



PALOGIC VALUE MANAGEMENT, L.P.

Form ADV Part 2A – Disclosure Brochure

March 26, 2021

This Form ADV 2A (“Disclosure Brochure”) provides information about the qualifications and business practices of Palogic Value Management, L.P. If you have any questions about the content of this Disclosure Brochure, please contact us at (214) 871-2700. Palogic Value Management, L.P. (the “Firm,” “Palogic,” “General Partner,” “us,” or “we”) is a registered investment adviser with the U.S. Securities and Exchange Commission (“SEC”). The information in this Disclosure Brochure has not been approved or verified by the SEC or by any state securities authority. The registration of an investment adviser does not imply any particular level of skill or training. This Disclosure Brochure does not constitute an offer, solicitation or recommendation to sell or an offer to buy any securities, investment products or investment advisory services. Such an offer may only be made to eligible persons by means of delivery of offering and/or governing documents and other similar materials that contain a description of the material terms relating to such investment, products or services. Additional information about Palogic Value Management, L.P. is available on the SEC’s website at www.adviserinfo.sec.gov by searching with the firm name or CRD# 155133.

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Item 2 – Material Changes

Palogic believes that communication and transparency are the foundation of its relationship with its clients and will continually strive to provide you with complete and accurate information at all times. The Firm encourages all current and prospective investors and clients to carefully read this Disclosure Brochure in its entirety and discuss any questions you may have with the Firm.

The information set forth in this Disclosure Brochure is qualified in its entirety by the applicable governing, offering and/or account documents. In the event of a conflict between the information set forth in this Disclosure Brochure and the information in the applicable governing, offering, and/or account documents, such documents shall control.

Material Changes

Since this is the initial version of our Disclosure Brochure, there are no material changes to report in response to this item. From time to time, the Firm may amend this Disclosure Brochure to reflect material changes in business practices, changes in regulations or routine annual updates as required by securities regulators. A summary of material changes shall be provided to you at least annually and will be captured within Item 2 of this Disclosure Brochure for one (1) year.

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Item 4 – Advisory Business

Palogic Value Management, L.P. (the “Firm,” “Palogic,” “General Partner,” “us,” or “we”) is a registered investment adviser with the Securities and Exchange Commission (“SEC”). The Firm is organized as a Limited Partnership under the laws of the state of Delaware. Palogic was formed in 2006 and is owned by Ryan Vardeman, Robert Peters, Scott Williams (together, the “Principals”), and Palogic Capital Management, LLC, the general partner of the Firm owned and controlled by Ryan Vardeman.

We provide investment management services with respect to a private pooled investment vehicle, Palogic Value Fund, L.P. (the “Fund” or “Client”) and may in the future provide investment management services to other private pooled investment vehicles. We have full discretionary authority with respect to investment decisions, and our investment advisory services are provided in accordance with the investment objectives and guidelines set forth in the Fund’s offering and/or governing documents. The information set forth in this Disclosure Brochure is qualified in its entirety by the Fund’s offering and/or governing documents.

We serve as general partner of and investment manager of the Fund. We are responsible for investing and re-investing the assets of the Fund in securities, financial instruments and/or other assets in accordance with the investment objectives, policies and guidelines set forth in the Fund’s offering and/or governing documents. Investors in the Fund are not permitted to impose restrictions on investments in certain securities or types of securities. The Fund interests are offered strictly to sophisticated investors, including but not limited to high-net-worth individuals, pension plans, funds of funds, family offices, endowments and other institutions who meet the qualification standards of the Fund.

The Firm provides advisory services to the Fund with the goal to achieve significant long-term capital appreciation while limiting the risk of capital loss. The Firm seeks to assess the intrinsic value of its investments as compared to the value based on the prevailing market price. Where a disconnect between “intrinsic value” and “market value” exists, the Firm seeks to exploit the gap. The Firm may take long and short positions in a variety of asset classes: common and preferred equity, bonds, notes, options, index securities, hedging instruments such as futures derivatives and currency contracts, private equity and mezzanine securities and any other financial instrument that the General Partner believes offers the potential for attractive returns. It is expected that the Fund will also engage in short selling, margin trading, hedging, securities lending and other investment strategies.

Additional information regarding the Fund, including, but not limited to, its investments, the strategies used in managing the Fund, and conflicts of interest faced by the Firm in connection with the management of the Fund can be found in the Fund offering documents. Investment in the Fund does not, in and of itself, create an advisory relationship between an investor in such Fund and us. **See Item 8 below.**

The Firm does not participate in wrap fee programs.

As of January 31, 2021, the Firm has \$129,540,268 in regulatory assets under management, all of which are managed on a discretionary basis. Investors may request more current information at any time by contacting the Firm.

Item 5 – Fees and Compensation

The fees and expenses associated with an investment in the Fund are as defined exclusively in the Fund's offering documents. Our advisory fees with respect to the Fund and each investor generally are not negotiable. However, we may enter into side letters or similar arrangements with certain investors that grant different terms (including the reduction or elimination of fees) to such investors than the terms generally applicable to other investors. The Firm may, in its sole discretion, manage other funds or accounts with higher or lower fees, different fee structures and different expense payment arrangements than the Fund.

Set forth below is a description of the fees and expenses of the Fund:

Management Fees. Subject to the Firm's discretion to charge a different amount as applicable to a particular investor of the Fund, the Fund pays to the Firm, on the first business day of each calendar quarter in advance, a management fee (the "Management Fee") equal to 0.375% (1.5% per annum) of the aggregate capital account balance of each investor of the Fund as of the first day of the applicable calendar quarter, or the first day after each closing with respect to a new investor, as appropriate, which amount is debited against the capital account of such investor. In the event of a withdrawal by an investor of the Fund other than as of the last day of a calendar quarter, a *pro rata* portion of the Management Fee, based upon the actual number of days remaining in such quarter as of the date of such withdrawal, is repaid by the General Partner to the Fund for credit to such investor's capital account.

Performance Allocation. Subject to certain terms, limitations, and conditions, as of the close of each performance period, a performance-based allocation (the "Performance Allocation") is re-allocated from the capital account of each Fund investor to the capital account of Palogic Value Management II, LP, an affiliate of the Firm and special limited partner of the Fund. Subject to the Firm's discretion to charge a different amount as applicable to a particular investor of the Fund, the Performance Allocation is equal to either 20% or 15% of excess profits over preferred return/high-water mark threshold. Every investor in the Fund that is charged such a Performance Allocation is required to be a "qualified client", as defined in Section 205(a)(1)(d)(1) of the Investment Advisers Act of 1940, as amended (the "Advisers Act"). The payments of the Performance Allocation are subject to Section 205(a)(1) of the Advisers Act, in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3, which requires that performance-based fees only be charged to qualified clients.

Organizational Expenses. The Fund generally bears its own expenses of the organization of the Fund and the offering of the Fund interests to investors, including legal and accounting fees, printing costs, travel, "blue sky" filing fees and expenses and out-of-pocket expenses. The organizational expenses borne by the Fund are described in full detail in the Fund offering documents.

Direct Expenses of the Fund. The Fund generally bears all costs and expenses directly related to its investments or prospective investments, including brokerage commissions and other transaction costs, expenses related to proxies, underwriting and private placements, interest and commitment fees on debit balances or borrowings, borrowing charges on securities sold short, custody fees and fees of professional advisers and consultants relating to investments or prospective investments and any withholding or transfer taxes imposed on the Fund or any of the partners. The Fund also generally bears all costs of the administration and operation of the Fund, including (i) accounting, audit and legal expenses, (ii) costs of any litigation or investigation instituted against the Fund or its investors, (iii) the costs, fees and expenses of any outside appraisers, accountants, attorneys or other experts or professionals engaged by the Firm, as well as other expenses directly related to the Fund's investments, (iv) costs associated with reporting and

providing information to existing and prospective investors, (v) any governmental, regulatory, licensing, filing or registration fees incurred in compliance with the rules of any self-regulatory organization or any federal, state or local laws, (vi) costs related to the preparation of the Fund's tax returns and keeping of its books and records, (vii) expenses incurred in obtaining systems, research or data providers and other information utilized for portfolio management purposes, including related hardware and software, (viii) costs of holding any meetings of investors, (ix) risk management and Fund compliance costs, and (x) the costs of any liability insurance obtained on behalf of the Fund or the Firm. However, the Firm may, in its sole discretion, choose to absorb any such expenses incurred on behalf of the Fund. The direct expenses borne by the Fund are described in full detail in the Fund offering documents. **See Item 12 below.**

Other than as described above, neither the Firm nor any of its supervised persons receives any compensation from the sale of securities or other investment products.

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

The Firm generally receives a Performance Allocation from the Fund, as discussed above and more fully described in the Fund offering documents.

The Performance Allocation arrangements may give the Firm an incentive to engage in more speculative investment strategies in order to potentially receive greater compensation. In addition, because the Performance Allocation arrangement with respect to the Fund may be calculated on a basis that includes both realized and unrealized appreciation in portfolios based upon values assigned by us or administrators under our control, we face a conflict of interest in valuing those portfolios. Certain of our individual employees and affiliates who are compensated to some extent based upon investment profits for which they are responsible face the same potential conflicts. The Firm implements and follows procedures it believes are reasonably designed to ensure that all Clients are treated fairly over time, and to prevent this conflict from influencing the allocation of investment opportunities among Clients. We address this conflict through full and fair disclosure in the applicable governing, offering and/or account documents and this Disclosure Brochure.

Item 7 – Types of Clients

The Firm provides investment advisory services to the Fund, based on the particular investment objectives and strategies described in the particular Fund offering documents. The Firm, in its sole discretion, may manage other funds or accounts with different objectives, higher or lower fees and different fee structures than the Fund.

The Firm generally requires a minimum investment of \$750,000 in the Fund. Pursuant to the terms of the subscription document and as required by SEC regulations, the Firm requires that U.S. investors in the Fund qualify as both “Accredited Investors” and “Qualified Clients.” Each prospective investor generally is required to complete and return various subscription documents to the Fund, which are designed to provide the Fund, the administrator, the Firm and the Firm’s affiliates and agents with important information about the investor. Subscriptions may be accepted or rejected, in whole or in part, in our sole discretion.

Who is an “Accredited Investor”?

“Accredited Investors” generally include, among others, (i) individuals with \$1,000,000 of net worth (excluding their primary residence) or who have made \$200,000 annual income in each of the two previous years (or \$300,000 joint income with one’s spouse), (ii) entities with assets totaling over \$5,000,000, or (iii) natural persons in good standing of the Series 7, Series 65, and Series 82 licenses.

Who is a “Qualified Client”?

A “Qualified Client” is a natural person who, or an entity that, at the time of becoming an investor in the firm’s fund, (i) has at least \$1,000,000 under the firm’s management, or (ii) has a net worth (together, in the case of a natural person, with assets held jointly with a spouse) of more than \$2,100,000 (excluding the value of the individual’s primary residence). Non-U.S. investors are not subject to any wealth requirements.

From time to time, the definitions of an Accredited Investor and Qualified Client may be amended by the SEC or other applicable lawmakers.

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

The descriptions set forth in this Disclosure Brochure of specific advisory services we offer to clients, investment strategies and investments we make on behalf of 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 Disclosure Brochure, that we consider appropriate, subject to each client's investment objectives and guidelines.

Investment Objective

The Fund's primary investment objective is to achieve significant long-term capital appreciation while limiting the risk of capital loss. The Fund seeks to assess the value of its investments as a function of the underlying business results, prospects and ability to accrete value to the owners of the business (intrinsic value) as compared to the value based on the prevailing market price (market value). Where a disconnect between "intrinsic value" and "market value" exists, the Fund seeks to exploit the gap. The Fund may take long and short positions in a variety of asset classes: common and preferred equity, bonds, notes, options, index securities, hedging instruments such as futures derivatives and currency contracts, private equity and mezzanine securities and any other financial instrument that the Firm believes offers attractive returns. Our overall investment philosophy is value-driven and predicated on fundamental analysis. We invest with a bottom-up approach, focusing on individual companies. We generally do not invest client assets with a macroeconomic focus or in industries about which we do not have conviction.

