

**CORRIENTE ADVISORS, LLC**  
**Part 2A of Form ADV: Firm Brochure**

**ITEM 1: COVER PAGE**

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**This brochure provides information about the qualifications and business practices of Corriente Advisors, LLC. ("Corriente"), an investment adviser registered with the United States Securities and Exchange Commission ("SEC"). If you have any questions about the contents of this brochure, please contact us at (817) 870-0400 or [compliance@corrientecapital.com](mailto:compliance@corrientecapital.com). The information in this brochure has not been approved or verified by the SEC or by any state securities authority.**

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

**Additional Information about Corriente is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**ITEM 2: MATERIAL CHANGES**

This is Corriente's first annual amendment since the initial registration brochure dated June 2020. There have been no material changes to note since the initial filing.

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#### **ITEM 4: ADVISORY BUSINESS**

Corriente Advisors, LLC, a Delaware limited liability company, began operation on May 21st, 2001. Corriente serves as the investment manager (the “Investment Manager”) for and provides discretionary investment advisory services to private investment funds which is offered to outside investors. The private investment funds are Corriente Partners II, LP (the “Onshore Feeder”), Corriente Offshore Partners II, Ltd (the “Offshore Feeder”) and Corriente Master Fund II, LP (the “Master Fund”) and collectively referred to as the “Fund” or “Client”.

Mark Hart is the “Principal”, “Member”, and Chief Executive Officer (the “CEO”). Corriente Equity, LLC acts as general partner (the “General Partner” or “GP”) of the Fund, which is a Cayman Islands exempted limited partnership. The GP is a Delaware limited liability company owned and controlled by the Principal. The General Partner also wholly owns Corriente Special Partners, LP, a Delaware limited partnership (the “Special Limited Partner”). The Investment Manager, General Partner and Special Limited Partner make up the affiliates (the “Affiliates”).

On behalf of the Fund, Corriente trades a variety in equity securities, equity derivatives, and currencies. Corriente takes both long and short positions in these instruments. The Investment Manager may invest a limited portion of the Fund’s assets in certain digital assets (“Digital Assets”). The Fund’s exposure to these asset classes may be direct or indirect; provided, however, the Investment Manager intends to obtain exposure to government-issued currencies only through foreign exchange spot transactions, although it may employ equity derivatives with a currency component. The Fund’s positions in Digital Assets are subject to investment limitations.

Corriente has full discretion in trading on behalf of the Fund. It does not require, and does not seek, approval from the Fund or the investors in the Fund with respect to its trading. Corriente does not tailor its advisory services to the individual needs of investors in the Fund, and investors in the Fund may not impose restrictions on investing in certain securities or types of securities. Corriente does not participate in wrap fee programs.

As of December 31, 2020, Corriente managed approximately \$786,745,592 of client assets, all of which is managed on a discretionary basis.

#### **ITEM 5: FEES AND COMPENSATION**

##### **Compensation**

Compensation received by Corriente from the Fund consist of fees based on a percentage of assets under management. In addition, performance-based amounts, as more fully described below, are received by the Special Limited Partner from the Fund.

Corriente receives a management fee from the Fund, in advance and on a quarterly basis, at a rate equivalent to an annual rate 2.0% of each limited partners’ capital account balance. The GP maintains the authority to reduce or waive the management fee at it’s discretion.

The Special Limited Partner is entitled to a performance-based profit allocation at the end of each calendar year (and/or at certain other times) equal to 20.0% of the amount by which the Fund’s net profits allocated to the limited partner’s capital account for the current calendar year exceeds the balance in such limited partners carry-forward account method of payment of fees.

All fees or allocations received from the Fund by the Special Limited Partner are deducted from the Fund or investor accounts.

**Operating Expenses, Including Brokerage and Other Transaction Costs**

In addition to the compensation payable to Corriente, the Fund pays its ongoing operating and offering costs as set forth in the offering documents for the Fund, including, but not limited to:

- brokerage commissions, dealer mark-ups and other costs of executing transactions, which are discussed in more detail below;
- interest expense;
- legal, auditing, reporting and accounting expenses and regulatory reporting expenses (including, but not limited to, expenses incurred in connection with complying with Securities and Exchange Commission and Commodity Futures Trading Commission reporting obligations, such as expenses associated with reports of beneficial ownership of securities held by the Fund, as well as costs of preparing regulatory filings by the Fund or by Corriente with respect to the Fund (including, but not limited to, Form PF));
- consulting fees and charges and the fees and charges of third parties retained by Corriente to assist in evaluating prospective investments and monitoring existing investments by the Fund, including research-related travel expenses;
- fees of the Fund administrator;
- due diligence costs associated with evaluating trades in which the Fund invests, including travel expenses and payments to third parties for services such as identifying, evaluating, analyzing, pricing and developing trading strategies for trading in certain markets and implementing, managing and evaluating these strategies;
- computer software, data and information sources (such as Bloomberg) and licensing costs;
- research costs;
- costs and expenses related to directors' and officers' insurance;
- fees incurred in connection with the custody of assets of the Fund; and
- extraordinary expenses, including expenses relating to litigation or administrative proceedings.

In some cases, Corriente may choose to pay certain expenses directly and obtain reimbursement from the Fund.

