acquire participating shares without violating applicable laws. All investors that are US Persons (as such term is defined in Regulation S promulgated under the Securities Act) must be accredited investors (as such term is defined under the Securities Act) and qualified purchasers or knowledgeable employees (as such terms are defined under the Investment Company Act) to participate in the Fund.

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

The descriptions of specific advisory services that we offer to Clients, and investment strategies pursued, and investments made by us on behalf of our Clients, should not be understood to limit in any way our investment activities. We may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that we consider appropriate, subject to each Client’s investment objectives and guidelines as set forth in the Offering Documents. The investment strategies we pursue are speculative and entail substantial risks. Clients and underlying Investors 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.

Investment Objective

The principal investment objective of the Fund is to deliver consistent absolute returns, relative to the level of risk assumed. The Fund attempts to achieve its investment objective by employing a multi-strategy investment program. The Firm anticipates utilising, amongst others, Relative Value trading and Opportunistic Events trading strategies on behalf of the Fund.

The Fund invests globally with a focus on the Asia-Pacific region. The strategies pursued by the Fund are in relation to securities, derivatives and other investment products issued by or relating to companies headquartered in, primarily doing business in, traded or listed in the Asia-Pacific region. The securities, derivatives and investment products invested in or traded by the Fund in pursuing its investment objectives include, but are not limited to, equities, equity access products, depository receipts, listed futures, listed options, equity warrants, over-the-counter derivatives, real estate investment trusts ("REITs") and other asset backed investment vehicles, swaps, currencies, deliverable and non-deliverable currency forwards, currency options, convertible and exchangeable bonds, credit and fixed income instruments, commodities, exchange traded funds ("ETFs") and their associated derivatives.

The Asia-Pacific region includes, but is not limited to, the countries or territories of Hong Kong, Japan, Korea, Taiwan R.O.C., People's Republic of China ("PRC"), Pakistan, the Philippines, Vietnam, Thailand, Malaysia, Myanmar, Singapore, Sri Lanka, Indonesia, India, Bangladesh, Australia and New Zealand.

The Firm may periodically modify its strategies. New strategies may be implemented, and existing strategies may be discontinued. The Fund may hold 100 percent of its assets in cash or cash equivalents should the Firm deem such strategy to be prudent over any time period.

No assurance can be given that the Fund will be able to achieve the above objective. The Fund's Directors may in their sole discretion amend all or any part of the Fund's investment objective and strategy upon not less than one month's prior written notice to shareholders

Risk Management

The Firm has adopted risk management procedures intended to identify, measure, manage and monitor risks in connection with the investment of the assets of the Fund, including market risk, liquidity risk, issuer and counterparty and credit risk and operational risk, taking into account the nature, scale and complexity of the business of the Firm and the investment objective and strategy of the Fund.

Risk of Loss Factors

The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the Clients advised by us. These risk factors include only those risks we believe to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis employed by us.

An investment involves significant risks, and is suitable only for those persons who can bear the economic risk of the loss of their entire investment, who have limited need for liquidity in their investment, and who have met the conditions set forth in the Offering Documents. There can be no assurances that we will achieve our investment objectives. An investment carries with it the inherent risks associated with investments in publicly traded stocks and bonds, options, and related instruments, including, without limitation, the risks described in the Offering Documents. Each prospective investor should carefully review the Offering Documents and the documents referred to therein before deciding to invest in the Fund.

Risk of investing in People's Republic of China ("PRC") securities

Under the prevailing regulations in mainland China, foreign investors may invest in the China A-Shares market through institutions that have obtained Qualified Foreign Institutional

Investors (“QFII”) or Renminbi Qualified Foreign Institutional Investors (“RQFII”) status in mainland China. The current QFII and RQFII regulations impose restrictions (such as investment guidelines) on A-Shares investment.

The Fund may invest indirectly in A-Shares via A-Share access products issued by the QFIIs. A-Share access products include equity-linked notes, participating certificates, participatory notes, swaps and other similar instruments issued by the QFIIs. The Funds’ counterparty risk will be with the different third parties which have already obtained QFII status.

The Fund’s ability to invest and the exposures of the Fund to A-Shares through A-Share access products may be adversely affected by restrictions to which the QFII is subject. A QFII’s conduct of trading activities is from time to time subject to risk of suspension by the relevant Chinese authorities. QFIIs are subject to investments limits and restrictions, and the breach of certain limits will result in a QFII being required to sell down its holding to meet the relevant limits which may in turn affect investments of the Fund. As QFII regulations on investments apply to a QFII as a whole (and not simply to the investments made by the Fund), any potential violation of the QFII regulations on investments arising out of activities through the same QFII other than investments made by the Fund could result in regulatory actions in respect of the QFII as a whole, including the investments by the Fund.

Investment in A-Share access products can also be illiquid as there is no active market in such instruments.

Investment in the PRC remains sensitive to any major change in economic, social and political policy in the PRC. The capital growth and thus the performance of these investments may be adversely affected due to such sensitivity. The PRC government’s control of future movements in exchange rates and currency conversion may have an adverse impact on the operations and financial results of the companies in which the Fund invests.

