

Item 1. Cover Page

**PART 2A OF FORM ADV
BROCHURE**

POLAR ASSET MANAGEMENT PARTNERS INC.

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This Brochure provides information about the qualifications and business practices of Polar Asset Management Partners Inc. (“**Polar**”). If you have any questions about the contents of this Brochure, please contact us at (416) 367-4364 or info@polaramp.com.

Polar is registered as an investment adviser with the United States Securities and Exchange Commission (the “SEC”). This registration does not imply a certain level of skill or training. The information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

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

Item 2. Material Changes

This Brochure contains information about Polar upon its initial registration as an investment adviser with the SEC. There have been no material changes since its adoption.

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Item 4. Advisory Business

Polar Asset Management Partners Inc. (“Polar”) is a Canadian corporation formed in 1991. Its sole shareholder is Polar Financial Corporation. Paul Sabourin serves as Chairman and Chief Investment Officer and Tom Sabourin serves as Chief Executive Officer.

As of December 31, 2020, Polar managed approximately \$19 billion of regulatory assets under management on a discretionary basis.

Polar provides discretionary investment advice and management services to private investment funds, which may be organized as onshore or offshore limited partnerships or corporations, as well as separately managed accounts. Polar’s private funds (each, a “Fund” and collectively, the “Funds”) generally conduct their trading activities through a master-feeder structure. In a master-feeder structure, each feeder fund contributes its investible assets to a master fund and participates on a pro-rata basis in the profits and losses of the master fund and bears a pro-rata portion of the expenses of the master fund, based on the respective capital account balances of all private funds investing through the master fund. An affiliate of Polar serves as the general partner to each feeder fund that is set up as a limited partnership. Polar also has certain standalone funds that conduct their trading activities directly, without the use of a master-feeder structure.

Each Fund is managed only in accordance with its own investment objectives and is not tailored to any particular private fund investor (each an “investor”). Polar currently manages various families of private funds, as follows:

- **Multi-Strategy Funds:** these Funds employ multiple broadly diversified strategies and seek to provide strong risk-adjusted returns on an absolute basis over a long investment horizon through the use of strategies including, but not limited to, arbitrage strategies, including capital structure, convertible, merger, volatility, warrant, credit, fixed income and structured product arbitrage; trading-oriented equity and fixed income; event-driven trading typically based upon corporate events; fundamental equity long/short; global credit long/short; fundamental long-only equity; structured credit; private equity and debt investments; and energy power investing;
- **Long/Short Strategy Funds:** these Funds primarily invest in, or sell short, equity and equity derivative securities and seek to generate positive absolute returns, with low volatility and low correlation to the equity market;
- **North American Micro-Cap Funds:** these Funds seek to achieve long-term capital growth by investing primarily in the equity securities of small-sized Canadian and U.S. companies, which may, from time to time, include investments in private businesses;
- **Co-Investment Funds:** from time to time, Polar may establish private funds as co-investment vehicles with respect to certain strategy(ies) implemented by a Polar Fund. A Co-Investment Fund will seek to achieve its investment objective by investing on an opportunistic and overflow basis alongside the Polar Fund. The Polar Fund may invest through a Co-Investment Fund or alongside a Co-Investment Fund.

Since Polar does not provide individualized advice to the investors in the Funds and the investors may not impose restrictions (other than limitations and restrictions imposed by government legislation and/or regulations) on investing in certain securities or types of securities, investors must consider whether a particular private fund meets their investment objectives and risk tolerance prior to investing. **Information about each private fund can be found in its offering documents, including its confidential offering memorandum (“Offering Memorandum”). However, the private funds rely on certain registration exclusions available under the Investment Company Act of 1940, as amended (“IC Act”) and exemptions available under the Securities Act of 1933, as amended (“Securities Act”). Therefore, this brochure is designed solely to provide information about Polar and should not be considered an offer of interests in any Polar private fund. Any such offer may only be made by delivery to the prospective investor of the Offering Memorandum for the private fund under consideration.**

Polar currently provides advice to private funds and separately managed accounts but reserves the right to provide advice to other types of clients. Any other client accounts would be managed in accordance with the client’s stated investment objectives, strategies, restrictions, and any other agreed upon guidelines.