The Fund is charged brokerage commissions, bid-ask spreads and other transaction costs and expenses in connection with their trading and investment activities as well as custodian fees for Fund assets held in cash or securities at various banks, broker-dealers and other financial institutions. For a discussion of the brokerage arrangements that Corriente enters into on behalf of the Fund, see Item 12 below. In addition, from time to time, the Fund may invest in unaffiliated money market funds,

mutual funds or exchange-traded funds, which charge management fees and expenses as disclosed in the specific fund's prospectus.

When Corriente incurs an expense, it must determine whether to pay the expense directly or allocate all or a portion of the expense to the Fund. Corriente makes these determinations in accordance with the language contained in the Fund's offering documents but there is some discretion involved. This creates a potential conflict of interest in that expenses allocated to the Fund are borne by the investors rather than by Corriente. Corriente has adopted and implemented written compliance policies and procedures designed to address this conflict and ensure that Corriente abides by its fiduciary duty to act in the best interests of its Fund.

### **Negotiation of Fees; Waivers**

Compensation payable to Corriente is generally not negotiable, but under certain circumstances, Corriente may, in its discretion, waive all or a portion of its management fees and/or performance compensation for a particular investor.

### **Pre-Payment of Fees**

As discussed above, management fees are paid by the Fund quarterly in advance but do not accrue until the end of each month. If an investor withdraws during a calendar quarter, Corriente will refund a *pro rata* portion of the management fee applicable to the withdrawn capital for that quarter, based on the timing of the withdrawal date.

### **Early Withdrawal Fees**

In certain circumstances set forth in the Fund's offering documents, investors may be charged an early withdrawal fee of 3.0% for withdrawing capital prior to their scheduled liquidity dates. In the event that this fee is charged, the fee will be paid to the Fund and will not be paid directly to Corriente.

A withdrawal request may be revoked by the Limited Partner (i) on or before the date that is two weeks prior to the withdrawal date, subject to a 0.10% fee payable to the Fund, and (ii) after the date that is two weeks prior to the withdrawal date, but in any case prior to the withdrawal date, subject to a 0.15% fee payable to the Fund.

## **ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

As discussed in greater detail in Item 5 above, the Special Limited Partner receives performance based compensation from investors in the Fund in the form of an allocation equal to a percentage of the appreciation in the net asset value of the investor's interest in the Fund.

Once the Fund's fiscal year has ended, any performance-based compensation earned during that year is not subject to reversal. The performance-based compensation received by the Special Limited Partner creates a conflict between Corriente's interest in earning a profit in the short term and the long term interests of the Fund and its investors. Specifically, Corriente has an incentive to invest Fund assets in investments that are riskier or more speculative than would be the case if Corriente were only compensated based on a flat percentage of capital, because these investments may allow Corriente to collect larger performance-based compensation in a given year. This conflict is mitigated in part by the high water mark applicable to the payment of Corriente's performance-based compensation, as discussed in greater detail in Item 5 above. The high water mark prevents

Corriente from collecting any performance-based compensation unless the relevant Fund produces new profits allocable to investors in the given year. To further address this conflict, Corriente has adopted and implemented written compliance policies and procedures designed to ensure that Corriente abides by its fiduciary duty to act in the best interests of the Fund.

#### **ITEM 7: TYPES OF CLIENTS**

Corriente provides discretionary investment advice to the Fund. Investors generally consist of institutions, family offices, high net worth individuals and trusts. The Fund limits its investors to persons who are both “accredited investors,” as defined in the Securities Act of 1933, and “qualified clients,” as defined in the Investment Advisers Act of 1940, which we refer to as the “Advisers Act.” The minimum initial investment is \$5,000,000. All minimums can be reduced or waived in the GP’s sole discretion.

#### **ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

##### **Investment Objectives**

The primary purpose of the Fund is to make investments in equity securities, equity derivatives, and currencies. Corriente may invest a limited portion of the Fund’s assets in digital assets. The Fund will endeavor to (i) generate positive returns in up and down markets, and (ii) preserve capital.

##### **Investment Strategy & Process**

The Fund intends to use long, short, and hedged strategies in an attempt to achieve positive rates of return in all market conditions. To achieve this objective, the Fund will employ technical, fundamental, sentiment and political analysis in its research. The Fund’s investment process primarily employs a top-down approach to securities analysis, whereby the Investment Manager will (i) first, review broad economic and market conditions; (ii) second, review individual sectors and industries; and (iii) finally, review individual companies within identified industries.