Further, there is a possibility that the tax laws, regulations and practice in the PRC may be subject to change and that such change may have a retroactive effect on an investor.

Risks associated with the Stock Connects

The Firm may direct the Fund to invest and have direct access to certain eligible China A-Shares via the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect (together, the “**Stock Connects**”). The Shanghai-Hong Kong Stock Connect is a securities trading and clearing links program developed by Hong Kong Exchanges and Clearing Limited (“**HKEX**”), Shanghai Stock Exchange (“**SSE**”) and China Securities Depository and Clearing Corporation Limited (“**ChinaClear**”) and the Shenzhen-Hong Kong Stock Connect is a securities trading and clearing links program developed by HKEX, Shenzhen Stock Exchange (“**SZSE**”) and ChinaClear. To the extent the Firm invests through the Stock Connects, the Firm may be subject to risks associated with the Stock Connects.

The relevant rules and regulations on Stock Connects are subject to change which may have potential retrospective effect. The Stock Connects are subject to quota limitations. Where a suspension in the trading through the programme is effected, the Firm’s ability to invest in China A-shares or access the PRC market through the programme will be adversely affected. In such event, the Firm’s ability to achieve its investment objective could be negatively affected.

Risk of Investing Through a Subsidiary

The Fund may set up Specific Purpose Entities (“SPE”) to invest in specific markets or to invest in specific transactions consistent with the Fund’s investment objective and strategy. Where such SPEs are set up, the Fund will invest directly in shares of the SPE but will not have direct ownership of the assets of the SPE. The SPE will apply the Fund’s investment restrictions as outlined in the Fund’s Offering Documents.

By investing through the SPE, the Fund may benefit from certain tax advantages as compared to investing directly in the specific market. It cannot be guaranteed that the Fund will always benefit from these tax advantages. Furthermore, a change in the relevant tax treaty or tax laws could affect the taxation of the Fund’s investments and/or the taxation of the relevant SPE and, consequently, the value of Shares in the Fund.

Any change in the regulatory status of the SPE or changes in the laws and regulations of the domicile country of the SPE may limit or adversely impact the ability of the Fund to invest in the specific market or specific transactions, which may, in turn, adversely impact the performance of the Fund.

Leverage

The Fund may be leveraged by borrowing and may also engage in investment strategies that constitute leverage should the Firm consider this necessary or desirable. Such strategies may include the borrowing and short selling of securities and the acquisition and disposal of certain types of derivative securities and instruments, such as swaps, futures, forwards and options.

Since many derivative instruments have a leverage component, adverse changes in the value or level of the underlying asset, rate or index can result in a loss substantially greater than the amount invested in the derivative itself. Certain derivative instruments have the potential for unlimited loss regardless of the size of the initial investment. If there is default by the other party to any such transaction, there will be contractual remedies; however, exercising such contractual rights may involve delays or costs which could result in the value of the total assets of the related portfolio being less than if the transaction had not been entered.

The Fund currently does not impose any limitation and restrictions on the use of leverage. Whilst leveraging creates an opportunity for greater total returns it also exposes the Fund to a greater risk of loss arising from adverse price changes.

Derivatives

The Fund may have exposure to derivatives including instruments and contracts the value of which is linked to one or more underlying securities, interest rates, foreign exchange rates, financial benchmarks or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark or index at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives trading. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement can result not only in the loss of the entire investment, but may also expose the Fund to the possibility of a loss exceeding the original amount invested.

Risks associated with futures, options and warrants

The Fund may from time to time use both exchange-traded and over-the-counter futures and options as part of its investment strategy or for hedging purposes. These instruments are highly volatile, involve certain special risks and expose investors to a high risk of loss. The low initial margin deposits normally required to establish a futures position permit a high degree of leverage. As a result, a relatively small movement in the price of a futures contract may result in a profit or a loss which is high in proportion to the amount of funds actually placed as initial margin and may result in unquantifiable further loss exceeding any margin deposited. Further, when used for hedging purposes there may be an imperfect correlation between these instruments and the investments or market sectors being hedged. Transactions in over-the-counter derivatives may involve additional risk as there is no exchange or market on which to close out an open position. It may be impossible to liquidate an existing position, to assess or value a position or to assess the exposure to risk. Warrants give the Firm the right to subscribe to or purchase securities in which the Fund may invest. The underlying security may be subject to market volatility thus rendering an investment in a warrant a higher risk than an investment in an equity security.

Forward contracts risk

Forward contracts, unlike futures contracts, are not traded on exchanges and are not standardised; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward trading is substantially unregulated, there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. Market illiquidity or disruption could result in major losses to the Fund.

Depository Receipts

Investment into a given country may be made via direct investments into that market or by depository receipts traded on other international exchanges in order to benefit from increased liquidity in a particular security and other advantages. Investments in depository receipts may be subject to counterparty risk, in which a significant or even total loss might be suffered in the event of the liquidation of the depository or custodian bank.