Item 5. Fees and Compensation

Polar and/or the general partner of the Funds have the authority to (1) deduct management and performance-based fees from the assets of the Funds, and (2) authorize the payment or reimbursement of other fees or expenses to third parties from the assets of the Funds.

Fees, expenses and/or allocations associated with an investment in a Fund vary, depending on the Fund, and are set forth in such Fund’s Offering Memorandum. Any applicable fees, expenses and/or allocations are deducted from a Fund investor’s assets as described below.

Management Fees

Most Polar Funds, and consequently the underlying investors, incur an annual management fee of 2.0% based on the investor’s capital account balance as of the end of the specified fee period. The management fee is charged monthly, in arrears. For the Multi-Strategy Funds, the annual management fee is 1.5% and is subject to a reduced rate based on aggregate subscription amount.

Polar reserves the right to charge reduced or no management fees to certain investors, including investors that are affiliates of Polar or the general partner. Polar has no obligation to disclose the specific details of such arrangements or to offer such additional rights, terms, or conditions to all investors.

Performance-Based Fees

Please see the “Performance-Based Fees and Side-by-Side Management” section in Item 6.

Private Fund Expenses

Polar and/or the general partner of the Funds are authorized to incur expenses on behalf of the Funds; when this occurs, the appropriate Fund reimburses Polar and/or the general partner in the amount of such expenses.

The general partner or Polar will be responsible for the costs of procuring office space and utilities, news, quotation and computer equipment, software, and secretarial, clerical and other personnel and all of its own overhead costs and expenses. ("Overhead Expenses").

The Funds shall be responsible for all their expenses and the pro rata share of the master fund's expenses, other than Overhead Expenses, including expenses for investments specific to the relevant Fund, whether or not such investments are consummated. The general partner or Polar shall be authorized to incur and pay all expenses on behalf of the Funds in connection with the Fund's business which it deems necessary or desirable, and to charge or to be reimbursed by the Funds for those expenses. The Funds may share certain expenses.

The feeder funds bear their own expenses as well as a pro-rata share of the relevant master fund's (as applicable) expenses including, but not limited to, management fee; performance fee; investment expenses (e.g., expenses that, in Polar's discretion, are related to the investment of the Fund's assets, whether or not such investments are consummated, such as brokerage commissions, expenses relating to short sales, clearing and settlement charges, custodial fees, bank service fees and interest expenses); professional fees (including expenses of consultants, investment bankers, attorneys, accountants and other experts) relating to investments (whether or not consummated); expenses in connection with hedging currency exposure and/or conversion; directors' remuneration and certain out-of-pocket expenses; Fund directors and officers and professional indemnity insurance expenses; research and market data (including any computer hardware and connectivity hardware (e.g., telephone and fiber optic lines) incorporated into the cost of obtaining such research and market data); administrative expenses (including fees and expenses of the Fund's administrator); legal expenses (which may include legal expenses of Polar that relate to the Fund and/or the relevant master fund); external accounting and valuation expenses; audit and tax preparation expenses; costs of printing and mailing reports and notices; taxes imposed on the Fund or the relevant master fund as determined by Polar; corporate licensing; regulatory expenses and filing fees (including Forms PF, 13D, 13G, 13F, CPO-PQR and other regulatory and reporting forms relating to the Fund's and/or Polar's trading and investing); organizational expenses; expenses incurred in connection with the offering and sale of the Fund shares and other similar expenses related to the Fund; indemnification expenses; expenses incurred in connection with any threatened, pending or anticipated litigation, examination or proceeding or in connection with any subpoena or regulatory information requests that are either addressed to the Fund or addressed to Polar or an affiliate but relate to the Fund's activities or Polar's activities on the Fund's behalf; costs incurred in connection with the valuation of the portfolio; and extraordinary expenses.