The Fund will actively trade publicly traded equity securities (including securities of non-U.S. issuers) that the Investment Manager believes will generate short-term returns. Such investment strategy, therefore, is likely to produce mostly short-term capital gains (that generally will be taxed as ordinary income), and few long term capital gains (which, in the case of non-corporate Partners, generally would be taxed at lower rates). Consistent with this strategy, the Investment Manager may invest a significant percentage of the Fund’s assets in the securities of large capitalization companies, including Standard & Poor’s 500 companies, if the Investment Manager determines that an investment in such securities is in the best interest of the Fund, in light of the Investment Manager’s assessment of then existing risk. Similarly, based on the Investment Manager’s assessment of risk, the Investment Manager may invest a significant percentage of the Fund’s assets in the securities of small or mid-capitalization companies. In addition to publicly traded equity securities, the Investment Manager may invest a portion of the Fund’s assets in government-issued currencies. The Investment Manager may also invest a limited portion of the Fund’s assets in digital assets. The Fund’s exposure to these asset classes may be direct or indirect; provided, however, the Investment Manager intends to obtain exposure to government-issued currencies only through foreign exchange spot transactions, although it may employ equity derivatives with a currency component. The Fund’s positions in digital assets are subject to investment limitations. The Fund, when deemed appropriate by the Investment Manager and subject to applicable regulations, will utilize short sales and leverage in its investment program. The various techniques employed by the Fund may be used as

independent profit opportunities, as well as to hedge existing long and short positions. The ability of the Fund to make substantial investments in various types of securities and market sectors provides the Fund with the ability to move freely across different markets and to adjust to changing market conditions, while allowing for greater control over risk exposure. Unlike many investment companies that, as a matter of investment policy, diversify portfolio holdings so that no more than a fixed percentage of their assets are invested in any one trading market, industry or group of industries, the Investment Manager does not have fixed guidelines regarding diversification of investments to be followed by the Fund. Portfolio holdings may be concentrated in those securities, financial instruments and markets that the Investment Manager believes offer the optimal opportunity for short-term capital appreciation. By adhering to this strategy, the Fund intends to achieve rates of return that will not be directly correlated with the major market indices.

### **Material Risks of Corriente's Strategy**

Investing in securities involves a risk of loss that investors in the Fund should be prepared to bear. The following is a summary of some of the material risks associated with the strategies expected to account for a significant portion of the Fund's trading. This summary does not attempt to describe all of the risks associated with an investment in or the strategy of the Fund. The Fund's offering documents contain a more complete description of these risks.

*Investment Judgment; Market Risk.* The profitability of a significant portion of the Fund's investment program depends to a great extent upon correctly assessing the future course of the price movements of securities and other investments. There can be no assurance that the Investment Manager will be able to predict accurately these price movements. With respect to the investment strategy utilized by the Fund, there is always some, and occasionally a significant, degree of market risk.

*Reliance on Key Person.* The Fund will be substantially dependent on the services of the Principal. In the event of the death, disability, departure or insolvency of the Principal, or the complete transfer of the Principal's interest in the Investment Manager, the business of the Fund may be adversely affected. The Principal will devote such time and effort as he deems necessary for the management and administration of the Fund's business. However, the Principal may engage in various other business activities in addition to managing the Fund, and consequently may not devote all time to Fund business.

*Illiquidity.* The investments made by the Fund may be very illiquid, and consequently the Fund may not be able to sell such investments at prices that reflect the General Partner's assessment of their value or the amount paid for such investments by the Fund. Illiquidity may result from the absence of an established market for the investments as well as legal, contractual or other restrictions on their resale by the Fund and other factors. There is never a guarantee that there will be an active market for the Fund to sell, buy, or trade virtual currencies, other digital assets or products derived from or ancillary to them. In addition, the Fund may invest in certain shares of publicly quoted companies that provide exposure to virtual currencies or other digital assets. In certain instances, the Fund may acquire restricted shares, meaning privately offered shares from such companies which are illiquid because they generally cannot be transferred or resold for a 12-month period or interests of certain private investment funds subject to similar liquidity restrictions. Furthermore, the nature of the Fund's investments may require a long holding period prior to profitability. The partnership agreement authorizes the General Partner to make distributions in kind of securities or other assets in lieu of or in addition to cash. In the event the General Partner makes distributions of securities or other assets in kind, such securities or assets could be illiquid or subject to legal, contractual and other restrictions on transfer.



*Short Sales.* The Fund may enter into securities transactions, known as “short sales,” in which it sells a security it does not own in anticipation of a decline in the market value of the security. Short sales of securities by the Fund that are not made “against the box” theoretically involve unlimited loss potential since the market price of securities sold short may continuously increase. The Fund may mitigate such losses by replacing the securities sold short before the market price has increased significantly. Under adverse market conditions, the Fund might have difficulty purchasing securities to meet its short sale delivery obligations, and might have to sell portfolio securities to raise the capital necessary to meet its short sale obligations at a time when fundamental investment considerations would not favor such sales.

The Fund may enter into short positions in virtual currencies, other digital assets or related derivatives for hedging or speculative purposes to the extent that such exposure is available to the Fund and other U.S. persons and permitted under the Fund’s investment limitations. The Fund may not be able to obtain short exposure to certain digital assets because of regulatory restrictions and for other reasons. If the Fund is unable to obtain short exposure on acceptable terms or at all, the Investment Manager will be precluded from entering certain swap, option and hedging transactions intended to mitigate risk, as well as from speculative swap or option transactions in which the Fund might benefit from anticipated declines in digital assets. If the Fund enters into short transactions in digital assets, the Fund will be exposed to similar risks applicable to other types of short transactions. However, if the Fund enters a short position in a market in which short exposure is obtained through borrowing as in the securities markets, the Fund may be exposed to a possible “short squeeze” due to a sudden increase in demand for the digital assets in which aggregate short exposure exceeds the number of tokens or coins available for purchase. A short squeeze in such markets could lead to volatile price movements in digital assets not directly correlated to the price of such digital assets.