Exchange Traded Funds ("ETFs")

ETFs are investment companies whose shares are bought and sold on a securities exchange. ETFs invest in a portfolio of securities designed to track a particular market segment or index. ETFs, like mutual funds, have expenses associated with their operation, including advisory fees. When the Firm invests the Fund in an ETF, in addition to directly bearing expenses associated with its own operations, it will bear a pro rata portion of the ETF's expenses. Such ETF's expenses may make owning shares of the ETF more costly than owning the underlying securities directly. The risks of owning shares of an ETF generally reflect the risks of owning the underlying securities the ETF is designed to track, although lack of liquidity in an ETF could result in its value being more volatile than the underlying portfolio of securities.

Counterparty Risks

The Fund will transact most of its investments through financial institutions including but not limited to brokers, dealers and banks. All purchases and sales of securities will carry counterparty risks until the transactions have settled. All derivative transactions will carry counterparty risks either until the derivatives expire or until the derivatives are exercised and the underlying securities or cash are settled or until the derivatives are offset under the terms of their contracts. All financing transactions such as borrowing or lending of the Fund or securities will carry counterparty risks until such borrowing or lending has terminated and the relevant collateral is returned. All deposits of securities or cash with a custodian, bank or financial institution will carry counterparty risk. Upon default, or becoming subject to sanctions or other regulatory restrictions, by a counterparty the Fund may be forced to unwind certain transactions and the Fund may encounter delays and difficulties with respect to court procedures in seeking recovery of the Fund's assets.

Counterparty Insolvency

The stability and liquidity of repurchase agreements, swap transactions, forward transactions and other over-the-counter derivative transactions depend in large part on the creditworthiness of the parties to the transactions. It is expected that Segantii USA or its relevant affiliate will monitor on an ongoing basis the creditworthiness of firms (including the Prime Brokers) with which the Fund will enter into repurchase agreements, interest rate swaps, caps, floors, collars or other over-the-counter derivatives. If there is a default by the counterparty to such a transaction, the Fund will under most normal circumstances have contractual remedies pursuant to the agreements related to the transaction. However, exercising such contractual remedies may involve delays or costs which could result in the net asset value being less than if the Fund had not entered into the transaction.

Furthermore, there is a risk that any of such counterparties could become insolvent. For example, in September 2008, Lehman Brothers Holdings Inc., a major investment bank based in the United States, filed for bankruptcy protection under Chapter 11 of the United States Bankruptcy Code, and Lehman Brothers Inc., its principal US broker-dealer subsidiary, became subject to a liquidation proceeding under the United States Securities Investor Protection Act. In addition, certain Lehman Brothers subsidiaries, including Lehman Brothers International (Europe) ("LBIE") have been placed under administration for the purposes of winding down their respective businesses. If one or more of the Fund's counterparties were to become insolvent or the subject of liquidation proceedings in the United States (either under the United States Securities Investor Protection Act or the United States Bankruptcy Code), there is a risk that the recovery of the Fund's securities and other assets from such counterparty will be delayed or be of a value less than the value of the securities or assets originally entrusted to such counterparty. In addition, the Fund may use counterparties located in various jurisdictions around the world like LBIE. Such local counterparties are subject to various laws and regulations in various jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to the Fund's assets will be subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a counterparty, it is impossible to generalise about the effect of their insolvency on the Fund and its assets. Investors should assume that the insolvency of any counterparty would result in a loss to the Fund, which could be material.

Risks Relating to REITs and other Property-Related Companies

The prices of equity REITs are affected by changes in the value of the underlying property owned by the REITs companies and changes in capital markets and interest rates. The prices of mortgage REITs are affected by the quality of any credit they extend, the creditworthiness of the mortgages they hold, as well as by the value of the property that secures the mortgages.

While the Fund will not invest in real property directly, the Fund may be subject to risks similar to those associated with the direct ownership of real property (in addition to securities market risks) because of its investments in REITs.

In addition to these risks, equity REITs may be affected by changes in the value of the underlying property owned by the trusts, while mortgage REITs may be affected by the quality of any credit they extend. Further, REITs are dependent upon management skills and generally may not be diversified. REITs are also subject to heavy cash flow dependency, defaults by borrowers and self-liquidation. There is also the risk that borrowers under mortgages held by a REITs or lessees of a property that a REITs owns may be unable to meet their obligations to the REITs. In the event of a default by a borrower or lessee, the REITs may experience delays in enforcing its rights as a mortgagee or lessor and may incur substantial costs associated with protecting its investments. In addition to the foregoing risks, certain "special purpose" REITs in which the Fund may invest may have their assets in specific real property sectors, such as hotel REITs, nursing home REITs/property-related companies or warehouse REITs, and are therefore subject to the risks associated with adverse developments in these sectors.