Notwithstanding the foregoing, there can be no assurance that the Fund will be able to achieve its investment objective or that an investment in the Fund will be profitable. The Fund's investment program involves a substantial degree of risk, including the risk of complete loss. In fact, the practice of short selling and the use of leverage, derivatives and other investment techniques employed or that may be employed or utilized by the Fund, in certain circumstances, increases the adverse impact to which the Fund's investment portfolio is subject. Nothing in this Disclosure Brochure is intended to imply, and no one is or will be authorized to represent, that the Fund's investment program is low risk or risk free.

Investment Philosophy

The Firm believes that the marketplace presents opportunities where the market price of a security does not reflect its intrinsic value.

Long Investing

The Fund's long investment portfolio seeks opportunities that provide an asymmetrical return on investment coupled with attractive risk/reward characteristics. The General Partner's bottom-up, fundamental value-approach to investing focuses on fully understanding the resources a business has at its disposal from both an operational and managerial standpoint, and the ability of those resources to generate value for the owners.

The General Partner's methodology often reveals companies that are trading below their net asset value, at a low multiple of visible free cash flow, with attractive standalone valuations in consolidating industries trading at severe discounts to comparable take out valuations, embedded options in a business that can be bought "for free", and

turnarounds not fully understood or appreciated by the market.

The General Partner focuses on investments in small and mid-capitalization equity securities but realizes the opportunity to find mispriced securities varies by asset class, market capitalization, and geography over time. As such, the General Partner does not plan to limit the universe in which investment opportunities are sought.

Short Selling

The General Partner uses short positions both as a hedge in conjunction with other investments as well as to profit from the decline in price of a company's securities. The General Partner believes that its hedging activities reduce exposure to overall market risk, industry risk, and other risks. The General Partner anticipates that outright short candidates are generally companies with negative free cash flow, questionable or aggressive accounting practices, high valuations relative to peers, over-zealous expectations, customer concentration issues, flawed business models, and those facing competitive pressures that the General Partner believes the market does not fully appreciate.

Short-term Trading

The General Partner generally takes a long-term view of businesses and their prospects. The General Partner realizes that from the time an opportunity is identified and capital deployed until the security is what the General Partner believes to be "fairly valued", there may be many price swings in the security. The General Partner actively trades the securities in the Fund's portfolio to take advantage of the short-term supply/demand imbalances while maintaining a long-term view of the company and its prospects.

The General Partner attempts to take advantage of over and under reactions to news flow and events that affect companies such as earnings releases, legal settlements, industry data, and technical sell-offs. The General Partner also attempts to position the Fund to profit from identifiable catalysts that could result in short-term price swings of securities.

Investment Process

The Fund's investment process consists of idea generation, research, portfolio construction, and the continuous monitoring of the risk/reward characteristics of each security in the portfolio.

Idea Generation

Ideas are generated internally through proprietary screens and active monitoring of a broad set of companies in the Fund's investment universe. The General Partner's internal efforts are enhanced by relationships with brokers, other money managers and industry experts. The screening methods employed by the Fund are systematic and quantitative. The General Partner leverages its contact base to get a qualitative barometer of the marketplace and to gain insight as to where additional investment opportunities may lie.

Research and Analysis

During the research process, the General Partner reviews and analyzes financial statements, participates in

conference calls, speaks to management of companies, buy-side contacts, sell-side analysts, competitors, suppliers, industry experts, makes company visits and references a variety of industry publications.

Using data collected, the General Partner quantifies what it believes to be fair value of the investment prospect based on a variety of bottom-up, fundamental valuation methodologies including: discounted cash flow analysis, comparable company analysis, private market valuation, and liquidation value. The General Partner's analyses rely heavily on financial statements and take a balance sheet centric approach to company valuation. The risk/reward characteristics of each investment prospect are evaluated on a standalone basis.

Portfolio Construction

If an opportunity is actionable, the General Partner determines the appropriate position size and how best to deploy the capital. Such decisions generally are based on the risk/reward profile of the security, the opportunity cost of not being invested, and how the investment relates to the overall portfolio. As the portfolio is built, the General Partner attempts to limit systemic and non-systemic risks using any one of a variety of financial instruments.

Monitor

The fundamentals and risk/reward characteristics of each position in the Fund's portfolio are continuously monitored. As new information becomes available the General Partner adjusts its financial models, reviews the valuation theses, and adjusts the composition of the portfolio to maximize expected returns.

Risk Management

The General Partner believes its fundamental, bottom-up investment style yields a built in risk control mechanism. The risk/reward characteristics of all positions added to the portfolio are carefully assessed and continuously monitored. As the portfolio is constructed, a top-down assessment of the portfolio's risk is evaluated using a variety of metrics and methodologies including: gross and net market exposure, sector exposure, concentration in single securities, the liquidity profile of the portfolio in aggregate and a proprietary "Value at Risk" model. The profit and loss of the portfolio is monitored in real-time with alerts set to prompt the General Partner as individual positions move for or against the fund by preset amounts.

The General Partner does not expect to employ significant leverage for the portfolio, and generally only uses what is available under Regulation T.

The General Partner focuses its investment attention on the public marketplace. However, from time to time the Fund may find opportunities in private equity, private debt, restricted securities, and other illiquid assets in which there is not a readily available market. The Fund attempts to restrict its exposure to these illiquid investments to 10% of the portfolio.

Trading, Clearing and Financing Arrangements

The Fund implements its investment strategies primarily through trades in financial instruments on various exchanges and markets that facilitate the buying and selling of such instruments (collectively, the "**Exchanges**"). The

Fund's trades on the various Exchanges are executed through arrangements with appropriately registered broker-dealers, future commission merchants or electronic trading systems. The Fund generally pays brokerage or trading commissions, clearing fees, placement fees and Exchange fees in connection with its trades. The Fund effects transactions on both a cash and margin basis.

With respect to Exchange-traded financial instruments, the Fund clears its trades and maintains substantially all of its positions in account(s) with one or more clearing firms that act as prime brokers or in other custodial accounts (including bank accounts) held with a variety of other custodians. The Fund may also enter into over-the-counter transactions, including derivatives and securities lending transactions, with other counterparties. Many of the Fund's arrangements with prime brokers, custodians and other counterparties permit the Fund to post relatively small margin or collateral and obtain substantial leverage. The Fund assumes the credit risk associated with placing its funds and securities with prime brokers and custodians and entering into contract-based transactions with other counterparties, and the failure or bankruptcy of any of its custodians or other counterparties could have a material adverse impact on the Fund. With respect to margin accounts, the Fund generally is required by each custodian to maintain a certain balance in such accounts, either in the form of cash, financial instruments or a combination of the two. With respect to contract-based transactions, the Fund generally is required to post collateral with the counterparty equal to or exceeding its contractual obligations based on then-current market prices. Such margin and collateral accounts and the property in such accounts are subject to liens to secure the Fund's obligations to the custodian or counterparty, and the custodian or counterparty generally is able to loan, pledge, rehypothecate and otherwise use such property without notice to or consent from the Fund or the investors.

In addition to the financing available through custodial accounts, derivatives transactions and securities lending, the General Partner is authorized to obtain financing on behalf of the Fund through any other structures or arrangements it deems appropriate and to grant guaranties on behalf of the Fund and pledge or otherwise transfer any assets of the Fund, including without limitation specific assets, pools of assets or its interest in entities, to secure such financing. Any costs associated with such financing arrangements, including interest as well as rating agency fees, investment banking fees, placement agent fees, legal fees and other transaction costs, would constitute Fund Expenses.

Some of the risks involved with investing in the Fund include, but are not limited to, the following.

General Economic and Regulatory Risks

Epidemics, Pandemics, Outbreaks of Disease and Public Health Issues. The Fund and the operations and business activities of the General Partner and its affiliates could be materially adversely affected or impacted in the future by the continuation or worsening of the COVID-19 global pandemic and other outbreaks of disease, epidemics, pandemics and public health issues, whether globally or limited to particular regions of the world, such as diseases or public health issues caused by other novel coronaviruses (including as a result of the emergence of new coronaviruses), Ebola virus disease, H1N1 flu, H7N9 flu, H5N1 flu (and other types or subtypes of influenza viruses), Severe Acute Respiratory Syndrome, or SARS, or other epidemics, pandemics, outbreaks of disease or public health issues. In particular, coronavirus disease 2019 (or COVID-19), an infectious disease caused by Severe Acute Respiratory Syndrome coronavirus 2 (SARS-CoV-2), was first identified in December 2019 and has since spread rapidly globally, resulting in an ongoing global pandemic. The COVID-19 global pandemic has severely and materially affected (and may continue to negatively affect and materially impact) the global economy, global equity markets and supply chains (including as a result of quarantines, shelter-in-place orders, social-distancing measures and other

government-directed or mandated measures or actions to stop or slow the spread of SARS-CoV-2 and COVID-19). Although the short-term and long-term effects and consequences of COVID-19 (and the actions and measures taken or mandated by governments around the world to halt or slow down the spread of SARS-CoV-2 and COVID-19) cannot currently be predicted, previous occurrences of other epidemics, pandemics and outbreaks of disease, such as the 1918 influenza pandemic (also referred to as the Spanish flu pandemic) and the 2002-2004 SARS outbreak in Asia, had material adverse effects on the economies, capital markets and basic day-to-day operations of (and activities in) those countries and jurisdictions in which they were most prevalent. Recent efforts, actions and measures undertaken by governments, businesses and communities to protect the public health in the face of the COVID-19 pandemic (including measures designed or intended to “flatten the curve” and protect the healthcare systems in such applicable countries and jurisdictions from collapse or undergoing significant breakdowns) have resulted in partial or complete shutdowns of many sectors of the economy generally as well as severe restrictions, limitations and consequences on the means by which the General Partner operates its business (e.g., travel restrictions or bans, mandatory quarantines, shelter-in-place orders and social distancing measures and rules), which could adversely affect or negatively impact the business, activities, financial condition, and operations of the General Partner and the Fund indefinitely. If and to the extent the economy and businesses begin to reopen and are allowed to resume operations or activities and people begin to return to more frequent personal or social interactions, there is a risk of recurrence of an outbreak of COVID-19, and such a recurrence or emergence of any kind of epidemic, pandemic, outbreak of disease or major public health issue could cause another slowdown or shutdown in the levels of economic activity and business activities and operations generally, or push the world or local economies into recession or depression, which could adversely affect and materially impact the General Partner and the Fund.

The impact of a health crisis such as the COVID-19 pandemic, and other epidemics, pandemics and outbreaks of disease that may arise in the future, depends on the duration and spread of the outbreak, the severity, the actions to contain, slow down or halt the spread of the virus or treat its impact, and how quickly and to what extent normal or semi-normal economic and operating conditions can resume, which could affect the global economy in ways that cannot necessarily be foreseen at the present time. A health crisis may exacerbate other pre-existing political, social and economic risks. Any such impact could adversely affect the Fund’s performance, resulting in losses to investors.

The COVID-19 pandemic and actions, measures and steps taken by governments around the world in response to such pandemic may cause material disruptions to (or otherwise materially impact or affect) the business operations and activities of service providers on which the Fund and the General Partner rely (including the Administrator, custodians and counterparties). It may also adversely impact the Fund’s investments, the ability of the General Partner to access markets or implement the Fund’s investment strategies in the manner originally contemplated, the Fund’s net asset value and therefore the investors.

General Economic and Market Conditions. The success of the Fund’s activities is affected by and subject to general economic and market conditions, such as changes in interest rates, availability of credit and debt-related issues, inflation rates, economic uncertainty, market volatility, changes in laws (including laws relating to taxation of the Fund’s investments), trade barriers, unemployment rates, release of economic data, trade wars, tariffs, protectionist regulatory policies, currency exchange controls, national and international political circumstances and developments (e.g., “Brexit” and the terms and timing thereof) and other circumstances (including wars, epidemics and pandemics, terrorist acts, security operations and natural disasters), as well as changes in government policy precipitated by the foregoing. These and other factors may affect the level and volatility of securities prices, the correlations and relationships between the prices of various securities and the liquidity of the Fund’s investments in ways that impair

the Fund's profitability or result in losses. Unpredictable or unstable market conditions may also result in reduced opportunities to find suitable investments to deploy capital or make it more difficult to exit and realize value from the Fund's investments. From time to time, including recently amidst the COVID-19 global pandemic and during 2008 and 2009, various markets around the world have experienced extreme periods of volatility, illiquidity, correlation with other markets, negative (or positive) performance and other disruptions and conditions that would previously have been viewed as extremely unlikely or even impossible. Such market developments have led to large losses and insolvencies at numerous investment funds soon thereafter. For example, during the second half of 2008, the state of the worldwide economy deteriorated into a severe recession. A similar or even more severe economic recession (or depression) could result or occur from the global response to, and as a result of, the COVID-19 global pandemic. If so, or if a similar economic situation were to occur in the future, the Fund could experience a reduction in attractive investment opportunities and the Fund's investments could be materially impaired in many ways that cannot be predicted.