Polar seeks to allocate expenses fairly, equitably, and consistent with the documents governing Polar's relationship with each Fund. When allocating expenses, Polar must interpret the Funds' governing documentation and make determinations whether expenses are allocated and paid in full or in part by a Fund, by Funds, and/or by Polar, which creates a conflict of interest. Polar has implemented policies, procedures, and guidelines designed to mitigate such conflicts of

interest. Polar will also charge expenses to the Funds in accordance with the policies as set out by a Fund's board of directors.

Further information with respect to the fees and other expenses incurred by the Funds, and ultimately the underlying investors, can be found in each Fund's Offering Memorandum.

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

The Funds charge a performance-based fee generally equal to 20% of the net profits (10% to 20% in the case of the Co-Investment Funds), in certain cases after a performance hurdle or preferred return, attributable to each investor, which is paid to Polar, or the general partner of the private funds, either at the end of the year or upon withdrawal of capital. For withdrawals, the incentive allocation only applies with respect to the amount of capital withdrawn.

The incentive allocation is calculated as specified in each private fund's Offering Memorandum. Depending on the private fund (and the different investor tranches, as available for the relevant private fund), high water marks, hurdle rates, and preferred returns may apply to the incentive allocation.

Performance-based fees are charged in compliance with Rule 205-3 under the Investment Advisers Act of 1940 ("Advisers Act").

Performance-based fees may create an incentive for Polar to make riskier or more speculative investments on behalf of the Funds than would be the case in the absence of such fees. In addition, some Funds have higher performance-based fees than others, which creates an incentive for Polar to devote more time and resources to these Funds. Polar addresses this conflict by disclosing the performance-based fee and the associated risk in the Offering Memorandum. Polar also has policies and procedures regarding allocating investments among the Funds and regularly reviews Fund portfolios in an effort to ensure that allocations are in accordance with those policies and procedures.

Trading activities of the Funds will overlap at times and conflicts could arise in managing those activities.

Finally, Polar reserves the right to charge reduced or no performance-based fees to certain investors, including investors that are affiliates of Polar or the general partner. Polar has no obligation to disclose the specific details of such arrangements or to offer such additional rights, terms, or conditions to all investors.

Item 7. Types of Clients

Polar provides investment advisory services to private funds, which are generally organized as limited partnerships under the laws of the State of Delaware or another appropriate jurisdiction or, in the case of offshore private funds, as exempted companies incorporated under the laws of the Cayman Islands. Polar expects each private fund to qualify for an exclusion from having to register as an investment company under the IC Act pursuant to Section 3(c)(1) or Section 3(c)(7) thereunder, and to offer interests to investors pursuant to Regulation D or Regulation S under the Securities Act. Thus, this brochure may discuss information relevant to such investors,

as necessary or appropriate. **Nonetheless, this brochure is designed solely to provide information about Polar and should not be considered as an offer of interests in any Polar private fund. Any such offer may be made only by delivery to the prospective investor of the Offering Memorandum for the private fund under consideration.**

Fund investors may include high net worth individuals and a variety of institutional investors (e.g., trusts, employee benefit plans, endowments, foundations, public pension plans, sovereign wealth funds, private funds of funds, family offices, and other types of entities).

Certain investors in the Funds may expose Polar to potential conflicts of interest. For example, officers and directors of companies in which the Funds invest may have invested in the Funds. Investments in the Funds by such parties may expose Polar to potential conflicts of interest with respect to proxy voting decisions and investment decisions and could expose Polar to risks relating to the receipt of material non-public information or other confidential information relating to the company in question. In addition, Polar employees have made, or may make, contributions to charitable organizations that have invested in the private funds. Polar may have a conflict between acting in the best interest of the Funds and making decisions that build goodwill with the aforementioned types of investors so they will maintain or increase their investments in the Funds.

Polar also provides investment advisory services to separately managed accounts which are owned by institutional investors.

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

An investment in a Fund involves a high degree of risk, including the risk of loss of the entire amount invested. The investment strategies summarized below represent Polar's current intentions, are general in nature and are not exhaustive. There are no limits on the types of securities in which Polar may take positions on behalf of the Funds, the types of positions it may take, the concentration of its investments or the amount of leverage that it may use. Polar may use any trading or investment techniques, whether or not contemplated by such investment strategies. Depending on conditions and trends in securities markets and the economy generally, Polar may pursue any objectives or use any techniques that it considers appropriate and in the Funds' interests.