Foreign Currency Markets

The Fund will have exposure to fluctuations in currency exchange rates where it invests directly or indirectly in securities denominated in currencies other than US dollars. It may, in part, seek to offset the risks associated with such exposure through foreign exchange transactions. The markets in which foreign exchange transactions are effected are highly volatile, highly specialised and highly technical. Significant changes, including changes in liquidity and prices, can occur in such markets within very short periods of time, often within minutes. Foreign exchange trading risks include, but are not limited to, exchange rate risk, interest rate risk and potential interference by foreign governments through regulation of local exchange markets, foreign investment, or particular transactions in foreign currency.

Economic and Political Risks

The economies of certain countries in which the Fund may invest may differ favourably or unfavourably from the economies of more developed countries in such respects as growth of gross domestic product, rate of inflation, currency depreciation, capital reinvestment, resource self-sufficiency and balance of payments position. With respect to any emerging country, there is the possibility of nationalisation, expropriation or confiscatory taxation, political changes, government regulation, social instability or diplomatic developments and war which could affect adversely the economies of such countries or the value of the Fund's investments in such countries. In addition, it may be difficult to obtain and enforce a judgement in a court in an emerging country.

The economic and political risks described above may also adversely impact the value of derivative instruments and securities that are linked to the performance of emerging markets.

Sanctions Risks

The Fund and its affiliates may be at risk of sanctions imposed by the U.S. and other government authorities. In recent years, there has been an increase in U.S. designations in various locations, and there has also been an increased risk of counter-sanctions in some locations. In the U.S., the Office of Foreign Assets Control (OFAC) of the U.S. Department of the Treasury administers and enforces laws, regulations and orders regarding U.S. economic and trade sanctions. Such sanctions prohibit, among other things, transactions with or in certain countries, territories, individuals, entities and financial institutions. These types of sanctions may restrict the Fund's investment activities or may prohibit the Fund, the Firm and others doing business with the Fund from transacting with or in certain countries and with certain individuals, entities or financial institutions.

*Geographic Risks**Political*

Although many of the countries in the Asia-Pacific region have experienced a relatively stable political environment over the last decade, there is no guarantee that such stability will be maintained in the future. As an emerging region, many factors may affect such stability on a country-by-country as well as on a regional basis - increasing gaps between the rich and poor, agrarian unrest and stability of existing coalitions in politically-fractionated countries - and may result in adverse consequences to the Fund.

Legal

The legal infrastructure in each of the countries in the Asia-Pacific region is unique and often undeveloped. In most cases, securities laws are evolving and far from adequate for the protection of the public from serious fraud. Investment in Asia-Pacific securities involves considerations and possible risks not typically involved with investment in other issuers, including changes in applicable laws, instability of some governments, the possibility of expropriation, limitations on the use or removal of funds or other assets, changes in governmental administration or economic or monetary policy or changed circumstances in dealings between nations. The application of tax laws (e.g., the imposition of withholding taxes on dividend or interest payments) or confiscatory taxation may also affect investment in Asia-Pacific securities. Higher expenses may result from investment in Asia-Pacific securities than would from investment in other securities because of the costs that must be incurred in connection with conversions between various currencies and brokerage commissions that may be higher than elsewhere. Asia-Pacific securities markets also may be less liquid, more volatile and less subject to governmental supervision than elsewhere. Investments in countries in the region could be affected by other factors not present elsewhere, including lack of uniform accounting, auditing and financial reporting standards, inadequate settlement procedures and potential difficulties in enforcing contractual obligations.

Natural and Man-made Disasters

Certain countries in the Asia-Pacific region are especially prone to natural disasters, such as flooding, drought and earthquakes. Combined with the possibility of man-made disasters, the occurrence of such disasters may adversely affect investee companies and, as a result, may result in adverse consequences to the Fund.

Inflation

Many of the countries in the Asia-Pacific region have experienced rising inflation. Should the governments and central banks of the countries in the Asia-Pacific region fail to control inflation, this may have an adverse effect on the performance of the Fund.

Co-dependence of Various Markets on Each Other

Several of the countries in the Asia-Pacific region remain dependent on the US economy as their largest export customer, and future barriers to entry into the US market could adversely affect the Fund's performance. Intraregional trade is becoming an increasingly significant percentage of total trade for the countries in the region. Consequently, the intertwined economies are becoming increasingly dependent on each other, and any barriers to entry to markets in the Region in the future may adversely affect the Fund's performance.

Constraints on the Movement of Capital

Certain countries in the region in which the Fund may invest restrict the movement of foreign capital. Changes in securities laws and foreign ownership laws may have an adverse effect on the Fund.

Custody Risks

The Fund currently has in place custody arrangements with various Prime Brokers. In keeping with normal practice between prime brokers and their hedge fund clients, Prime Brokers, may, within limits, borrow assets from the Fund's custody account in support of financing and other facilities offered to the Fund by the Prime Brokers, a practice known as "rehypothecation". Those assets that are borrowed in this way will not be segregated from the assets of the borrowing of the relevant Prime Broker and would therefore be available to the creditors of the relevant Prime Broker in the event of its insolvency.