There can be no assurance that general market developments in the future will not have a material adverse effect on the Fund. The Fund could incur material losses even if the General Partner reacts quickly to difficult market or economic conditions, and there can be no assurance that the Fund will not suffer material losses and other adverse effects from broad and rapid changes in economic and market conditions in the future. Investors should realize that markets for the financial instruments in which the Fund invests or seeks to invest can correlate strongly with each other (or cease to correlate) at times or in ways that are difficult for the General Partner to predict. Even a well-analyzed approach may not protect the Fund from significant losses under certain market conditions.

The particular or general types of market or economic conditions in which the Fund may incur losses or experience unexpected performance volatility cannot be predicted, and the Fund may materially underperform other investment funds with substantially similar investment objectives and approaches.

Regulatory Developments. The financial services industry generally, and the activities of private funds and their managers in particular, have been subject to intense and increasing regulatory scrutiny. Such scrutiny may increase the Fund's and the General Partner's exposure to potential liabilities and to legal, compliance and other related costs. Increased regulatory oversight may also impose additional administrative burdens on the General Partner, including, without limitation, responding to investigations and implementing new policies and procedures. Such burdens may divert the General Partner's and/or the Principal's time, attention and resources from portfolio management activities.

Securities and credit markets are subject to comprehensive statutes, regulations and other requirements. The SEC, other regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. Additionally, the regulation of the markets in which the Fund may participate is subject to modification by government and judicial actions. The effects of any changes in law or interpretations of existing laws of the Fund and the General Partner could be substantial and adverse.

The legal, tax and regulatory environment worldwide for private investment funds (such as the Fund) is evolving, and changes in the regulation of and laws applicable to private investment funds, their managers and their trading and investing activities may have a material adverse effect on the ability of the Fund to pursue its investment program and the value of investments held by the Fund. There has been an increase in scrutiny of the alternative investment industry by governmental agencies and self-regulatory organizations. New laws and regulations or actions taken by

regulators that restrict the ability of the Fund to pursue its investment program or conduct business with brokers and other counterparties could have a material adverse effect on the Fund.

The U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) and the rules and regulations thereunder and other laws and regulations have added and may continue to add costs to the legal, operational and compliance obligations of the General Partner and the Fund and increase the amount of time that the General Partner spends on non-investment-related activities. The European Union (“EU”) has approved the Alternative Investment Fund Managers Directive (“AIFMD”), which seeks a common EU approach to the regulation of hedge funds and other types of alternative investment funds. The Dodd-Frank Act, AIFMD and other regulations could cause certain investment strategies in which the Fund currently engages or may otherwise have engaged to become not viable, economically or practically. Additional laws, rules and regulations could have a material adverse impact on the potential of the Fund and its business. Among other possible effects, such laws, rules and regulations could change the functioning of capital markets in unpredictable ways, limit the scope of the Fund’s investment activities, including through limitations on short selling imposed with little or no notice, limit access to financing, increase margin or collateral requirements, limit leverage, impose position limits, require disclosure of confidential information, change applicable accounting requirements, impose new taxes or impose significant administrative burdens, which divert resources, time and attention. Consequently, the Fund may not be capable of, or successful at, preserving the value of its portfolio, generating positive investment returns or effectively managing its risks.

Potential for Fraud. In spite of the General Partner’s efforts to invest in reputable and trustworthy companies, there is a risk that the Fund may invest in issuers that engage in fraud. Instances of fraud can be particularly difficult to detect and prevent. To the extent that the Fund invests in a company that engages in fraud, the Fund could lose all or a substantial portion of its investment in such company and it could have a material adverse effect on the Fund’s financial condition and results of operations. The risk of fraud may be heightened or increased as a result of the current and ongoing COVID-19 global pandemic.

Terrorist Attacks, War and Natural Disasters. Terrorist activities, anti-terrorist efforts, armed conflicts involving the United States or its interests abroad and natural disasters may adversely affect the United States, its financial markets and global economies and markets and could prevent the General Partner and the Fund from meeting their respective investment objectives and other obligations. The potential for future terrorist attacks, the national and international response to terrorist attacks, acts of war or hostility and natural disasters have created many economic and political uncertainties in the past and may do so in the future, which may adversely affect the United States and world financial markets and the Fund for the short or long-term in ways that cannot presently be predicted.

Government Intervention. In 2008 and thereafter, the global financial markets underwent significant disruptions that led to significant governmental interventions and actions. The COVID-19 global pandemic of 2020 has recently led to, and is likely to continue to result in or lead to, significant (and in certain cases unprecedented) governmental interventions both in the United States and abroad. Such interventions have been and may be implemented on an “emergency” basis, with little advance notice, thereby substantially reducing or eliminating market participants’ ability to anticipate or react to such interventions, to implement certain investment strategies or to manage the risk of outstanding positions. In addition, these interventions have been and may be unclear in scope and application, resulting in confusion and uncertainty, which in itself can be materially detrimental to the efficient functioning of the markets or the economy or the Fund’s investment strategies. If governmental intervention programs or actions are

unwound, there could likewise be uncertainty and adverse effects on the markets and economy and the Fund's investment strategies. In the case of any future market disruptions, significant economic events, pandemics or other health events, or other events or circumstances, it is impossible to predict what interim or permanent governmental interventions, restrictions (or easing of restrictions) or other actions may be imposed on the markets or the economy or the effect of such actions on the Fund's activities. For all of the foregoing reasons, among others, governmental interventions and other actions could have a material adverse effect on the Fund.

Privacy Law Compliance Risk. Compliance with current and future privacy data protection and information security laws and regulations ("Privacy Laws") could significantly impact current and planned privacy and information security related practices, the collection, use, sharing, retention, and safeguarding of personal data and current and planned business activities of the General Partner and the Fund and their respective investments, and as such could increase costs and require the dedication of additional time and resources to compliance for such entities. A failure to comply with such Privacy Laws could result in liabilities, fines, sanctions, or other penalties and orders, which could materially and adversely affect the results of operations and overall business, as well as have a negative impact on reputation and Fund performance.

The Privacy Laws may have a regulatory impact on the Fund, and as Privacy Laws like the California Consumer Privacy Act of 2018 continue to develop and are implemented, interpreted, and applied, compliance costs for the Fund are likely to increase, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place.

Portfolio Risks

Investment and Trading Risks Generally. All investments risk the loss of capital. No guarantee or representation is or will be made that the Fund's program will be successful or that an investment in the Fund will be profitable. The Fund's investment program involves and/or may involve, without limitation, risks associated with limited diversification, short-selling, leverage, micro- and small-capitalization companies, equity risks, distressed issuers, interest rates, currencies, volatility, tracking risks in hedged positions, security borrowing risks in short sales, credit deterioration or default risks, systems risks and other risks inherent in the Fund's activities. The performance of any particular investment is subject to numerous factors which are neither within the control of, nor predictable by, the General Partner. Such factors include a wide range of economic, political, competitive and other conditions that may affect investments in general or specific industries or companies. Certain investment techniques of the Fund may, in certain circumstances, substantially increase the impact of adverse market movements to which the Fund may be subject. In addition, the Fund's investments may be materially affected by conditions in the financial markets and overall economic conditions occurring globally and in particular countries or markets where the Fund invests its assets.

The General Partner's methods of minimizing such risks may not accurately predict future risk exposures. Risk management techniques are based in part on the observation of historical market behavior, which may not predict market divergences that are larger than historical indicators. Also, information used to manage risks may not be accurate, complete or current, and such information may be misinterpreted.

Market Volatility. The profitability of the Fund substantially depends upon the General Partner correctly assessing the future price movements of stocks, bonds, options on stocks, and other securities. The General Partner cannot

guarantee that it will be successful in accurately predicting price and interest rate movements.

Investment Selection and Market Risk. “Investment selection risk” is defined herein as the risk that the General Partner may not select and size positions appropriately within the portfolio. An associated “market risk” arises from the influence of the movements of the overall market or the value of the individual investments in the portfolio. The profitability of a significant portion of the Fund’s investment program depends to a great extent upon correctly predicting the future price movements and/or general value of securities and other investments. There can be no assurance that the General Partner will be able to accurately predict these price movements or future valuation, nor can assurance be given that the Fund’s investment portfolio will generate any returns or otherwise appreciate in value. With respect to the investment strategy utilized by the Fund, there is also market risk. For these reasons, the portfolio may also incur losses, and a prospective investor should not invest in the Fund unless it is in a position to sustain a substantial loss with respect to its investment in the Fund.

Discretion and Changes in Investment Strategy. The General Partner has discretion in choosing the investments acquired by the Fund and has the right to modify the selection criteria or hedging techniques (if any) used by the Fund without the consent of the investors in the Fund. Any of the investment strategies, analytical models, or trading techniques may have operational or theoretical shortcomings, which could result in unsuccessful trades and, ultimately, losses to the Fund. In addition, any new investment strategy or hedging technique developed may be more speculative than earlier techniques and may increase the risk of an investment in the Fund.

Equity Risks. The Fund invests in equity and equity-derivative securities. The market price of securities owned by the Fund may go up or down, sometimes rapidly or unpredictably. A risk of investing in the Fund is that the equity securities in its portfolio will decline in value due to factors affecting equity securities markets generally or the sectors in which the Fund invests. Depending on whether the Fund has a long or short position in a particular equity security, the value of such equity security may decline due to general market conditions which are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. They may also decline due to factors which affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry. Other risks of investing globally in equity securities may include changes in currency exchange rates, exchange control regulations, expropriation of assets or nationalization, imposition of withholding taxes on dividend or interest payments, and difficulty in obtaining and enforcing judgments against non-U.S. entities. In addition, securities which the General Partner believes are fundamentally undervalued or incorrectly valued may not ultimately be valued in the capital markets at prices and/or within the time frame the General Partner anticipates. As a result, the Fund may lose all or substantially all of its investment in any particular instance.

Investments in Undervalued Equity and Equity-Related Securities. The Fund may invest in what the General Partner believes to be undervalued equity and equity-related securities. The identification of investment opportunities in undervalued securities is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. While investments in undervalued securities offer the opportunities for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from the Fund’s investments may not adequately compensate for the business and financial risks assumed. The Fund may make certain speculative investments in securities which the General Partner believes to be undervalued; however, there are no assurances that the securities purchased will in fact be undervalued. In addition,

the Fund may be required to hold such securities for a substantial period of time before realizing their anticipated value. During this period, a portion of the Fund's assets may be committed to the securities purchased, thus possibly preventing the Fund from investing in other opportunities. In addition, the Fund may finance such purchases with borrowed funds and thus will have to pay interest on such funds during such waiting period. If the General Partner takes long positions in stocks that decline and short positions in stocks that increase in value, then the losses of the Fund may exceed those of other portfolios that hold long positions only.

Fundamental Analysis. Fundamental analysis is premised on the assumption that markets are not perfectly efficient, that informational advantages and mispricings do occur and that econometric analysis can identify trading opportunities. Fundamental analysis may incur substantial losses if such economic factors are not correctly analyzed, not all relevant factors are identified and/or market forces cause mispricings to continue despite the traders having correctly identified such mispricings. Fundamental analysis may also be more subject to human error and emotional factors than technical analysis.