*Volatility.* The Fund’s trading may involve the purchase and sale of relatively volatile instruments such as virtual currencies and other digital assets. The prices of digital assets such as Bitcoin have historically been subject to dramatic fluctuations and are highly volatile. The volatility of virtual currencies and other digital assets depends on several factors in addition to those influencing the volatilities as traditional government currencies. Adverse public statements about the regulation of digital assets by governments or highly publicized incidents of fraud or the continued use of digital assets to fund illicit activities may inhibit widespread adoption of such digital assets or result in widespread panic which in turn leads to drastic changes in the availability or rate of exchange for U.S. Dollars or other government currencies. virtual currencies are also likely to experience fluctuations against the U.S. Dollar and other government currencies due to changes in, and public perceptions of, their use as a store of value or for exchange of value. For example, there is ongoing debate about virtual currencies and protocols based on proof of work (such as Bitcoin) and those based on proof of stake. In addition, there is a limit on the amount of Bitcoin which may be produced. This scarcity by design differs from a government currency where the supply is managed by a government based on other factors such as levels of inflation, employment and growth. As a result, the volatility of virtual currencies and other digital assets depends upon their inherent technological design considerations and public perceptions thereof, which may change over time. For instance, the discovery of new security flaw in the open source software for a digital asset protocol, and the publicity required for the community to address the flaw, could result in volatility. Several other factors may affect the price of virtual currencies and other digital assets, including, but not limited to:

- Total tokens or coins in existence;
- Global demand;

- Global supply;
- Investors' expectations with respect to the rate of inflation of government currencies and the rate of deflation of virtual currencies;
- Interest rates;
- Currency exchange rates, including the rates at which virtual currencies may be exchanged for
  - U.S. Dollars or other government currencies;
- Government currency withdrawal and deposit policies of virtual currency exchanges and liquidity of such exchanges;
- Interruptions in service from or failures of major virtual currency exchanges;
- Cyber theft of virtual currencies from online virtual currency wallet providers, or news of such theft from such providers, or from individuals' virtual currency wallets;
- Disproportionate use of any particular virtual currency to facilitate the funding of illicit activities or public perceptions thereof;
- Investment and trading activities of large investors, including private and registered funds, that may directly or indirectly invest in virtual currencies;
- Monetary policies of governments, trade restrictions, currency devaluations and revaluations;
- Regulatory measures, if any, that restrict the use of virtual currencies as a form of payment or the purchase of virtual currencies on the virtual currencies market;
- The availability and popularity of businesses that provide services related to virtual currencies;
- The maintenance and development of the open-source software protocol of the Virtual Currencies network;
- Increased competition from other virtual currencies or payments services;
- Global or regional political, economic or financial events and situations;
- Expectations among participants that the value of virtual currencies will soon change; and
- Fees associated with processing a transaction.

A decrease in the price of a single virtual currency or other digital asset may cause volatility in the entire blockchain asset industry and may affect other digital assets. For example, a security breach that affects investor or user confidence in Bitcoin may affect the industry as a whole and may also cause the price of other digital assets to fluctuate.

*Momentum Pricing of Virtual Currencies Due to Speculation.* The value of Bitcoin and other virtual currencies may be subject to momentum pricing due to speculation regarding future appreciation in value, leading to greater volatility which could adversely affect an investment in the Fund. As a result, virtual currencies may be extremely volatile due to changing investor confidence in future appreciation or depreciation in the virtual currency price. Currently, there is relatively limited use of virtual currencies in marketplaces in comparison to relatively large use by speculators and investors seeking to profit from the short- or long-term holding of virtual currencies, thus contributing to price volatility. A lack of expansion by virtual currencies into retail and commercial markets, or a contraction of such use, may result in increased volatility or a reduction in the price of virtual currencies, either of which could adversely affect an investment in the Fund. Some market participants believe that the prices of virtual currencies are in a speculative bubble that could burst, leading to a dramatic fall in prices causing the value of the Fund's investments to decline.

*Price Fluctuations due to Hoarding of Virtual Currencies and Margin Squeezes.* Virtual Currencies based on proof of work may experience dramatic price fluctuations due to hoarding of coins and

selling such stockpiles, particularly by miners facing increased costs. Most Virtual Currencies have a maximum supply of coins that can ever be mined. Based on historical experience with Bitcoin, a percentage of coins already-mined will be lost. Another percentage will be unavailable during periods of price appreciation due to hoarding by miners and other long-term investors. As a result, the number of coins actually in circulation may be much lower than the number listed as in circulation. Furthermore, as mining difficulty increases and the opportunity to find the next block and receive the reward decreases, the overhead required to mine new coins increases. There is a significant risk that, if the price of a virtual currency decreases, profit margins from mining may be 'squeezed', resulting in miners and other long-term investors suddenly selling large quantities of coins, thus further depressing prices.