Similarly, cash held or received for the Fund by or on behalf of the Prime Brokers will normally be treated as a debt of the Prime Brokers and will not be subject to special protection such as the United Kingdom's client money protections. Accordingly, the Fund's cash will typically not be segregated from the cash of a Prime Broker and may be used by that relevant Prime Broker in the course of its business, and the Fund will rank as a general creditor in the event of that Prime Broker's insolvency.

If the Fund enters into derivative and other transactions with counterparties or executing brokers that are not Prime Brokers, any cash or assets passed by the Fund as margin to such a party will typically not be segregated from the cash or assets of that party, and will therefore be available to the creditors of that party in the event of its insolvency.

The holding, as described in the previous three paragraphs, of assets borrowed by a Prime Broker, of cash without protections by the relevant Prime Broker, and of cash and assets as margin by a counterparty or executing broker, may result in an adverse effect on the Net Asset Value of the Fund should the recipient of the Fund's cash or assets become insolvent.

In addition, custodians or sub-custodians may be appointed in local markets for purpose of safekeeping assets in those markets. Where the Fund invests in markets where custodial and/or settlement systems are not fully developed, the assets of the Fund may be exposed to custodial risk. In case of liquidation, bankruptcy or insolvency of a custodian or sub-

custodian, the Fund may take a longer time to recover its assets. In extreme circumstances such as the retroactive application of legislation and fraud or improper registration of title, the Fund may be unable to recover all of its assets. The costs borne by Fund in investing and holding investments in such markets will be generally higher than in organised securities markets.

Short Selling

The Fund may short sell securities of an issuer. If the price of the issuer's securities declines the Firm may then cover the short position with securities purchased in the market. The profit realised on a short sale will be the difference between the price received in the sale and the cost of the securities purchased to cover the sale.

The possible losses from short selling securities differ from losses that could be incurred from a cash investment in the security; the former may be unlimited, whereas the latter can only equal the total amount of the cash investment. Short selling activities are also subject to restrictions imposed by the various national and regional securities exchanges, which restrictions could limit the investment activities of the Firm.

Repurchase Agreements

The Fund may enter into repurchase agreements with respect to securities. Repurchase agreements involve credit risk to the extent that the Fund's counterparties may avoid such obligations in bankruptcy or insolvency proceedings, thereby exposing the Fund to unanticipated losses. The amount of credit risk incurred by the Fund with respect to a particular repurchase agreement will depend in part on the extent to which the obligation of the Fund's counterparty is secured by sufficient collateral.

Under a repurchase agreement, the Fund retains the economic risks and rewards of the securities which it has sold to the counterparty and therefore is exposed to market risk in the event that it must repurchase such securities from the counterparty at the pre-determined price which is higher than the value of the securities. If it chooses to reinvest the cash collateral received under the repurchase agreement, it is also subject to market risk arising in respect of such investment.

Reverse Repurchase Agreements

The Fund may enter into reverse repurchase agreements. If the seller of securities to the Fund under a reverse repurchase agreement defaults on its obligation to repurchase the underlying securities, as a result of its bankruptcy or otherwise, the Fund will seek to dispose of such securities, which action could involve costs or delay. If the seller becomes insolvent and subject to liquidation or reorganisation under applicable bankruptcy or other laws, the Fund's ability to dispose of the underlying securities may be restricted. It is possible, in a bankruptcy or liquidation scenario, that the Fund may not be able to substantiate its interest in the underlying securities. Finally, if a seller defaults on its obligation to repurchase securities under a reverse repurchase agreement, the Fund may suffer a loss to the extent that it is forced to liquidate its position in the market, and proceeds from the sale of the underlying securities are less than the repurchase price agreed to by the defaulting seller.

Securities Lending

The principal risk when lending securities is that the borrower might become insolvent or refuse to honour its obligations to return the securities. In this event, the Fund could experience delays in recovering its securities and may possibly incur a capital loss. The Fund may also incur a loss in reinvesting the cash collateral it receives. Such a loss may arise due to a decline in the value of the investment made with cash collateral received from a securities lending counterparty. A decline in the value of such investment of the cash collateral would reduce the amount of collateral available to be returned by the Fund to the securities lending counterparty at the conclusion of the securities lending contract. The Fund would be required to cover the difference in value between the collateral originally received and the amount available to be returned to the counterparty, thereby resulting in a loss to the Fund.

Valuation and Accounting

The Fund has adopted IFRS in drawing up the annual accounts of the Fund. However, investors should note that the calculation of the Net Asset Value may not necessarily be in compliance with generally accepted accounting principles, that is, IFRS. Accordingly, investors should note that the NAV as described in the Placing Memorandum may not necessarily be the same as the net asset value to be reported in the annual accounts as the Firm may make necessary adjustments in the annual accounts to comply with IFRS.

Dividends and Distributions

The Fund does not intend to pay dividends or other distributions, but intends instead to reinvest all of the Fund's income and gains. Accordingly, an investment in the Fund may not be suitable for investors seeking income returns for financial or tax planning purposes.