Below is a summary of some of the risks that investors should consider before investing in a Fund. These and other risks could materially and adversely affect investment performance, the value of a Fund or any security a Fund holds and could cause investors to suffer substantial losses. Investors should review the applicable Fund's offering circular or private offering memorandum carefully, and in its entirety and consult with their professional advisers before deciding whether to invest. A potential investor should discuss such investor's questions with Polar's representatives before investing in a Fund.

General Investment Risks

- *No material limitation on Strategies; New Strategies and Techniques.* Polar has considerable discretion in the types of securities which the Funds may trade and has the right to modify the trading strategies or hedging techniques of the Funds without the

consent of the Fund's investors. Any new trading techniques selected by Polar may not be thoroughly tested in the market before being employed and may have operational or theoretical shortcomings which could result in unsuccessful trades and, ultimately, losses to the Funds. In addition, any new investment strategy or hedging technique developed by Polar may be more speculative than earlier techniques and may increase the risk of an investment in the Funds.

- *Limited Diversification.* In the normal course of making investments on behalf of the Funds, Polar may, but is not obligated to, diversify its investments. However, the Funds' portfolios could become significantly concentrated, for example, in any one issuer, industry, sector, strategy, country or geographic region, and such concentration of risk may increase any losses suffered by the Funds. In addition, it is possible that the Polar may select investments that are concentrated in a limited number or type of financial instruments. This limited diversity could expose the Funds to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in those financial instruments.
- *Hedging Transactions.* Polar 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 Funds' investment portfolios resulting from fluctuations in the markets and changes in interest rates; (ii) protect the Funds' unrealized gains in the value of its investment portfolios; (iii) facilitate the sale of any such investments; (iv) enhance or preserve returns, spreads or gains on any investment in the Funds' portfolios; (v) hedge against a directional trade; (vi) hedge the interest rate, credit or currency exchange rate on any of the Funds' liabilities or assets; (vii) protect against any increase in the price of any securities the Funds anticipate purchasing at a later date; or (viii) act for any other reason that Polar deems appropriate. Polar will not be required to hedge any particular risk in connection with a particular transaction or its portfolios generally. While Polar may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Funds than if it had not engaged in any such hedging transaction. Moreover, the portfolio will always be exposed to certain risks that cannot be hedged.
- *Investment and Trading Risks.* Any investment in financial instruments carries certain market risks. An investment in the Funds is speculative and involves a high degree of risk due to the nature of the Funds' investments and the investment and trading strategies to be employed. An investment in the Funds should not in and of itself be considered a balanced investment program. Investors should be able to withstand the loss of their entire investment. All investments in financial instruments risk the loss of capital. No guarantee or representation is made that the Funds' investment objectives will be successful. The Funds' investment program will involve, without limitation, risks associated with possible limited diversification, leverage, 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 Funds' activities. Certain investment techniques of Polar can, in certain circumstances, magnify the impact of adverse market moves to which the Funds may be subject. In addition, the Funds' investments in financial instruments may be materially affected by conditions in the financial markets

and overall economic conditions occurring globally and in particular countries or markets where the Funds may invest their assets.