*Derivatives.* Derivative instruments, or "derivatives," include futures, options, swaps, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark currency or index at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are "leveraged," and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement can not only result in the loss of the entire investment, but may also expose the Fund to the possibility of a loss exceeding the original amount invested. Derivatives may also expose investors to liquidity risk, as there may not be a liquid market within which to close or dispose of outstanding derivatives contracts. Certain derivatives expose investors to counterparty risk if they are not centrally cleared. The counterparty risk lies with each party with whom the Fund contracts for the purpose of making such derivative investments (the "Counterparty"). In the event of the Counterparty's default, the Fund will only rank as an unsecured creditor and risks the loss of all or a portion of the amounts it is contractually entitled to receive. The CFTC has asserted jurisdiction over many derivatives of Bitcoin and other virtual currencies. As a result, the Fund is subject to regulatory risk to the extent that regulatory actions or policies limit or restrict usage or trading, which may reduce the demand for such derivatives.

*Foreign Securities.* Investments in foreign securities involve certain factors not typically associated with investing in U.S. securities, such as risks relating to (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar (the currency in which the books of the Fund are maintained) and the various foreign currencies in which the Fund's portfolio securities will be denominated and costs associated with conversion of investment principal and income from one currency into another; (ii) differences between the U.S. and foreign securities markets, including the absence of uniform accounting, auditing and financial reporting standards and practices and disclosure requirements, and less government supervision and regulation; (iii) political, social or economic instability; (iv) imposition of foreign income, withholding or other taxes; and (v) the extension of credit, especially in the case of sovereign debt.

*Emerging Market Securities.* The Fund may invest in securities of companies located in emerging market countries. The value of emerging market securities may be drastically affected by political developments in the country of the company's location. In addition, the existing governments in the relevant countries could take actions that could have a negative impact on the Fund, including nationalization, expropriation, imposition of confiscatory taxation or regulation or imposition of withholding taxes on distributions.

*Economic and Political Risks.* A portion of the Fund's assets may be invested in countries where the market economy is relatively less developed. Although the recent general trend in such countries has been towards more open markets and the promotion of private business initiatives, no assurance can be given that the governments of these countries will continue to pursue such policies or that such policies may not be altered significantly. Political instability, economic distress, the difficulties of adjustment to a market economy, social instability, organized crime or other factors beyond the Investment Manager's control could have a material adverse effect on the performance of the Fund.

*International Trade.* The economies of many emerging markets are heavily dependent upon international trade and, accordingly, have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These economies also have been and may continue to be adversely affected by economic conditions in the countries with which they trade.

*Investment Controls.* Restrictions or controls may at times limit or preclude foreign investment in certain emerging markets and increase the costs and expenses of the Fund. Certain emerging markets require governmental approval prior to investments by foreign persons, limit the amount of investment by foreign persons in a particular issuer, limit the investment by foreign persons only to a specific class of securities of an issuer that may have less advantageous rights than the classes available for purchase by domiciliary of the countries and/or impose additional taxes on foreign investors. Certain emerging markets may also restrict investment opportunities in issuers in industries deemed important to national interests.

Investments in emerging markets may require governmental approval for the repatriation of investment income, capital or the proceeds of sales of securities by foreign investors. In addition, if a deterioration occurs in an emerging market's balance of payments, the country could impose temporary restrictions on foreign capital remittances. The Fund could be adversely affected by delays in, or a refusal to grant, any required governmental approval for repatriation of capital, as well as by the application to the Fund of any restrictions on investments. Investing in emerging markets may require the Fund to adopt special procedures, seek local government approvals or take other actions, each of which may involve additional costs to the Fund.

The regulation and taxation of virtual currencies and other digital assets among U.S. and non-U.S. jurisdictions is nascent, lacks uniformity and continues to evolve. Certain non-U.S. jurisdictions, such as Russia, have taken contentious or even hostile stances to virtual currencies and other digital assets by, for example, seeking to introduce legislation to ban transmission or creation of money surrogates such as Bitcoin. Some countries could even experience decreased use of the official government currency, currency devaluation or even demonetization in the event the use of Bitcoin or other digital currencies becomes widespread in such countries. Increased demand for virtual currencies or other digital assets in such emerging markets could increase the price of such digital assets. However, both the potential for future adoption of virtual currencies and other digital assets and regulatory developments are impossible to predict with a high level of certainty. For example, U.S. or non-U.S. jurisdictions may introduce taxation, investment controls or other restrictions on the ownership, purchase, transmission or mining of virtual currencies and other digital assets, which could increase the costs and expenses of the Fund.

*Leverage.* Subject to applicable margin and other limitations, the Fund may borrow funds in order to make additional investments and thereby increase both the possibility of gain and risk of loss.

Consequently, the effect of fluctuations in the market value of the Fund's portfolio would be amplified. Interest on borrowings will be a portfolio expense of the Fund and will affect the operating results of the Fund. Also, the Fund could potentially create leverage via the use of instruments such as futures, options and other derivative instruments. The Fund may employ leverage in direct investment or derivative transactions in virtual currencies or other digital assets, which have exhibited extreme price volatility. The use of leverage, particularly when combined with a volatile asset, can lead to magnified losses as well as gains.

*Options.* Investing in options can provide a greater potential for profit or loss than an equivalent investment in the underlying asset. The value of an option may decline because of a change in the value of the underlying asset, the passage of time, changes in the market's perception as to the future price behavior of the underlying asset or any combination thereof. In the case of the purchase of an option, the risk of loss of an investor's entire investment (*i.e.*, the premium paid plus transaction charges) reflects the nature of an option as a wasting asset that may become worthless when the option expires. Where an option is written or granted (*i.e.*, sold) uncovered, the seller may be liable to pay substantial additional margin, and the risk of loss is unlimited, as the seller will be obligated to deliver, or take delivery of, an asset at a predetermined price which may, upon exercise of the option, be significantly different from the market value.