Effect of Substantial Redemptions

Substantial redemptions by Shareholders within a short period of time could require the Fund to liquidate securities and other positions more rapidly than would otherwise be desirable, possibly reducing the value of its assets and/or disrupting its investment strategy. Further, it may be impossible to liquidate a sufficient amount of securities to meet redemptions because a significant part of the portfolio at any given time may be invested in securities for which the market is or becomes illiquid. Reduction in the size of the Fund could make it more difficult to generate a positive return or to recoup losses due to, among other things, reductions in the Fund's ability to take advantage of particular investment opportunities or decreases in the ratio of its income to its expenses.

Risks of Multi-Class Structure

The Fund can establish an unlimited number of separate Classes of Participating Shares. The Directors of the Fund will attempt to ensure that a Shareholder's interest will be limited to the assets and liabilities represented by the Class of Participating Shares in which he invests. Investors should, however, be aware that in the event a claim is made against the Fund, if the assets attributable to a Class in respect of which the claim is made are insufficient to cover such claim, the creditor may have recourse to the assets attributable to other Classes.

New Issues Risk

The Fund may purchase “new issues” within the meaning of the FINRA New Issue Rules. A “new issue” is defined as an initial public offering of an equity security. When Segantii USA places market orders for new issue securities, it risks receiving an execution substantially away from the market or offering price. This risk may be significantly reduced if a limit order is utilized. However, it is possible that a limit order will not be executed. In determining if and for how long the Fund should hold new issue securities, Segantii USA must gauge whether other investors are likely to buy these securities on the secondary market and how long the attraction for the securities is likely to last as well as other factors. In addition, Segantii USA may at times be restricted or limited from purchasing new issue securities if too high percentage of the Fund’s Participating Shares held by Shareholders who are Restricted Persons under the FINRA New Issue Rules. The market for these securities is untested. Because the offering is on a first-time basis, there is generally no market information about the securities to help determine its value or its outlook. Further, if the Fund is not able to obtain accurate and current information regarding the eligibility of Shareholders to participate in new issues then the Fund may be prevented from buying new issues (typically U.S. listed initial public offerings).

Lack of Jurisdiction for Service of Process by U.S. Persons

The Fund and all or a substantial portion of the assets of the Fund are located outside of the United States. As a result, it may not be possible for U.S. Persons to effect service of process within the U.S. upon such entities or to enforce against them judgments of U.S. courts predicated upon the civil liability provisions of the federal or state securities laws of the U.S.

ERISA and Other U.S. Tax-Exempt Investors

Investment in the Fund by entities subject to ERISA and other tax-exempt entities requires special consideration. Trustees or administrators of such entities are urged to carefully review the matters relating to ERISA and U.S. tax regulations that may apply to them.

ERISA-Related Risks

The Fund does not intend to permit 25 percent or more of any class of equity interests of the Fund (excluding any such shares owned by Segantii USA or its affiliates) to be owned by Benefit Plan Investors (including intermediate investment entities deemed to hold plan assets and individual retirement accounts and Keogh plans) and therefore the assets of the Fund should not be deemed to be “plan assets” under U.S. Department of Labor regulations under ERISA. The following consequences, among others, would arise in the event that the 25 percent threshold is reached and the assets of the Fund are deemed to be ERISA plan assets: (a) the prudence and diversification standards, bonding requirements and other provisions of Part 4 of Title I of ERISA applicable to investments by ERISA Plans and their Plan Fiduciaries would extend to the actions of the Directors of the Fund and Segantii USA and its affiliates regarding investments by the Fund, (b) certain transactions that the Fund has entered into or might seek to enter into might constitute “prohibited transactions” under ERISA or the Code, subject to a requirement that such transactions may be rescinded and result in potential penalties or excise tax liability and other fiduciary liability of the Fund, and (c) The Fund and, potentially, the Fund’s Directors would be required to disclose certain financial information concerning the Fund to the Plan Fiduciaries of any Benefit Plan Investors. The Directors of the Fund have the power to require the redemption or transfer of Participating Shares held by any Shareholder to ensure that Benefit Plan Investors do not own 25 percent or more of each class

of equity interests of the Fund (excluding any such shares owned by Segantii USA or its affiliates).

Foreign Account Tax Compliance

Pursuant to the US Foreign Account Tax Account Compliance Provision ("FATCA"), certain payments to the non-US. Persons, such as the Fund including interest and dividends from securities of the U.S. issuers ("Withholdable Payments") may be subject to withholding at a 30 per cent rate, unless the recipient of the payment satisfies certain requirements intended to enable the United States Internal Revenue Service (the "IRS") to identify United States persons with interests in such payments.