Investment in Small- and Medium-Capitalization Companies. The Fund may invest worldwide and may invest a portion of its capital in small- and mid-cap issuers. Investments in small and medium capitalization companies, particularly small capitalization companies, involve higher risks in some respects than do investments in securities of larger companies. For example, prices of small-capitalization and even medium-capitalization stocks are often more volatile than prices of large-capitalization stocks, and the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) is higher than for larger, "blue-chip" companies. In addition, due to thin trading in securities of some small-capitalization companies, an investment in those securities may be highly illiquid. Some small companies have limited distribution channels and financial and managerial resources. Such companies may also be dependent on personnel (including key personnel) with limited experience.

The Fund has made and may in the future make investments that allow the General Partner to exercise influence over management and the strategic direction of a company. For example, Mr. Vardeman and Mr. Peters serve on the board of directors of BSQUARE corporation, one of the issuers in which the Fund invests. The exercise of control over an investment could expose the assets of the Fund to claims by a company, its shareholders and its creditors. While the General Partner intends to manage the Fund in a manner that will minimize the exposure to these risks, the possibility of successful claims cannot be precluded.

Limited Diversification and Risk Management Failures. The Fund's investments are not required to be diversified to any material extent. At any given time, it is possible that the Fund's investments or portfolio risks could be concentrated in only a few industries, companies, geographic regions, asset types, strategies or other areas of risk. Such concentration could increase losses suffered by the Fund and, as a result, the Fund could experience significant losses if general economic conditions, and, in particular, those relevant to the issuers whose securities are owned by the Fund, decline. In addition, the Fund's portfolio could become significantly concentrated in a limited number of issuers, types of financial instruments, industries, strategies, countries or geographic regions, and any such concentration of risk may increase losses suffered by the Fund. This limited diversity could expose the Fund to losses disproportionate to market movements in general. Other investment funds pursue similar strategies, which creates the risk that many funds may be forced to liquidate positions at the same time, reducing liquidity, increasing volatility and exacerbating losses. Although the General Partner attempts to identify, monitor and manage certain significant risks related to specific investments, these efforts do not take all risks into account, including systematic market risk, and there can be no assurance that these efforts will be effective. Many risk management techniques are based on

observed historical market behavior, but future market behavior may be entirely different. Any inadequacy or failure in the General Partner's risk management efforts could result in material losses for the Fund.

Off-Balance Sheet Risk. In the normal course of business, the Fund may invest in financial instruments with off-balance sheet risk. These instruments include forward contracts, swaps and securities and options contracts sold short. An off-balance sheet risk is associated with a financial instrument if such instrument exposes the investor to an accounting and economic loss in excess of the investor's recognized asset carrying value in such financial instrument, if any; or if the ultimate liability associated with the financial instrument has the potential to exceed the amount that the investor recognizes as a liability in the investor's statement of assets and liabilities. Additionally, in the normal course of business, the Fund may purchase long positions in option contracts that do not have off-balance sheet-risk. The risk that these financial instruments expose the investor to is not in excess of the investor's recognized asset carrying value in the statement of assets and liabilities.

Short Selling. In certain circumstances, the Fund makes short sales. In a short sale, the seller sells a security that it does not own, typically a security borrowed from a broker or other counterparty. Because the seller remains liable to return the underlying security that it borrowed from the broker or counterparty, the seller must purchase the security prior to the date on which delivery to the broker or dealer is required. The making of short sales exposes the Fund to the risk of liability for the market value of the security that is sold, which is an unlimited risk in theory due to the lack of an upper limit on the price to which a security may rise. In addition, there can be no assurance that securities necessary to cover a short position will be available for purchase or that securities will be available for the Fund to borrow at reasonable costs. If a request for a return of borrowed securities occurs at a time when other short sellers of the security are receiving similar requests, a "short squeeze" can occur, in which case the Fund may be compelled to replace borrowed securities previously sold short with purchases on the open market at the most disadvantageous time, possibly at prices significantly in excess of the proceeds received in originally selling the securities short. A significant "short squeeze" event occurred in January 2021 with respect to the securities of GameStop Corp (GME), where retail investors utilized Robinhood and other popular commission-free trading platforms and social media platforms to execute a "short squeeze" strategy aimed at destroying the short sale efforts of prominent hedge funds and other institutional investors who were attempting to profit from the demise of GameStop stock. The efforts of these retail investors pushed the price of GameStop stock to record levels in a very short period of time, and many hedge funds and other investors lost billions of dollars as they were forced to close out their short positions on GameStop stock in connection with the short squeeze. This situation is likely to reoccur in the future, as social media and popular commission free trading platforms have made it easier for a large number of retail investors to band together and cause disruptions in the trading strategies of hedge funds and other institutional investors. The recent controversy relating to GameStop may lead to SEC scrutiny and greater regulation of such strategies.

The SEC has in the past adopted interim rules requiring reporting of all short positions above a certain de minimis threshold and may adopt or enact additional rules requiring public disclosure of short positions in the future. In addition, other non-U.S. jurisdictions where the Fund trades have adopted or may adopt reporting requirements. If the Fund's short positions or its strategy become generally known, it could have a material or significant effect on the General Partner's ability to implement or effect the Fund's investment strategies. In particular, it would make it more likely that other investors could cause or lead the General Partner into a "short squeeze" in the securities held short by the Fund, forcing the Fund to cover its positions at a loss. Such reporting requirements likely would also limit the General Partner's ability to access management and other personnel at certain issuers where the Fund seeks to

take or establish a short position. In addition, if other investors engage in copycat behavior by taking positions in the same issuers as the Fund, the cost of borrowing securities to sell short could increase significantly and the availability of such securities to the Fund could decrease significantly. The SEC has adopted various restrictions or limitations on the short sale of securities which fall more than 10% in a given day (referred to as the “circuit breaker” or “modified uptick rule”). The SEC and regulatory authorities in other jurisdictions could adopt (and in certain cases have adopted) bans or restrictions or limitations on short sales of certain securities or short sales with respect to certain issuers in response to significant market events. Restrictions, limits or bans on short selling would make it more difficult for the General Partner to execute or effect certain investment strategies and may have a material adverse effect on the Fund’s ability to achieve its investment objectives and generate returns.

Call Options. In certain circumstances, the Fund transacts in call options. There are significant risks associated with the sale and purchase of call options. A call option is a financial contract that gives the buyer of the contract the right, but not the obligation, to buy a security or other financial instrument from the seller (or “writer”) at a specified price within a specified time period. The buyer pays a non-refundable premium to the seller for the right to exercise the call option. The seller (writer) of a call option which is covered (*e.g.*, the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The securities necessary to satisfy the exercise of an uncovered call option may be unavailable for purchase, except at much higher prices, thereby reducing or eliminating the value of the premium. Purchasing securities to cover the exercise of an uncovered call option can cause the price of the securities to increase, thereby exacerbating the loss. The buyer of a call option assumes the risk of losing its entire premium investment in the call option.

Put Options. In certain circumstances, the Fund may transact in put options. There are risks associated with the sale and purchase of put options. A put option is a financial contract that gives the buyer of the contract the right, but not the obligation, to sell a security or other financial instrument to the seller of the put at a specified price within a specified time period. The buyer pays a non-refundable premium to the seller for the right to exercise the put option. The seller (writer) of a put option which is covered (*e.g.*, the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying security if the market price falls below the exercise price of the option. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option.

Long/Short. The identification of investment opportunities in the implementation of the Fund’s long/short investment strategies is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. In the event that the perceived opportunities underlying the Fund’s positions were to fail to converge toward, or were to diverge further from values expected by the General Partner, the Fund may incur a loss. In the event of market disruptions, significant losses can be incurred which may force the Fund to close out one or more positions.

Investments in Distressed Issuers. The Fund might invest in equity securities of issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems and “below investment-grade” debt securities, including companies

involved in covenant or payment default or in bankruptcy or other reorganization and liquidation proceedings. These securities are likely to be particularly risky investments although they also may offer the potential for high returns. Among the risks inherent in investments in troubled entities is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments may also be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and the bankruptcy court's power to disallow, reduce, subordinate or disenfranchise particular claims. Such companies' securities may be considered speculative, and the ability of such companies to pay their debts on schedule and otherwise continue to operate could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or specific developments within such companies. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is high, and there is no assurance that the General Partner will analyze such investments correctly.

Highly Volatile Markets. The prices of financial instruments in which the Fund may invest can be highly volatile. Price movements of the financial instruments in which the Fund's assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments and national and international political and economic events and policies. The Fund is subject to the risk of failure of any of the Exchanges on which its positions trade or of its clearinghouses. In addition, governments from time to time intervene in certain markets, directly, by regulation and otherwise, particularly in currencies, futures and options. Such intervention is often intended to directly influence prices and may, together with other factors, cause some or all of these markets to move rapidly in the same direction. The effect of such intervention is often heightened by a group of governments acting in concert.

Stock Index Options. In certain circumstances, the Fund might purchase and sell call and put options on stock indices listed on securities exchanges or traded in the over-the-counter market for the purpose of realizing its investment objectives or for the purpose of hedging its portfolio and managing its net exposure. A stock index or index option fluctuates with changes in the market values of the stocks included in the index. The effectiveness of purchasing or writing stock index options for hedging purposes will depend upon the extent to which price movements in the Fund's portfolio correlates with price movements of the stock indices selected. Because the value of an index option depends upon movements in the level of the index rather than the price of a particular stock, whether the Fund realizes gains or losses from the purchase or writing of options on indices depends upon movements in the level of stock prices in the stock market generally or, in the case of certain indices, in an industry or market segment, rather than movements in the price of particular stocks. Accordingly, successful use by the Fund of options on stock indices will be subject to the General Partner's ability to correctly predict movements in the direction of the stock market generally or of particular industries or market segments. This requires different skills and techniques than predicting changes in the price of individual stocks.

Fixed Income Securities. In addition to its investment in public equity securities, the Fund may invest in bonds or other fixed income securities of issuers including, without limitation, bonds, notes and debentures issued by corporations; debt securities and commercial paper. Fixed income securities pay fixed, variable or floating rates of interest. The value of fixed income securities in which the Fund may invest will change in response to fluctuations in interest rates. In addition, the value of certain fixed income securities can fluctuate in response to perceptions of creditworthiness, political stability or soundness of economic policies. Fixed income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (*i.e.*, credit risk) and are subject to

price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (*i.e.*, market risk).

Convertible Securities. The Fund may invest in convertible securities. Convertible securities are bonds, debentures, notes, preferred stocks or other securities that may be converted into or exchanged for a specified amount of common stock of the same or different issuer within a particular period of time at a specified price or formula.

The value of a convertible security is a function of its “investment value” (determined by its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion privilege) and its “conversion value” (the security’s worth, at market value, if converted into the underlying common stock). The investment value of a convertible security is influenced by changes in interest rates, with investment value declining as interest rates increase and increasing as interest rates decline. The credit standing of the issuer and other factors may also have an effect on the convertible security’s investment value. The conversion value of a convertible security is determined by the market price of the underlying common stock. If the conversion value is low relative to the investment value, the price of the convertible security is governed principally by its investment value. To the extent the market price of the underlying common stock approaches or exceeds the conversion price, the price of the convertible security will be increasingly influenced by its conversion value. A convertible security generally will sell at a premium over its conversion value by the extent to which investors place value on the right to acquire the underlying common stock while holding a fixed-income security. Generally, the amount of the premium decreases as the convertible security approaches maturity.

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

Derivative Instruments. The Fund may take advantage of opportunities with respect to certain derivative instruments that are not presently contemplated for use or that are currently not available, but that may be developed, to the extent such opportunities are both consistent with the investment objective of the Fund and legally permissible. Special risks may apply to instruments that are invested in by the Fund in the future that cannot be determined at this time or until such instruments are developed or invested in by the Fund. Certain swaps, options and other derivative instruments may be subject to various types of risks, including market risk, liquidity risk, the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty, legal risk and operations risk.

Litigation. The Fund’s investment activities may subject it and the General Partner to the risks of becoming involved in litigation with third parties. The expense of defending against claims against the Fund by third parties and the payment of any amounts pursuant to settlements or judgments would be borne by the Fund, reduce distributions and could require investors in the Fund to return distributed capital and earnings to the Fund. The General Partner and its affiliates will generally be indemnified by the Fund in connection with any such litigation, subject to certain conditions.