*Government Currencies.* The Fund will trade in government currencies on a speculative basis. Trading in government currencies involves positioning in anticipation of movements in exchange rates among countries. Exchange rates can change dramatically over short periods of time, particularly during times of political or economic unrest or as a result of actions taken by central banks, which may be intended directly to affect prevailing exchange rates.

*Futures and Other Commodity Interests.* The Fund may trade on a limited basis in futures and other commodity interests. Such trading activity is regulated by the Commodity Futures Trading Commission. Pursuant to an exemption from registration under CFTC regulations, neither the General Partner nor the Investment Manager is required to register, and is not registered, with the CFTC or the National Futures Association ("*NFA*") as a CPO or as a commodity trading advisor ("*CTA*"). To comply with the CPO exemption, the General Partner and the Investment Manager are subject to specific limitations on the amount of futures and other commodity interests that they can trade on behalf of the Fund. 'Spot' transactions in actual Bitcoin and other virtual currencies are not required to be counted toward these trading limitations. However, derivatives on Bitcoin and other virtual currencies and certain leveraged retail commodity transactions are generally commodity interest positions required to be counted toward these trading limitations. Should the Fund's investments in futures and other commodity interests exceed the limits provided by the applicable exemption from registration, the General Partner and/or the Investment Manager will either have to register with the NFA or cease providing commodity interest trading advice to the Fund and liquidate the Fund's holdings of futures and other commodity interests which could result in losses and additional costs to the Fund.

*Emerging Market Inflation.* Emerging market countries tend to have periods of high inflation and high interest rates, as well as substantial volatility in interest rates. The value of emerging market securities can be expected to be extremely sensitive to changes in interest rates worldwide and, in particular, in the country of the relevant security.

*Turnover.* The Fund expects to invest on the basis of short-term market considerations. The portfolio turnover rate of the Fund is likely to be significant, potentially involving substantial brokerage commissions and fees.

*Investment Authority.* Substantially all decisions with respect to the management of the Fund are made by the General Partner and the Investment Manager. Limited Partners have no right or power to take part in the management of the Fund. In the event of the withdrawal or bankruptcy of the General Partner, generally the Fund will be liquidated.

*Performance Allocation.* The Performance Allocation made to the Special Limited Partner may create an incentive for the Investment Manager, an affiliate of the General Partner and the Special Limited Partner, to make investments that are riskier or more speculative than would be the case in the absence of such Performance Allocation.

*Withdrawal Restrictions.* There are severe restrictions on withdrawals from the Fund (which may be settled in securities rather than cash) and on transfers of Interests. The prior written consent of the General Partner is required for a transfer of the Interest of any Limited Partner. Because of the restrictions on withdrawals and transfers, an investment in the Fund is a relatively illiquid investment and involves a high degree of risk. A subscription for Interests should be considered only by persons financially able to maintain their investment and who can accept a loss of all of their investment.

*Currency Risk.* The Fund may invest its capital in securities or other assets that are traded or custodied in different countries, the prices of which are determined with reference to government-issued currencies other than the U.S. dollar. The Fund may have directional exposure to currencies. The Fund values its securities, government currencies, digital assets and other investments in U.S. dollars and therefore may be affected by fluctuations in government-issued currency values.

*Soft Dollars.* The Investment Manager may enter into “soft dollar” arrangements with one or more broker-dealers whereby the Investment Manager will direct securities transactions to the broker-dealer in return for research products and services from the broker-dealer. The Investment Manager has not and does not have the intention to utilize soft dollars in the future.

*Counterparty Risk.* The Fund is subject to the risk that counterparties of derivative contracts and other instruments in which it invests and trades may default on their obligations under those instruments and that certain events may occur that have an immediate and significant adverse effect on the value of those instruments. Some of the markets in which the Fund effects its transactions are over-the-counter or inter-dealer markets. The participants in such markets are typically not subject to credit evaluation by an exchange or clearing organization and regulatory oversight as are members of exchange-based markets. The Fund therefore is exposed to a greater risk that a counterparty will not timely settle a transaction or otherwise perform its obligations in accordance with contractual terms and conditions because of a dispute over the terms of the contract (whether or not bona fide), or because of a credit or liquidity problem, thus causing the Fund to suffer a loss. 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 or small group of counterparties. These risks may differ materially from those entailed in exchange-traded transactions, which generally are backed by clearing organization guarantees, daily marking-to-market and settlement of positions and segregation and minimum capital requirements applicable to intermediaries. Although the Fund intends to enter into transactions only with counterparties that the Investment Manager believes to be creditworthy, will attempt to reduce the Fund’s exposure by obtaining collateral in appropriate cases and will pursue any available remedies under any of these contracts, there can be no assurance that a counterparty will not default and that the Fund will not

sustain a loss on a transaction as a result. The Fund is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. Concentration of transactions with a limited number of counterparties or on a single digital asset exchange or trading platform could increase the potential for losses by the Fund. The Fund is subject to the risk of failure of any of the exchanges on which its positions trade or of their clearinghouses

*Side Letters.* Corriente and the Fund may enter into agreements, commonly referred to as “side letters,” that may contain terms that are more favorable than the terms of investment that are generally available to investors. Corriente and the Fund may enter into such side letters without notice to, or consent from, the other investors.