On 29 November 2013, the United States and the Cayman Islands signed an intergovernmental agreement for the implementation of FATCA ("US IGA"). Pursuant to the US IGA, the Fund will generally be relieved from the US FATCA withholding tax on Withholdable Payments it receives, provided that the Cayman Islands government and the Fund comply with the terms of the US IGA. Among other things, the US IGA and implementing Cayman Islands regulations and guidance require the Fund to identify certain of its direct and indirect U.S. owners and report such ownership to the relevant authority in the Cayman Islands, which in turn reports information regarding such ownership to the IRS.

However, if the Fund receives payments covered by the US FATCA, withholding may apply if it cannot satisfy the applicable requirements under the US IGA or Cayman Islands regulations and guidance or the Cayman Islands government is not in compliance with the US IGA.

The Fund will endeavour to satisfy the requirements imposed under US FATCA or the US IGA to avoid any withholding tax on Withholdable Payments under US FATCA. In the event that the Fund is not able to comply with the requirements imposed by the US FATCA or the US IGA and the Fund does suffer U.S. withholding tax on its investments as a result of non-compliance, the Net Asset Value of the Fund may be adversely affected and the Fund may suffer significant loss as a result. In the event any amounts are withheld from payments made to the Fund pursuant to US FATCA due to any failure by a Shareholder to provide information to the Fund necessary to avoid such withholding, the Fund may collection the withheld taxes from such Shareholder and/or allocate or apportion to such Shareholder the withheld taxes.

Each prospective investor (and Shareholder) should consult with its own tax adviser as to the potential impact of US FATCA in its own tax situation.

Item 9: Disciplinary Information

At this time, the Firm has no information to disclose that is applicable to Item 9.

Item 10: Other Financial Industry Activities and Affiliations

Neither we nor our management persons are registered as broker-dealers, and neither of us has any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer, respectively.

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

Segantii USA has adopted a “**Code of Ethics**” that establishes the high standard of conduct that we expect of our employees and certain other designated persons (“Supervised Persons”) and procedures regarding our employees’ personal trading of securities. Our employees are required to certify their adherence to the terms set forth in the Code of Ethics upon commencement of employment and annually thereafter. Employees also are required to provide quarterly certifications of compliance with certain Code of Ethics provisions.

The foundation of our Code of Ethics is based upon the following underlying fiduciary principles:

- Employees must at all times place the interests of the Fund and Investors first;
- Employees must ensure that all personal securities transactions are conducted consistent with the Code of Ethics’ Employee Personal Investment Policy (described below); and
- Employees should not take inappropriate advantage of their position at the Firm.

Employees must obtain pre-approval from the Firm’s Compliance Officer before: (i) engaging in any outside business activities; (ii) making any private investments; (iii) trading in “Reportable Securities” (as defined in the Code of Ethics, and which includes a wide variety of instruments such as stocks, bonds, fixed income, options, warrants, futures, certain transaction relating to currencies, certain derivatives, exchange traded funds and exchange traded notes); (iv) participating in Initial Public Offers.

Employees are permitted to maintain personal accounts for the purpose of trading in single name securities. Employees must disclose all personal accounts (including the accounts of connected persons) when they join the Firm. In addition, employees must provide, or arrange to have their broker provide, copies of their brokerage statements on periodic basis. New personal accounts are subject to written pre-approval from the Firm’s CCO.

Employees are prohibited from personally, or on behalf of a Client, transacting in securities that are on the Firm’s Restricted List.

We will provide a copy of our Code of Ethics to our Investors, or any prospective investor, upon request, to be viewed on the premises.

Participation or Interest in Client Transactions and Investment Conflicts

As set forth in more detail in the Fund’s Offering Documents, Segantii USA’s Supervised Persons are or may be investors in the Fund and may invest in securities that Segantii USA or one of its advisory affiliates recommends for the Fund. Further, Segantii USA or one of its advisory affiliates may also invest themselves, directly or indirectly, in securities that it recommends for the Fund. As such, it is possible that Segantii USA will cause the Fund to buy or sell securities in which Segantii USA or one of its related persons or Supervised Persons has a financial interest. Further, Segantii USA and its related persons and Supervised Persons are not obligated to offer such investments to the Fund or to account to the Fund in respect of (or share with the Fund or to inform the Fund of) any such transactions or any benefit received by any of them from any such transaction.

As a means of mitigating conflicts of interest, Supervised Persons must follow Segantii USA's personal trading policies and procedures (noted above under "Code of Ethics"). Further, Supervised Persons who are planning to invest in or make a recommendation to invest in a security for the Fund, and who have a material interest in the security or a related security, must first disclose such interest to the CCO, who shall conduct an independent review of the recommendation to purchase the security for the Fund and maintain written evidence of such review and steps to mitigate any conflicts of interest (which measures may include the seeking of approval from the board of directors of the Fund and/or compliance with relevant internal guidelines and procedures; see also "Procedures to Prevent and Detect Misuse of Material, Non-Public Information" below).