Trading Decisions. Trading decisions made by the General Partner will be based on fundamental and other analysis. Any factor that would lessen the prospect of major trends occurring in the future (such as increased governmental

control of, or participation in, the financial markets or the basic materials sector) may reduce the prospect that a particular trading method or strategy will be profitable in the future. In the past, there have been periods without discernible trends and, presumably, such periods will continue to occur in the future. Moreover, any factor that would make it more difficult to execute trades at desired prices in accordance with the signals of the trading method or strategy (such as a significant lessening of liquidity in a particular market, such as the basic materials sector) would also be detrimental to profitability. Further, many advisors' trading methods utilize similar analyses in making trading decisions. Therefore, bunching of buy and sell orders can occur, which makes it more difficult for a position to be taken or liquidated. No assurance can be given that the Fund's strategies will be successful under all or any market conditions.

Loans of Portfolio Securities. The Fund may lend its portfolio securities. By doing so, the Fund attempts to increase income through the receipt of interest on the loan. While a securities loan is outstanding, the Fund will continue to receive the equivalent of the interest or dividends paid by the issuer on the securities, as well as interest on the investment of the collateral or a fee from the borrower. The risks in lending securities, as with other extensions of secured credit, if any, consist of possible delay in receiving additional collateral, if any, or in recovery of the securities or possible loss of rights in the collateral, if any, should the borrower fail financially. To the extent that the value of the securities the Fund lent increases, the Fund could experience a loss if such securities are not recovered. Furthermore, the valuation models used to determine whether a position presents an attractive opportunity consistent with the General Partner's strategies with respect to the Fund may become outdated and inaccurate as market conditions change.

Relative Value and Directional Movements. The Fund's investment strategy depends upon the General Partner's ability to accurately predict future price movements or the convergence of market prices toward the theoretical values expected by the General Partner. Any such attempt to predict future price movements is inherently risky and inaccurate. Often, price movements are determined by factors that were not anticipated by the General Partner and over which the General Partner has no control, and the General Partner's analysis of known factors may prove to be incorrect, in each case potentially resulting in substantial losses for the Fund.

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

Accordingly, the protections accorded to the Fund under such laws and regulations are unavailable for transactions on foreign exchanges and with foreign counterparties.

Competition. The markets in which the Fund participates, as well as other markets and strategies in which the Fund may participate, are extremely competitive. There can be no assurance that the General Partner will be able to identify or successfully pursue attractive investment opportunities in this environment. Investors should expect that the Fund's investments will involve substantially more company specific and market risk and associated volatility in the future than in the past. The Fund and the General Partner will compete with many firms, some of which may have substantially greater financial resources, more favorable financing arrangements, larger research staffs and more securities traders than are available to the Fund and the General Partner.

Less Liquid Instruments. The Fund generally makes investments in publicly-traded equity securities that are believed to be relatively liquid under normal market conditions. However, the Fund may invest in the securities of companies with micro- and small- capitalizations, which may be thinly traded and otherwise illiquid. In addition, the Fund may from time to time hold large positions with respect to a specific type of instrument, which may reduce the Fund's liquidity. The Fund may also invest in other illiquid financial instruments. The Fund may be unable to timely dispose of certain assets, which would adversely affect the Fund's ability to rebalance its portfolio or to meet withdrawal requests. In addition, such circumstances may force the Fund to dispose of assets at reduced prices, thereby adversely affecting the Fund's performance. If there are other market participants seeking to dispose of similar assets at the same time, the Fund may be unable to sell such assets or prevent losses relating to such assets. Furthermore, if the Fund incurs substantial trading losses, the need for liquidity could rise sharply while its access to liquidity could be impaired. In conjunction with a market downturn, the Fund's counterparties could incur losses of their own, thereby weakening their financial condition and increasing the Fund's credit risk to them.

Default and Credit Risks. The Fund may invest in debt obligations of both government and corporate issuers. These financial instruments involve the risk that the obligor either cannot or will not fulfill its obligations under the terms of the financial instrument. The Fund and the General Partner assume credit risk to their brokers, custodians and other counterparties in connection with brokerage arrangements, derivatives and other contractual relationships. In evaluating credit risk, the Fund and the General Partner will often be dependent upon information provided by the obligor, which may be materially inaccurate or fraudulent. Any actual default, or any circumstance that increases the possibility of such a default, could have a material adverse effect on the Fund.

Interest Rate Risks. In addition to its investment in public equity securities, the Fund may invest in debt obligations of government issuers (e.g., U.S. treasury bills) as a part of an overall cash management strategy. These and various other assets, as well as the Fund's borrowings, will subject the Fund to risks associated with movements in interest rates. For example, the Fund will be required to manage both curve risk, which is the risk that the slope of the yield curve will vary from the slope assumed in the Fund's strategy, and credit spread risk, which is the risk that the spreads between yields of differently rated issuers will change in a manner that adversely affects the Fund's portfolio.

Portfolio Turnover. The Fund is not restricted in effecting transactions by any specific limitations with regard to their portfolio turnover rate. Although not anticipated, the Fund's investment policies might result in substantial portfolio turnover. Investments may be sold for a variety of reasons, such as a more favorable investment opportunity or other circumstances bearing on the desirability of a continued position in such investments.

Illiquid Investments. It is possible that some investments held by the Fund may not be able to be sold except pursuant to a registration statement filed under the Securities Act of 1933, as amended (the “Securities Act”) or in accordance with Rule 144 or another exemption under the Securities Act. Furthermore, because of the speculative and non-public nature of some investments, the General Partner may, from time to time, sell or otherwise dispose of investments that later prove to be more valuable than anticipated at the time of such disposition. Any premature sales or dispositions may prevent the Fund from realizing as great an overall return on investment as may have been realized if such sales or dispositions had been made at a later date, which may adversely affect investment results of investors.

Certain securities may be difficult or impossible to sell at the time and price that the Fund desires. The Fund may have to lower the price, sell other securities instead or forego an investment opportunity, any of which could have a negative effect on the performance of the Fund. In addition, there may be severe limitations on the Fund’s ability to sell certain securities at any price during a period of reduced credit market liquidity.

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

The success of the Fund’s hedging strategy depends, in part, upon the General Partner’s ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the portfolio investments being hedged. Since the characteristics of many securities change as markets change or time passes, the success of the Fund’s hedging strategy is also subject to the General Partner’s ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. While the Fund may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Fund than if it had not engaged in such hedging transactions. For a variety of reasons, the General Partner may not seek to establish a perfect correlation between the hedging instruments utilized and the portfolio holdings being hedged. Such an imperfect correlation may prevent the Fund from achieving the intended hedge or expose the Fund to risk of loss. The Fund is not required to hedge any particular risk in connection with a particular transaction or its portfolios generally. Moreover, it should be noted that the portfolio is always exposed to certain risks that may not be hedged. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of the Fund’s portfolio holdings.

Brexit. On June 23, 2016, the United Kingdom held a referendum and voted to withdraw as a member of the EU and a party to the Treaty on European Union and its successor treaties, and on March 29, 2017, the United Kingdom delivered a letter to the EU invoking the applicable withdrawal procedures. While the United Kingdom officially withdrew as a member of the EU as of January 31, 2020, in the United Kingdom and the EU have agreed to a transition period until at least December 31, 2020, during which the United Kingdom generally will continue to operate under and pursuant to EU laws and rules while the United Kingdom and the EU continue to negotiate the terms of its withdrawal and the ultimate outcome of the relationship between the EU and the United Kingdom (and the United Kingdom and the rest of the world). The negotiation process has been quite lengthy, complicated and contentious,

and much uncertainty remains (especially with respect to the outcome of the relationship between the United Kingdom and the EU after the end of the transition period). The outcome of the referendum and the subsequent process and negotiation with respect to the United Kingdom's withdrawal have caused significant volatility in global financial markets and uncertainty about the integrity and functioning of the EU, both of which may persist for an extended period of time. Although the General Partner cannot predict the full effect and results of Brexit, it could have a significant adverse impact on United Kingdom, European and global macroeconomic conditions and could lead to prolonged political, legal, regulatory, tax and economic uncertainty. This uncertainty is likely to continue to impact trade within Europe, foreign direct investment in Europe, the scope and functioning of European regulatory frameworks (including with respect to the AIFMD and the European Union Markets in Financial Instruments Directive ("MiFID II")), industrial policy pursued within European Union countries, immigration policy pursued within European countries, the regulation of the provision of financial services within and to persons in Europe and trade policy within European countries and internationally and the global economic climate and may impact opportunities, pricing, availability and cost of financing, regulation, values or exit opportunities of companies or assets based, doing business, or having service or other significant relationships in, the United Kingdom or the European Union, including investments made or considered by the Fund. The volatility and uncertainty caused by Brexit may adversely affect the value of the Fund's investments and its ability to achieve its investment objectives.

The future application of European Union-based legislation to the private fund industry in the United Kingdom and the European Union will ultimately depend on how the United Kingdom renegotiates its relationship with the European Union. Any renegotiated terms or regulations could have a material adverse impact on the Fund and its investments, including the ability of the Fund to achieve its investment objectives. Brexit may result in significant market dislocation, heightened counterparty risk, a material adverse effect on the management of market risk and, in particular, asset and liability management due in part to redenomination of financial assets and liabilities, an adverse effect on the ability of the General Partner to manage, operate and invest the Fund's capital and increased legal, regulatory or compliance burden for the General Partner or the Fund, each of which may have a material negative impact on the operations, financial condition, returns or prospects of the Fund. Changes in market conditions and the development of new regulatory regimes and parallel competition law enforcement may also have a material adverse impact on corporate transactions, particularly those occurring in, or impacted by conditions in, the United Kingdom and Europe.

Political parties in several other member states of the European Union have proposed that a referendum similar to that held in the United Kingdom be held on their country's membership in the European Union. It is unclear whether any other member states of the European Union will hold such referendums, but if they do, further disruption can be expected.

Privacy and Data Protection Risk. The General Partner and the Fund (and their respective agents, service providers and affiliates) process personal information, including by storing and maintaining personal data related to their respective members, affiliates, employees and representatives, natural person investors, service provider representatives, customers and others. Such processing of personal information, which may also include the use of third-party processors and cloud-based services, impose legal, operational and regulatory risks on the General Partner and its affiliates. In recent years, there has been an increase in legal requirements relating to the collection, storage, use and transfer of personal information, and the legal framework around such matters is expected to continue to develop at both the international and state level. Certain activities of the General Partner and/or its affiliates may, for example, be subject to the California Consumer Privacy Act and other foreign, federal and state privacy laws such as the European Union's General Data Protection Regulation. The General Partner and/or its

affiliates may not be able to accurately anticipate the ways in which regulators and courts will apply or interpret the law, and implementation, interpretation or application of privacy and data protection laws in a manner inconsistent with the General Partner's expectations may adversely affect the Fund. For example, the failure of the General Partner, or one or more of its affiliates or agents providing services to the Fund, to comply with privacy and data protection laws could result in negative publicity, operational disruptions, and may subject the Fund to significant costs associated with litigation, settlements, regulatory action, judgments, liabilities or penalties and mandatory remediation. The same risks will apply to investments that fail to comply with privacy and data protection laws. If the General Partner or an affiliate or agent thereof uses or discloses information improperly or suffers a security breach impacting personal information, they may be obligated to notify government authorities, stakeholders or individuals affected, which may divert the General Partner's and its affiliate's time and effort and entail operational disruptions, loss of market confidence and goodwill and substantial expense, particularly if any litigation or enforcement action or mandatory remediation were to also arise out of such breach.

Risks Related to Electronic Communication. The Fund provides to investors statements, reports and other communications relating to the Fund and/or an investor's interests in electronic form, such as email or via a website ("Electronic Communications"). Electronic Communications may be modified, corrupted, or contain viruses or malicious code, and may not be compatible with an Investor's electronic system. In addition, reliance on Electronic Communications involves the risk of inaccessibility, power outages or slowdowns for a variety of reasons. These periods of inaccessibility will delay or prevent receipt of reports or other information by the Investors.