*Cybersecurity.* Cyberattacks and security vulnerabilities could result in a breach despite the various protections utilized by Corriente and Corriente’s vendors. A breach could potentially result in the disclosure of client or investor data, the misuse of confidential or proprietary information, theft of assets, regulatory issues or damage to Corriente’s reputation.

*Epidemic.* An epidemic outbreak and reactions to such an outbreak could cause uncertainty in markets and businesses, including Corriente’s business, and may adversely affect the performance of the global economy, including causing market volatility, market and business uncertainty and closures, supply chain and travel interruptions, the need for employees and vendors to work at external locations, and extensive medical absences. Corriente has policies and procedures to address known situations, but because a large epidemic may create significant market and business uncertainties and disruptions, not all events that could affect the Corriente’s business and/or the markets can be determined and addressed in advance.

#### **ITEM 9: DISCIPLINARY INFORMATION**

Neither Corriente, its Principal nor any of Corriente’s Affiliates have been or are the subject of any legal or disciplinary events that are material to an investor’s or prospective investor’s evaluation of Corriente’s business or integrity.

#### **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Neither Corriente nor its Principal are engaged in a business other than what is described in Item 4.

#### **ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

##### **Code of Ethics**

As an SEC-registered adviser, Corriente has adopted a Code of Ethics pursuant to SEC Rule 204A-1. Corriente’s Code of Ethics covers six primary topics: restrictions on political contributions by Corriente and its Principal and employees; personal account trading policies; mandatory reporting of securities holdings and transactions by Corriente’s Principal and employees; prohibition on insider trading; Corriente’s policy on the giving and receipt of gifts; and Corriente’s record retention policies and procedures. The Principal and all employees of Corriente must acknowledge receipt of, understanding of and compliance with the Code of Ethics upon initial hire and annually thereafter.

Corriente’s Code of Ethics is available to investors and potential investors upon request.

## **Personal Trading**

With respect to personal trading, Corriente's Code of Ethics requires Corriente's Principal and employees to report certain securities holdings to, and obtain pre-approval of certain personal trading transactions from, Corriente's compliance department. One of the primary purposes of Corriente's personal account trading policy is to monitor for and limit the existence of conflicts of interest between Corriente or its Principal and employees and its Fund. The personal trading records of Corriente's Principal and employees will not be made available to investors in the Fund.

In its role as investment advisor, Corriente and its Principal and certain employees make investment decisions for its Fund. Corriente and its Principal and employees may, in certain limited circumstances, trade and invest for their own accounts in the same securities as those in which it invests on behalf of the Fund, which could create a conflict of interest. As discussed above, Corriente's Code of Ethics has pre-approval and reporting procedures designed to ensure that Corriente's Principal and employees do not enter into transactions in their personal accounts, which could, as a result of their direction or timing, materially disadvantage the Fund. However, it is possible that, in certain limited circumstances, Corriente's Principal or employees could have long positions in a security where the Fund has a short position, which would create a conflict of interest. Although this situation is unlikely, it could occur under certain circumstances, for example, if a newly-hired employee has a pre-existing long position in a security with respect to which the Fund has a short position or if a Principal or employee holds a long position in an exchange traded fund with respect to which the Fund has a short position. Short selling by Corriente's Principal and employees is generally prohibited by the Code of Ethics, which means that Corriente's Principal or employees should never have a short position in a security in which the Fund has a long position (other than under rare circumstances involving investments in options Corriente's Principal or employees).

## **Additional Conflicts of Interest**

The Fund and investors therein may be subject to conflicts of interest with Corriente in addition to conflicts arising from personal account trading (discussed immediately above), conflicts arising from expense allocation (discussed in Item 5 above) and conflicts relating to the Special Limited Partner's receipt of performance-based compensation (discussed in Item 6 above). Some of these conflicts are summarized here, but this summary does not attempt to describe all of the conflicts of interest associated with an investment in the Fund. The offering documents for the Fund contains a more complete description of what Corriente believes to be the most significant conflicts of interest associated with an investment in the Fund. Investors should carefully consider the conflicts of interest described here and, as applicable, in the offering documents for the Fund prior to investing. Corriente will consider all investors to have consented to these conflicts as a result of investing in the Fund.

*Devotion of Time.* Corriente and its Principal and employees devote as much of their time to the business of the Fund as in their judgment is reasonably required, but are not required to devote a particular amount of time to this business. Corriente and/or its Principal and employees may currently be involved in other business ventures or may organize or become involved in other business ventures in the future. The Fund will not share in the risks or rewards of such other ventures, which may compete with the Fund for the time and attention of Corriente and therefore create additional conflicts of interest.