Procedures to Prevent and Detect Misuse of Material, Non-Public Information

Segantii USA has established policies and procedures intended to prevent the misuse of material, non-public information by its Supervised Persons and to prevent, detect and correct any violations of the prohibition on insider trading. Under applicable law, Segantii USA and its related persons are prohibited from disclosing or using such material, non-public information for their personal benefit or for the benefit of another person, including the Fund. Segantii USA and its related persons may, from time to time, come into possession of material, non-public information which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Accordingly, Segantii USA's policies provide that if Segantii USA or its related persons obtain material, non-public information concerning an issuer of securities, they are prohibited from communicating such information to, or using (including trading) such information for the benefit of, the Funds and such issuer is placed on the Firm's Restricted List.

Item 12: Brokerage Practices

Segantii USA is authorized to determine the broker-dealer to be used for executing securities transaction for the Funds. In selecting broker-dealers to execute transactions, we do not need to solicit competitive bids and do not have an obligation to seek the lowest available commission cost. It is not our practice to negotiate "execution only" commission rates; therefore, the Fund may be deemed to be paying for research, brokerage or other services provided by the broker which are included in the commission rate.

We also have the authority to select and appoint custodians of the assets of the Fund. The Firm's authority is limited by its own internal policies and procedures and the Fund's investment guidelines.

Best Execution

In selecting an appropriate broker-dealer to effect a client trade, we seek to obtain "**Best Execution**," meaning generally the execution of a securities transaction for a client in such a manner that a client's total costs or proceeds in the transaction are most favorable under the circumstances. Accordingly, in seeking Best Execution, we take into consideration the price of a security offered by the broker-dealer, as well as a broker-dealers' full range and quality of their services including, among other things, their facilities, reliability and financial responsibility, execution capability, commission rates, responsiveness to us, brokerage and research services provided to us (for example, research ideas, analysis, and investment

strategies), special execution and block positioning capabilities, clearance, and settlement and custodial services.

Soft Dollars

The Firm may use “**Soft Dollars**”. In such cases, Soft Dollar credits, generated by the Fund’s trading activities, would be used to purchase brokerage and research services or products that would otherwise have been Fund expense. We intend to keep any such arrangements within the parameters of the safe harbor of Section 28(e) of the Exchange Act.

Neither Segantii USA nor any related person receives client referrals from any broker-dealer or third party. However, subject to best execution, we 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.

The provision by a broker of research and other services and property to us creates an incentive for us to select such broker since we would not have to pay for such research and other services and property as opposed to solely seeking the most favorable execution for a client. Any research, services or property provided by a broker may benefit any client and such benefits may not be proportionate to commission dollars related to the provision of such research, services or property.

For the avoidance of doubt, Segantii Cayman, Segantii HK and Segantii UK are not registered with the SEC or located in the United States and therefore may enter into soft dollar arrangements that do not fall within the safe harbour afforded by Section 28(e) of the Exchange Act.

Item 13: Review of Accounts

The Firm’s portfolio managers and investment professionals continuously monitor and analyze the transactions, positions, and investment levels of the Fund to ensure that they conform with the investment objectives and guidelines that are stated in the Fund’s Offering Documents.

Account Reporting

We distribute an audited financial report with respect to the previous fiscal year to all Investors within 90 days of fiscal year end. We may also distribute quarterly or more frequent unaudited net asset value statements, unaudited quarter-end or month-end performance reports, and a monthly investor letter to all Investors.

Item 14: Client Referrals and Other Compensation

We do not receive economic benefits from non-clients for providing investment advice and other advisory services. Neither we nor any of our related persons, directly or indirectly, compensate any person who is not a supervised person for client referrals.

Item 15: Custody

Segantii USA does not accept custody of client funds or securities. All clients’ accounts are held in custody by unaffiliated broker/dealers, banks or other institutions approved to provide

custodian services. Segantii USA does have the ability to issue instructions in relation to the movement of client assets and cash but only in accordance with the provisions of relevant agreements and mandates.

Item 16: Investment Discretion

We will have full discretionary investment authority with respect to the Fund, including authority to make decisions with respect to which securities to be bought and sold, as well as the amount and price of those securities.

Item 17: Voting Client Securities

In compliance with Rule 206(4)-6 of the Investment Advisers Act of 1940, as amended (i.e., the “proxy voting rule”), we have adopted proxy voting policies and procedures. The general policy is to vote all proxy proposals, amendments, consents or resolutions (collectively, “**Proxies**”) in a prudent and diligent manner that will serve the applicable Client’s best interests and is in line with the Client’s investment objectives.

We may take into account all relevant factors, as determined by us in our discretion, including, without limitation:

- the impact on the value of the securities or instruments owned by the relevant client and the returns on those securities;
- the anticipated associated costs and benefits;
- the continued or increased availability of portfolio information; and
- industry and business practices.

Generally, clients may not direct our vote in a particular solicitation.

Clients may obtain a copy of our Proxy voting policies and our Proxy voting record upon request.

Item 18: Financial Information

We are not required to include a balance sheet for our most recent fiscal year, are not aware of any financial condition reasonably likely to impair our ability to meet contractual commitments to Clients, and have not been the subject of a bankruptcy petition at any time during the past ten years.