Force Majeure Risks. Force majeure is the term generally used to refer to an event beyond the control of the party claiming that the event has occurred, including acts of God, fire, flood, weather, earthquakes, war, terrorism, labor strikes, outbreaks of disease and potentially other events or occurrences. Force majeure events in the United States and elsewhere in the world may adversely affect the ability of the General Partner, its affiliates or agents or the parties with whom they do business to perform their respective obligations, under a contract or otherwise. In addition, dealing with any force majeure event will divert the General Partner's time and effort, and the cost of repairing or replacing damaged assets could be considerable. Repeated or prolonged service interruptions may result in permanent loss of customers, substantial litigation, or penalties for regulatory or contractual non-compliance. In some cases, project agreements can be terminated if the force majeure event is so catastrophic as to render it incapable of remedy within a reasonable, pre-agreed time period. Force majeure events that are impossible or costly to cure may also have a permanent adverse effect on the Fund or its investments, and the Fund's potential returns would be diminished as a result.

Trade Errors. The General Partner will place orders on behalf of the Fund to buy, sell and otherwise trade in financial instruments. Over time there is the potential for errors relating to such trading. Trade errors are not errors in judgment, strategy, market analysis, economic outlook, etc., but rather errors in the placement, execution or settlement of a trade (other than, for example, settlement delays that occur in the ordinary course of business), and may include purchasing securities not legally permitted for an account or fund, or not within an account's or fund's investment guidelines; purchasing or selling the wrong security, or an incorrect amount of a security, for an account or fund; purchasing or selling securities for the wrong account or fund; selling a security instead of buying a security or vice versa; or allocating securities to the wrong account or fund. Trade errors may result from keystroke errors that occur when entering trades into an electronic trading system or typographical or drafting errors related to derivatives contracts or similar agreements or similar human errors. Trade errors may result in losses but may also result in gains or avoided losses. To the extent an error is caused by a third party, such as a broker, the Fund may (but is not obligated to) seek to recover losses associated with such error from such third party, taking into account such

factors as it deems relevant (including but not limited to operational, contractual and relationship-driven considerations). Subject to the terms of the Fund Agreements, any losses associated with a trade error generally will be borne by (and any gains associated with a trade error will accrue to the benefit of) the Fund.

Index Contracts. The Fund also may invest in customized instruments to seek to hedge against the risk of changes in the level of prices of broad market averages or indices, as well as narrower indices or baskets of securities, foreign currencies or commodity prices. These hedging strategies may be executed by the General Partner through the use of exchange-traded equity index options, standardized or individually negotiated over-the-counter contracts or other forms of derivative contracts (collectively, “index contracts”) structured by investment banking institutions.

There are substantial risks associated with index contracts, including possible default by the counterparty to the transaction, illiquidity and, to the extent the General Partner’s view as to certain market movements is incorrect, the risk that the use of such index contracts could result in losses greater than if they had not been used. Moreover, any lack of correlation between price movements of index contracts and price movements in the position of the Fund may create the possibility that losses in the value of the Fund’s position may be greater than the gain on the hedging instrument (or that a gain in the Fund’s position may be less than the loss on the hedging instrument). In addition, options markets may not be liquid in all circumstances and certain over-the-counter index contracts may have no markets. As a result, in certain markets, the Fund might not be able to close a transaction without incurring substantial losses, if at all. Any such result may have a material adverse effect on the Fund.

Exchange Traded Funds and Other Similar Instruments. Shares of exchange traded funds (“ETFs”) and other similar instruments may be purchased or sold short by the Fund. An ETF is an investment company that is registered under the Investment Company Act of 1940, as amended (the “Company Act”) that holds a portfolio of common stocks designed to track the performance of a particular index. ETFs sell and redeem their shares at net asset value in large blocks (typically 50,000 of its shares) called “creation units.” Shares representing fractional interests in these creation units are listed for trading on national securities exchanges and can be purchased and sold in the secondary market in lots of any size at any time during the trading day.

Instruments the Fund may purchase that are similar to ETFs represent beneficial ownership interests in specific “baskets” of stocks of companies within a particular industry sector or group. These securities may also be listed on national securities exchanges and purchased and sold in the secondary market, but unlike ETFs, these securities are not registered as investment companies under the Company Act.

Investments in ETFs and other instruments involve certain inherent risks generally associated with investments in a broadly-based portfolio of stocks including risks that the general level of stock prices may decline, thereby adversely affecting the value of each unit of the ETF or other instrument. In addition, an ETF may not fully replicate the performance of its benchmark index because of the temporary unavailability of certain index securities in the secondary market or discrepancies between the ETF and the index with respect to the weighting of securities or number of stocks held. Because ETFs and pools that issue similar instruments bear various fees and expenses, the Fund’s investment in these instruments will involve certain indirect costs, as well as transaction costs, such as brokerage commissions. The General Partner considers the expenses associated with an investment in determining whether the Fund should invest in an ETF or other instrument.

Costs Associated with ETF Investments. Investment managers of mutual funds and ETFs that may be selected by the General Partner for investment by the Fund will generally be entitled to a fee based on net assets under management. Any such fees charged by an investment manager of a mutual fund or ETF in which the Fund invests are in addition to the management fee and performance allocation of the General Partner and will reduce the Fund's assets accordingly.

Leverage Risks

The Fund generally has the authority to borrow funds (or otherwise incur leverage) and may do so when deemed necessary or appropriate by the General Partner, which may result in significant and/or high levels of leverage. The Fund may borrow funds from brokers, banks and other lenders or certain other parties to finance its investing, trading operations and for other reasons, which borrowings may be secured by assets of the Fund. The use of such borrowing and leverage can, in certain circumstances, maximize the losses to which the Fund's investment portfolio may be subject. Any event that adversely affects the value of an investment would be magnified to the extent that a particular asset or the Fund as a whole is leveraged. The cumulative effect of the use of leverage by the Fund in a market that moves adversely to the Fund's investments could result in a substantial loss to the Fund, which would be greater than if the Fund were not leveraged. Leverage may be achieved through, among other methods, direct borrowing and purchases of securities on margin and the use of options and other derivatives. The access to capital could be impaired by many factors, including market forces or regulatory changes.

The use of margin, derivatives and short-term borrowings may result in substantial interest and financing costs to the Fund and may create other or additional risks. Specifically, the Fund may use a significant portion of its capital for margin and collateral deposits. If the value of the Fund's securities falls below the margin level required by a prime broker, additional margin deposits would be required. If the Fund is unable to satisfy any margin call by a prime broker, then the prime broker could liquidate the Fund's position in some or all of the financial instruments that are in the Fund's accounts at the prime broker and cause the Fund to incur significant losses. Furthermore, secured counterparties and lenders may have the right to sell, pledge, rehypothecate, assign, use or otherwise dispose of collateral posted by the Fund. This could increase exposure to the risk of a counterparty default since, under such circumstances, the Fund may be unable to recover the posted collateral promptly or may be unable to recover all of the posted collateral. The failure to satisfy a margin or collateral call, or the occurrence of defaults may trigger cross-defaults under the Fund's agreements with other brokers, lenders, clearing firms or other counterparties, creating or increasing a material adverse effect on the performance of the Fund. In addition, because the use of leverage allows the Fund to control positions worth significantly more than its investments in those positions, the amount that the Fund may lose in the event of adverse price movements may be high in relation to the amount of its investment.

In the event of a sudden drop in the value of the Fund's assets, the Fund might not be able to liquidate assets quickly enough to satisfy its margin or collateral requirements or other contractual obligations. In that event, the Fund may become subject to claims of financial intermediaries that extended margin loans or other types of credit. Such claims could exceed the value of the assets of the Fund. The banks, dealers and other custodians and counterparties that provide financing to the Fund can apply essentially discretionary margin, haircut, financing and collateral valuation policies. Changes by banks, dealers and other custodians or counterparties in any of the foregoing may result in large margin or collateral calls, loss of financing and forced liquidations of positions at disadvantageous prices. There can be no assurance that the Fund will be able to secure or maintain adequate financing, without which the Fund may not continue to be viable.

The purchase of options, repurchase and reverse repurchase agreements generally involves little or no margin deposit and, therefore, will provide substantial leverage. Accordingly, relatively small price movements in these financial instruments may result in immediate and substantial losses to the Fund. In addition, the Fund will have unlimited discretion to use derivative instruments, which generally provide the economic equivalent of leverage by magnifying the potential gain or loss from an investment.

Counterparty Risks

The Fund has established relationships to obtain financing, engage in derivative transactions and obtain prime brokerage services and other services, all of which permit the Fund to trade in any variety of markets or asset classes over time; however, there can be no assurance that the Fund will be able to maintain such relationships or establish such relationships in the future. An inability to establish or maintain such relationships would limit the Fund's trading activities and could create losses, preclude the Fund from engaging in certain transactions, financing, derivative intermediation and prime brokerage services and prevent the Fund from trading at optimal rates and terms. Moreover, a disruption in the financing and derivative and prime brokerage services provided by any such relationships before the Fund establishes additional relationships could have a significant impact on the Fund's business due to the Fund's reliance on such counterparties.

Some of the markets in which the Fund may effect its transactions are "over-the-counter" or "inter dealer" markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange-based" markets. This exposes the Fund to the risk that a counterparty will not settle a transaction due to a credit or liquidity problem, thus causing the Fund to suffer a loss. In addition, in the case of a default, the Fund could become subject to adverse market movements while replacement transactions are executed. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement or where the Fund has concentrated its transactions with a single counterparty or small group of counterparties.

Furthermore, there is a risk that any of the Fund's counterparties could become insolvent and/or the subject of insolvency proceedings. If one or more of the Fund's counterparties were to become insolvent or the subject of insolvency proceedings, there exists the risk that the recovery of the Fund's securities and other assets from the Fund's prime brokers or broker-dealers will be delayed or be of a value less than the value of the securities or assets originally entrusted to such prime broker or broker-dealer.

The Fund may use counterparties located in various jurisdictions, some of which are subject to the laws and regulations in non-U.S. 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 are 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 generalize about the effect of their insolvency on the Fund and its assets.

The Fund is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. Moreover, the General Partner's internal process for evaluating the creditworthiness of its counterparties may prove insufficient. The ability of the Fund to transact business with any

one or more counterparties, the lack of complete and “foolproof” evaluation of the financial capabilities of the Fund’s counterparties and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Fund.

Operational and Regulatory Risks

Restrictions on Trading and Position Limits. In connection with the General Partner’s activities or with the outside activities of the Principal or any employees of the General Partner, the General Partner may acquire confidential information or otherwise become restricted in its investment activities. For example, this occurs in connection with evaluating new investments, serving on the board of directors of issuers or serving on creditors’ committees. In such event, the General Partner may not be free to act upon such confidential information in the course of performing its duties for the Fund, and the General Partner may not be able to initiate a transaction for the Fund that it otherwise might have initiated, with the result being that the Fund is unable to purchase or dispose of a position. Such restrictions would apply even if the Fund were not involved in, and could not have benefited from, the receipt of such information or the imposition of such other restriction.

Position limits and ownership thresholds imposed by various regulations may also limit the Fund’s ability to effect desired trades. Position limits include maximum amounts of net long or net short positions that any one person or entity may own or control in a particular financial instrument. Other ownership thresholds include reporting requirements, volume limitations, short-swing profit rules, mandatory tender offer requirements, poison pill provisions and other regulatory or contractual requirements that make it illegal or undesirable to exceed a certain threshold of ownership in a particular issuer. In general, all positions owned or controlled by the same person or entity, even if in different accounts, are aggregated for purposes of determining whether the applicable position limits or ownership thresholds have been exceeded. Thus, even if the Fund itself does not intend to exceed the applicable limits, it is possible that different accounts managed by the General Partner may be aggregated. If at any time positions managed by the General Partner were to exceed the applicable limits, the General Partner could be required to liquidate positions, which might include positions of the Fund, to the extent necessary to come within those limits. Further, to avoid exceeding the applicable limits, the Fund may have to forego or modify certain of their contemplated trades.

Absence of Regulatory Oversight. While the Fund may be considered similar to an investment company, the Fund is not registered as such under the Company Act or similar laws of other applicable jurisdictions, and, accordingly, certain provisions of the Company Act (which, among other matters, require investment companies to have a majority of disinterested directors and regulate the relationship between the adviser and the investment company) generally are not applicable to the Fund.