*Other Accounts of Corriente.* Corriente can, in the future, manage and advise additional accounts other than the Fund. These accounts may be managed on terms that differ significantly from those



applicable to the Fund. Corriente may have financial incentives to favor certain other accounts over the Fund. Even if Corriente does not have such financial incentives, Corriente would be required to allocate its limited resources among the Clients and any other accounts that it advises. Certain trades and entire strategies that Corriente utilizes on behalf of the Fund, as well as many of the positions acquired for the Fund, may be materially different from the trades and strategies which Corriente implements on behalf of other accounts.

*Trade Allocation.* At this time, Corriente only conducts trading in the Master Fund. Each investors capital is allocated pro rata. Further, Corriente has in place policies as procedures in order to allocate trades on a pro rata basis in the future.

*Special Opportunity Investments.* Corriente has the ability to designate certain investment opportunities as “special opportunities” where it determines that the investment is either not suitable for the Fund or the Fund’s participation in the investment should be limited. Special opportunities present a conflict of interest because they may divert the time and attention of Corriente’s investment personnel from the Fund’s investment activities. In addition, Corriente itself may participate in special opportunities, and therefore has a conflict in determining whether an investment opportunity is suitable for the Fund or should be treated as a special opportunity.

## **ITEM 12: BROKERAGE PRACTICES**

Corriente is authorized to determine the broker to be used for each securities transaction on behalf of the Fund. In selecting brokers and determining commission rates, Corriente takes into account best price and execution. In selecting the brokers for the Fund, Corriente considers such factors as commission rates charged and ability to minimize overall execution costs, execution capabilities (including ability to handle execution with minimum adverse market impact and willingness to accommodate any special execution or order handling requirements that may surround the particular transaction), expertise in the specific securities or sectors in which Corriente seeks to trade, financial strength and stability, reputation for diligence, fairness and integrity, adequacy of trading infrastructure and technology, reliability, quality of research products and other services and other value-added services. Additional detail regarding Corriente’s brokerage practices and policies can be found in Corriente’s Compliance Manual, which is available to investors and potential investors upon request.

Corriente has an incentive to recommend brokers based on benefits that it receives from them, whether or not pursuant to soft dollar arrangements, rather than the interests of the Fund in receiving the most favorable execution. Any products or services that Corriente receives from brokers may be used in connection with its management of the Fund.

### **Trade Errors**

Although Corriente has procedures designed to minimize mistakes made in executing trades, trade errors may occasionally occur. Corriente will seek reimbursement from broker-dealers for trade errors caused by the broker-dealers. However, Corriente will not request or accept reimbursement from broker-dealers for losses resulting from trade errors caused by Corriente.

Corriente’s policy is that trade errors caused by Corriente are absorbed by the Funds regardless of whether the error results in a gain or loss.

### **ITEM 13: REVIEW OF ACCOUNTS**

Records of trades placed for the Fund are generally reviewed by Corriente on a daily basis with a view towards identifying trade errors or transactions not in accordance with the Fund's investment objectives. The Fund's accounts are also reviewed on a daily basis to ensure that Corriente's records are in agreement with those of its custodians and the Fund administrator.

Each investor in the Fund receives the following written reports:

- a monthly statement showing its capital account balance
- an annual report containing audited financial statements for the Fund
- A Schedule K-1

Investors can also access other written reports containing performance and other information regarding the Fund from Corriente's password-protected website.

### **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

As of the date hereof, Corriente does not use third-party marketers to assist in fundraising efforts.

### **ITEM 15: CUSTODY**

While Corriente places all Fund assets in custody with unaffiliated broker-dealers or banks, it is considered to have custody over the Fund's assets because the General Partners role of the Fund. Investors in the Fund do not receive statements from the custodian. Instead, the Fund is subject to an annual audit, and the audited financial statements are distributed to each investor in accordance with the audit exception set forth in Rule 206(4)-2 under the Advisers Act. The audited financial statements are prepared in accordance with U.S. generally accepted accounting principles and distributed within 120 days of the respective Fund's fiscal year end.

### **ITEM 16: INVESTMENT DISCRETION**

Pursuant to the offering documents for the Fund, the General Partner, has complete investment authority with respect to all securities owned by the Fund. Investors in the Fund execute subscription agreements, which, along with the offering documents for each Fund, document Corriente's authority. Any limitations on Corriente's investment authority are specifically set forth in the offering documents, the investment management agreements or partnership agreements applicable to the Fund, investor side letters and/or Corriente's internal compliance policies and procedures.

### **ITEM 17: VOTING CLIENT SECURITIES**

Corriente has the authority to vote the securities held by the Fund by virtue of the limited partnership agreement.

Corriente's policy is to generally abstain from voting proxies. In the event Corriente were to vote, they would document accordingly and in the best interest of the Fund and in alignment with achieving the Fund's objectives.

Corriente will not allow the Fund or any investor in the Fund to direct the voting of any proxies on

behalf of the Fund. In addition, Corriente may decline to vote proxies that are not material to the investment process (for example, standard proxies on money market funds).

Investment adviser clients of Corriente, or investors in a Fund, may request a copy of Corriente's Proxy Voting Policy, as well as relevant proxy voting records, by making a written request to:

Contact: Matt Gilman  
(817) 870-0400  
(817) 870-0401 (fax)  
[compliance@corrientecapital.com](mailto:compliance@corrientecapital.com)

#### **ITEM 18: FINANCIAL INFORMATION**

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