Anti-Money Laundering. If the General Partner, the administrator or any governmental agency believes that the Fund has accepted subscriptions for Fund interests by, or is otherwise holding assets of, any person or entity that is acting, directly or indirectly, in violation of any U.S., international or other anti-money laundering laws, rules, regulations, treaties or other restrictions, or on behalf of any suspected terrorist or terrorist organization, the General Partner, the administrator or such governmental agency may freeze the assets of such person or entity invested in the Fund or suspend their withdrawal rights. The Fund may also be required to remit or transfer those assets to a governmental agency.

Cyber Security Breaches and Identity Theft. The Fund, General Partner and their respective service providers depend on information technology systems and, notwithstanding the diligence that the General Partner may perform on its or the Fund's service providers, it may not be in a position to verify the risks or reliability of such information technology systems. The Fund, the General Partner and their service providers are subject to risks associated with a breach in cybersecurity. "Cybersecurity" is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from both intentional cyber-attacks and hacking by other computer users as well as unintentional damage or interruption that, in either case, can result in damage and disruption to hardware and software systems, loss or corruption of data, and/or misappropriation of confidential information. The General Partner's, the Fund's and their information and technology systems are vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although the General Partner and its affiliates have implemented various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, the General Partner and/or the Fund may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the General Partner's and the Fund's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm the General Partner's or the Fund's reputation, subject any such entity and their respective affiliates to legal claims and otherwise affect its business and financial performance. Such damage or interruptions to information technology systems may cause losses to the Fund or individual investors by interfering with the operations of the General Partner and its affiliates. The Fund may also incur substantial costs as the result of a cybersecurity breach, including those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, 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 the Fund and/or the General Partner to civil, legal or regulatory liability as well as regulatory inquiry and/or action, and the Fund may be required to indemnify the General Partner against any losses incurred in connection therewith. Cybersecurity issues and risks are currently a major focus area of the SEC and other regulatory authorities.

Service Providers. Investors are not contractual parties to the agreements with service providers of the Fund, and therefore investors will not be able to bring any contractual claims against any such service provider. Only the Fund and/or certain of its affiliates have or will have a right to enforce the contracts with service providers. Any action sought to be taken by an investor in the Fund directly against any such service provider may result in the service provider calling on its indemnity from the Fund, if applicable.

Risks Relating to Fund Terms and Structure

Incomplete Information. An investor in the Fund generally does not have sufficient information to analyze or evaluate the risks or potential returns of the Fund's investment program currently or prospectively. In general, the General Partner does not provide current or detailed information about the Fund's portfolio or any advance notice to investors in the Fund of anticipated changes in the composition of the Fund's portfolio, nor will the General Partner provide information to investors in the Fund as to how the General Partner voted proxies for specific securities owned by the Fund. However, in response to questions and requests and in connection with due diligence meetings and

other communications, the Fund or the General Partner may provide additional information to certain investors in the Fund that is not distributed to other investors, and such information may affect an investor's decision to request a withdrawal. Each investor in the Fund is responsible for asking such questions as it believes are necessary in order to make its own investment decisions, including whether to invest in the Fund, and each investor in the Fund must decide for itself whether the limited information provided by the General Partner and the Fund is sufficient for its needs.

Withdrawals. An investment in the Fund provides for limited liquidity since the Fund interests are not freely transferable and, generally, an investor in the Fund only has the right to withdraw amounts from its capital account on a limited basis in accordance with the terms of the governing documents of the Fund. Each investor in the Fund generally is permitted to request a withdrawal of amounts from its capital account maintained on its behalf on a quarterly basis, subject to a one year initial lock-up period.

Reliance on the General Partner and Key Personnel. Pursuant to the terms of the governing documents of the Fund, the General Partner has full discretionary authority to identify, structure, execute, administer, monitor and liquidate trades made on behalf of the Fund. The success of the Fund's investments is dependent upon the abilities and retention of the General Partner and the Principals, and/or any other key personnel of the General Partner. If any one of the Principals or key personnel of the General Partner ceases to be involved, directly or indirectly, in the General Partner and the management of the Fund or its portfolio, the business of the Fund would likely be adversely affected. There is no prohibition preventing any one of the Principals or key personnel from terminating his relationship with the General Partner and/or the Fund.

While the General Partner and its affiliates devote as much time to the Fund's affairs as they deem necessary and appropriate, they generally are not precluded from engaging in outside activities. The General Partner and its affiliates generally may engage and hold interests in other business ventures and activities of every kind and description for their own account including, without limitation, other investment entities similar to the Fund and/or other investment advisory entities similar to the General Partner.

Investment Expenses. The investment expenses (*e.g.*, expenses related to the investment and custody of the Fund's assets, such as brokerage commissions, custodial fees and other trading and investment charges and fees), may, in the aggregate, constitute a high percentage relative to other investment entities.

Side Letters. The Fund and/or the General Partner may from time to time enter into letter agreements or other similar agreements (collectively, "Side Letters") with one or more investors, including, without limitation, any related investor and other selected third parties, that alter, modify or change the terms of the Partnership Agreement as the same pertain solely to a particular investor. The establishment of such rights, or the alteration, modification, waiver, or supplementation of any terms of the Subscription Documents may be given to any new or additional investor in the sole discretion of the Fund and/or the General Partner, as applicable, based on any number of factors, including, without limitation, amount of Capital Contribution(s), existing relationship with the Fund or the General Partner, or legal or regulatory requirements. Side Letters may provide such investor(s) with additional and/or different rights (including, without limitation, reduced or lower Performance Allocation and/or Management Fees, preferential or

different withdrawal rights, lower minimum Capital Contribution amounts, preferential informational rights, capacity rights and other rights) than the other investors. Except to the extent required by applicable law, the Fund is not required to notify any or all of the other investors of any such Side Letters or any of the rights and/or terms or provisions thereof, nor is the Fund required to offer such additional and/or different rights and/or terms to any or all of the other investors; *provided, however*, under no circumstances may the General Partner and a particular investor enter into any Side Letter that would reasonably be expected to have a material adverse effect upon any other investor.

Limitation of Liability and Indemnification. Certain exculpation and indemnification provisions are contained in the Partnership Agreement and other applicable documents. As a result of these provisions, the General Partner and its affiliates and personnel generally are not liable to the Fund for any act or omission (including employee negligence and similar human errors), absent fraud, bad faith, willful misconduct or gross negligence, and the Fund generally is required to indemnify such persons against any losses they may incur by reason of any act or omission related to the Fund, absent fraud, bad faith, willful misconduct or gross negligence. Notwithstanding the foregoing, such provisions will not be construed to relieve any person of any liability to the extent that such liability may not be waived, modified or limited under applicable law (including liability under certain U.S. securities laws which, under certain circumstances, impose liability even on persons acting in good faith). As a result of the foregoing, the Fund (and not the General Partner) generally will be responsible for all losses resulting from trading errors, allocation errors and similar human errors, even when such losses results from the General Partner's negligence (but not gross negligence). These are important provisions that could materially affect an investor's rights in the Fund. Investors having any questions or concerns about these provisions should seek advice from qualified counsel.

Restrictions on Transferability. Each investor is required to represent that it is acquiring an interest in the Fund for investment purposes only and not with a view to distribution or resale; that it understands that it must bear the economic risk of an investment for an indefinite period of time because the interests on the Fund have not been registered with the SEC or any other state or governmental agency; and that it understands that said interests cannot be sold unless an exemption from such registration is available. In addition, transfers of interests in the Fund require, among other things, the prior written consent of the General Partner, which consent may be withheld in the General Partner's discretion and may include such terms and conditions as the General Partner deems appropriate. There will be no independent market for interests in the Fund, and none is expected to develop. Consequently, said interests should be considered only as a long-term and illiquid investment and is suitable only for sophisticated investors.

Risks Relating to Admission of Benefit Plan Investors. The General Partner intends to use commercially reasonable efforts to limit investments by "benefit plan investors" (as defined in Section 3(42) of ERISA) so that the underlying assets of the Fund are not deemed to constitute "plan assets" for purposes of ERISA or Section 4975 of the Code; however, there can be no assurance that the underlying assets of the Fund will not be deemed to constitute "plan assets" for purposes of ERISA or Section 4975 of the Code. If the Fund were deemed to hold "plan assets," (a) ERISA's fiduciary standards could apply to the Fund, which could materially affect the operations and profitability of the Fund, and (b) any transaction with the Fund and certain persons could constitute a prohibited transaction under ERISA and/or Section 4975 of the Code, unless an exemption applies. If at any time the General Partner determines that assets of the Fund may be deemed to be "plan assets" subject to ERISA or Section 4975 of the Code, the General Partner may take certain actions it determines necessary or appropriate, including requiring one or more Investors to withdraw all or part of their interests in the Fund.

Tax Risks Generally. An investment in the Fund may involve complex tax considerations that will differ for each investor depending on an investor's particular circumstances. No assurance can be given that changes in tax law (or in the interpretation or administration thereof by tax authorities) that are adverse to the Fund or to investors will not occur. The tax treatment of an investment may be changed at any time by legislative, judicial or administrative action, and any such change may have retroactive effect with respect to existing transactions and investments. Each prospective investor is advised to consult its own tax advisors as to the tax consequences of an investment in the Fund.

THE FOREGOING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE LIST OR EXPLANATION OF ALL THE RISKS ASSOCIATED WITH AN INVESTMENT IN THE FUND. INVESTORS ARE ENCOURAGED TO REVIEW THE FUND OFFERING AND GOVERNING DOCUMENTS. INVESTORS ARE ALSO URGED TO CONSULT WITH THEIR OWN LEGAL AND TAX ADVISORS BEFORE MAKING ANY INVESTMENT DECISIONS. IN ADDITION, AS THE FUND'S INVESTMENT PROGRAM DEVELOPS AND CHANGES OVER TIME, AN INVESTMENT IN THE FUND MAY BE SUBJECT TO ADDITIONAL AND DIFFERENT RISK FACTORS.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of the adviser or the integrity of adviser's management.

There are no legal, regulatory, or disciplinary events involving the Firm or its Principals. Palogic values the trust Clients/investors place in the Firm. The Firm encourages clients to perform the requisite due diligence on any adviser or service provider that the Client/investor engages.

The backgrounds of the Firm and its advisory persons are available on the Investment Adviser Public Disclosure website at www.adviserinfo.sec.gov by searching with the Firm's name or CRD# 155133.

Item 10 – Other Financial Industry Activities and Affiliations

The Firm is not registered, and does not have an application pending to register, as a broker-dealer or registered representative of a broker-dealer. Currently, no employees of the Firm are registered representatives of a broker-dealer.

Neither the Firm nor any of its Principals are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading adviser, or an associated person of the foregoing entities.

The Firm has no relationships or arrangements with any related person listed in the instructions to Item 10.C. that are material to its advisory business or to its Clients.

The Firm does not recommend or select other investment advisers for its Clients.

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

Code of Ethics and Personal Trading Policy

The Firm has adopted a code of ethics and personal trading policy (“Code of Ethics”) in furtherance of its compliance with applicable laws. The Firm prohibits employees from using or attempting to use their position at the Firm to obtain improper benefits for themselves or any other person.

The Firm’s Code of Ethics permits employees to invest for their personal accounts, (subject to certain guidelines and restrictions) which may create a conflict of interest with the Fund’s investors. In order to address these conflicts and prevent improper trading by personnel of the Firm, it has adopted various procedures, detailed in its Code of Ethics. Among other things, the Firm’s policies require that all personal securities transactions, subject to various exemptions (as detailed the Code of Ethics) and including IPOs and private security investments, made by employees be approved in advance by the Firm’s CCO or designee. The CCO or designee will review the employees’ personal trade request(s) and determine if at the time the personal trade conflicts with a current or pending Firm trade. If a conflict exists, the employee will not be permitted to execute the trade in their personal account. Additionally, employees must report certain personal securities holdings upon employment as well as complete quarterly certifications of their personal securities transactions.

The Firm has also adopted policies and procedures designed to prevent employees from being unduly influenced in their decisions by receipt of gifts, entertainment or other inducements by third parties, such as trading counterparties, vendors or investors.

Outside Activities

Some of the Firm’s Principals or employees currently serve, and may in the future serve, on the management committees, boards of directors, or in other capacities of various organizations or companies in which the Fund invests. Such employee could have a conflict of interest between discharging their obligation in such capacities and acting in the best interest of a Fund. The Firm’s employees will typically receive compensation (whether in the form of incentive awards or otherwise) in their capacities as a director, officer or agent of such organizations or companies and are not required to share such compensation with the Fund. The Firm has adopted various policies and procedures to address potential conflicts of interest arising from outside business activities, including but not limited to pre-approval of such activities and periodic updated disclosures.

The Fund does not limit the Firm’s ability or any related person’s ability to form or manage other funds or accounts of any nature whatsoever. The Firm has adopted fee, expense and investment allocation policies and procedures to address any potential conflict among said funds and accounts with overlapping mandates or investment periods. Subject to the foregoing, there are no limitations on the Firm’s ability or any related person’s ability to engage in other business or investment activities, whether related or unrelated to the Fund.

Outside of quarterly disclosure requirements to the Firm’s CCO or designee, the Firm and its related persons are not subject to any specific obligations or requirements concerning the allocation of time, effort or investment

opportunities to the Fund, or any restrictions on the nature or timing of investments for the Fund, the Firm's proprietary accounts or the Firm's related person's proprietary accounts. The Firm's owners and employees are not obligated to devote any specific amount of time to the affairs of the Firm or the Fund, and they are not required to accord any exclusivity or priority to any Fund or account in the event of "limited availability" investment opportunities and, as a result, conflicts of interest may arise. These potential conflicts of interest are addressed via policies and procedures related to Personal Trading and Outside Activities.

Insider Trading

During its investment activities or otherwise, the Firm or its personnel may acquire confidential or material non-public information or otherwise be restricted in their investment activities, and, in such event, the Firm and such related persons may not be free to act upon such information. Due to such information or restrictions, the Firm may not initiate a transaction for a Fund or account that the Firm may otherwise have initiated, and such Fund or account may, as a result, be required to maintain a position that it otherwise might have sold, or be required to refrain from acquiring a position that it otherwise may have acquired.

The Firm maintains policies and procedures, including in its Code of Ethics, and trains all personnel on, the identification and proper handling of such information, including as to personal securities transactions. A copy of the Adviser's Code of Ethics is available to any Client or prospective investor upon request.

Personal Trading

Neither we nor our related persons recommend to Clients, or buys or sells for Client accounts, securities in which we or our related persons have a material financial interest. Our employees (including the Principals) are permitted to engage in personal investment activities that involve or may involve a conflict of interest with the investment activities of the Fund. From time to time, employees may purchase or dispose of securities of the same class or issuer as those owned by the Fund, and the Fund may purchase or dispose of securities of the same class or issuer as those owned by employees. We have adopted policies and procedures to address and mitigate these potential conflicts, including the requirement to seek prior approval from the Firm's chief compliance officer proposed trades that may conflict with Fund trades and the adoption of restrictive trading window for employee trades that may coincide with Fund trades.

Item 12 – Brokerage Practices

The Firm generally has discretion to determine, subject to the Fund’s disclosed investment objectives, policies and strategies, the securities to be purchased or sold and in what amounts, the broker-dealers and other financial intermediaries used in effecting the transactions for the Fund, and the commission rates to be paid for such transactions.

Brokerage

The Firm selects the broker-dealers and other financial intermediaries used to effect transactions on behalf of the Fund. The Firm seeks to obtain “best execution” from these broker-dealers based on a variety of factors. In selecting broker-dealers to effect portfolio transactions, the Firm may cause the Fund to enter into arrangements pursuant to which the Fund pays transaction costs in an amount greater than would be incurred if another broker-dealer were used. The Firm is not required to solicit competitive bids or seek the lowest available commission or transaction costs. The transactions executed by the Fund may be cleared through, and the Fund’s investment instruments may be held by, a number of financial institutions the Firm selects on terms negotiated with each such financial institution individually. Subject to the Firm’s agreement with the Fund, the Firm generally will use a variety of financial institutions both to take advantage of differing expertise and capabilities and to avoid, due to credit concerns, having all investment instruments concentrated at one firm.

The Firm does not permit Clients to direct brokerage to a specified broker-dealer. All brokerage transactions will be executed through the broker-dealers selected by the Firm.

Soft Dollars

The Firm or its affiliates may receive from a Fund’s broker-dealers products and services in addition to brokerage services.

A portion of the commissions generated on the Fund’s brokerage transactions may generate “soft dollar” credits that the Firm is authorized to use to pay for research and other non-research related services and products used by the Firm or its affiliates. The Firm may enter into “soft dollar” arrangements with one or more broker-dealers whereby the Firm will direct securities transactions to the broker-dealer in return for research products and services from the broker-dealer. Although the Firm will use the research and services in making investment decisions for the applicable Fund, the Firm’s use of such research or services for other Fund or accounts and the applicable Fund will generally pay more than the lowest available commissions for execution of these transactions. The Firm may also enter into “soft dollar” arrangements to cover Fund expenses or costs and expenses of the Firm to the extent such arrangements are permitted by law.

The Firm has authority to use “soft dollar” credits generated by the Fund’s securities transactions to pay for expenses that might otherwise have been borne by the Firm. This may give the Firm an incentive to select brokers or dealers for Fund transactions, or to negotiate commission rates or other execution terms, in a manner that takes into account the soft dollar benefits received by the Firm rather than giving exclusive consideration to the interests of the Fund.

In the event that the Firm elects to use soft dollars, it intends to limit such use to services that fall within the safe

harbor afforded by Section 28(e) of the Exchange Act or such services that are otherwise reasonably related to the investment decision-making process. The term “soft dollars” refers to the receipt by an investment adviser of products and services provided by brokers, without any cash payment by the investment adviser, based on the volume of revenues generated from brokerage commissions for transactions executed for Clients of the investment adviser. The products and services available from brokers include both internally generated items (such as research reports prepared by employees of the broker) as well as items acquired by the broker from third parties (such as quotation equipment).

The use of brokerage commissions to obtain investment research services and to pay for the administrative costs and expenses of the Firm creates a conflict of interest between the Firm and the Fund, because the Fund pays for such products and services that are not exclusively for the benefit of the Fund and that may be primarily or exclusively for the benefit of the Firm. To the extent that the Firm is able to acquire these products and services without expending its own resources (including management fees paid by the Fund), the Firm’s use of “soft-dollars” would tend to increase the Firm’s profitability. In addition, the availability of these non-monetary benefits may influence the Firm to select one broker rather than another to perform services for the Fund. The Fund’s offering documents specifically authorize these practices to the fullest extent permitted by law.

During the last fiscal year, we acquired such soft dollars and expended them exclusively for certain Bloomberg provided software, research, and data products consistent with the safe harbor in section 28(e) of the Securities Exchange Act of 1934, in that they aid in investment decision-making or trade execution.

Order Aggregation

In general (and when applicable), the Firm attempts to aggregate multiple orders for the purchase or sale of the same instrument into block transactions, subject to the overall obligation to achieve best price and execution for the Firm’s Clients.

Brokerage for Client Referrals

In selecting or recommending brokers, we generally do not consider whether we or our related persons receive client or investor referrals from such brokers.

Directed Brokerage

We do not recommend, request or require clients to direct us to execute transactions through a specified broker-dealer. We also do not permit a client to direct brokerage for order execution purposes.

Item 13 – Review of Accounts

The Principals are responsible for reviewing Fund investment portfolios. They commonly perform daily reviews of Fund positions as they deem appropriate. Among other items, we consider the valuation of holdings, expected rates of return, investment diversification and risk factors based upon the stated investment goals and objectives for the Fund during said reviews. With respect to accounting matters, we have engaged KPMG LLP to conduct an annual audit of the financial statements each of the Fund.

We, our administrator and/or our auditor generally provide investors in the Fund annual audited financial statements, quarterly portfolio performance reports and annual U.S. income tax information. All such reports are written. The Firm and/or the Fund also provide custom reporting to certain investors upon their request that is not distributed or otherwise made available to other investors. This custom reporting may provide the recipients more fulsome and/or more timely insights into the performance and securities composition of the Fund. The Fund has also entered side letter agreements with certain investors that provide, among other things, the ability to redeem their interests from the Fund with shorter notice or otherwise more rapidly than other investors. The Firm may in its sole discretion waive redemption restrictions and/or notice requirements. While the Firm has the discretion to offer such custom reporting and special redemption rights pursuant to the Fund offering documents, this may create a conflict of interest in terms of advantaging the recipient investors over other investors. Especially during periods of market volatility, they may, for example, be able to see trends in the Fund earlier and act on them earlier while maximizing their value potentially at the expense of other investors without such custom reporting or special redemption rights. The Firm has established policies and procedures to mitigate this potential conflict of interest to balance its fiduciary and other duties against the foregoing special rights by preventing those special rights from materially negatively impacting the Fund.

Item 14 – Client Referrals and Other Compensation

Except as described in Item 12 above, the Firm does not receive any economic benefit, including sales awards or prizes, from any third party for providing advisory services to the Fund.

Third-Party Solicitors and Placement Agents

The Firm does not have any agreement with a third-party placement agent to direct investors to the Fund and does not otherwise compensate anyone for referring clients to the Firm.

Item 15 – Custody

We have, or may be deemed to have, custody of each Fund's assets and securities for purposes of Rule 206(4)-2 under the Advisers Act. To the extent required by Rule 206(4)-2 under the Advisers Act, each Fund's cash and securities (except for privately offered securities) are held with one or more qualified custodians selected by us or an affiliate. We may change the custodians at any time and from time to time without the consent of, or notice to, investors. As noted in Item 13 above, Fund investors receive annual financial statements audited by an independent public accounting firm. Fund investors are urged to carefully review such statements. Qualified custodians do not provide statements directly to investors in the Fund.

Item 16 – Investment Discretion

Discretionary Authority

The Firm exercises discretion in managing the investments of the Fund, based on its particular investment objectives, policies and strategies disclosed in such Fund offering documents pursuant the Fund governing and operating documents. The Firm generally has the authority to determine the broker-dealer, futures commission merchant or other counterparty to be used for client transactions and the negotiation of commission rates and other consideration to be paid by the Fund.

Limited Power of Attorney

Each investor in the Fund generally grants us or our affiliate a limited power of attorney to enable us or our affiliate to execute the applicable partnership agreement and various other related matters on their behalf. We also have the authority to conduct authorized trading and investment activities on behalf of each of our clients.

Item 17 – Voting Client Securities

The Firm has the authority to vote proxies with respect to securities owned by the fund and the Firm follows a proxy voting policy to ensure that proxies the firm votes, on behalf of the Fund, are voted to further the best interest of that Fund. The policy establishes a mechanism to address any conflicts of interests between the Firm and the Fund. Further, the policy establishes how Fund investors may obtain information on how the proxies have been voted.

The Firm determines how to vote after studying the proxy materials and any other materials that may be necessary or beneficial to voting. The Firm votes proxies in a manner that it believes reasonably furthers the best interests of the Fund and its investors and is consistent with the investment philosophy as set forth in the relevant Fund offering documents. Investors generally may not direct or otherwise influence our vote with respect to any particular proxy solicitation.

If a proxy vote creates a material conflict between the interests of the Firm and a Fund, the Firm will resolve the conflict before voting the proxies. The Firm will take steps designed to ensure that a decision to vote the proxy was based on the Firm's determination of the Fund's best interest and was not the product of the conflict.

The Firm maintains records of (i) all proxy votes that are made on behalf of the Fund; (ii) all written requests from Fund investors regarding voting history; and (iii) all responses (written and oral) to investors' requests. Such records and a copy of the Firm's proxy voting policy are available to the Fund investors upon request.

Item 18 – Financial Information

Neither the Firm, nor its Principals, have any adverse financial situation that would reasonably impair the ability of the Firm to meet all obligations to its Client(s).

Neither the Firm, nor any of its Principals, have been subject to a bankruptcy or financial compromise.

The Firm does not collect advance fees of \$1,200 or more for services to be performed six (6) months or more in the future.