- *Long/Short Strategy.* The success of the Funds' long/short investment strategy depends upon Polar's ability to identify and purchase securities that are undervalued and identify and sell short securities that are overvalued. The identification of investment opportunities in the implementation of the Funds' 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 Funds' positions were to fail to converge toward, or were to diverge further from, values expected by Polar, the Funds may incur losses. Equity securities fluctuate in value in response to many factors, including, among others, the activities and financial condition of individual companies, the business market in which individual companies compete, industry market conditions, interest rates and general economic environments. In addition, events such as the domestic and international political environments, terrorism and natural disasters, may be unforeseeable and contribute to market volatility in ways that may adversely affect investments made by the Funds. In the event of market disruptions, significant losses can be incurred which may force the Funds to close out one or more positions. Furthermore, the valuation models used to determine whether a position presents an attractive opportunity consistent with Polar's long/short strategies may become outdated and inaccurate as market conditions change. The Funds also may be exposed to risks that issuers will not fulfill contractual obligations such as, in the case of convertible securities or private placements, delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale.
- *Non-U.S. Investments.* Investing in the securities of companies (and, from time to time, governments) outside of the United States involves certain considerations not usually associated with investing in securities 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, other income or gross sale or disposition proceeds, 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 Funds' investment opportunities. In addition, accounting and financial reporting standards that prevail outside of the U.S. may not be as high as U.S. standards and, consequently, less information may be available concerning companies located outside of the U.S. than for those located in the U.S. As a result, the Funds 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 Funds' rights in such markets. For example, securities traded on non-U.S. exchanges and the non-U.S. persons that trade these instruments are not subject to the jurisdiction of the U.S. Securities and Exchange Commission (the "SEC"), the U.S. Commodity Futures Trading Commission (the "CFTC") or the securities and commodities laws and regulations of the U.S.

Accordingly, the protections accorded to the Company under such laws and regulations are unavailable for transactions on non-U.S. exchanges and with non-U.S. counterparties. Trading on non-U.S. exchanges may be subject to more risks than trading on U.S. exchanges, such as the risks of exchange controls, expropriation, burdensome taxation, moratoria and political or diplomatic events.

- *General Economic and Market Conditions.* The success of the Funds' activities will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the Funds' investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of the prices and the liquidity of the Funds' investments. Volatility or illiquidity could impair the Funds' profitability or result in losses. The Funds may maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets; the larger the positions, the greater the potential for loss.
- *Exchange Rate Exposure.* The Funds may invest a portion of their assets in the securities of non-U.S. issuers listed on foreign exchanges and denominated in non-U.S. currencies. The Funds, however, value their securities and other assets in U.S. dollars. The Funds have the authority to hedge its non-U.S.-dollar positions through currency hedging transactions. The Funds may or may not seek to hedge their non-U.S. currency exposure by entering into currency hedging transactions, such as treasury locks, forward contracts, futures contracts and cross-currency swaps. There can be no guarantee that securities suitable for hedging currency or market shifts will be available at the time when the Funds wish to use them, or that hedging techniques employed by the Funds will be effective. Furthermore, certain currency market risks may not be fully hedged or hedged at all. To the extent unhedged, the value of the Funds' positions in non-U.S. investments will fluctuate with U.S. dollar exchange rates as well as with the price changes of the investments in the various local markets and currencies. Such fluctuations may result in a loss to the Funds.
- *Potential Interest Rate Increases.* Any future interest rate increases may result in periods of volatility and cause the value of the fixed income securities held by the Funds to decrease, which may result in substantial redemptions from the Funds that, in turn, force the Funds to liquidate such securities at disadvantageous prices negatively impacting the performance of the Funds.
- *Short-Selling.* Short selling involves selling securities which are not owned by the short seller and borrowing them for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the seller to profit from declines in market prices of the sold securities to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the Funds of buying those securities to cover the short position. There can be no assurance that the Funds will be able to maintain the ability to borrow securities sold short. There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near

prices quoted in the market. Purchasing securities to close out a short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. Short strategies can also be implemented synthetically through various instruments and be used with respect to indices and with respect to futures and other instruments. Short strategies can also be implemented on a leveraged basis. Lastly, even though the Funds secure a "good borrow" of the security sold short at the time of execution, the lending institution may recall the lent security at any time, thereby forcing the Funds to purchase the security at the then-prevailing market price which may be higher than the price at which such security was originally sold short by the Funds.

- *Leverage; Interest Rates; Margin.* The Funds will have the authority to borrow money for investment purposes, to pay redemptions and for cash management purposes. The Funds may directly or indirectly borrow funds from brokerage firms and banks. Borrowing for investment purposes is known as "leverage." The Funds may also "leverage" by using options, swaps and other derivative instruments. Although leverage presents opportunities for increasing total investment return, it has the effect of potentially increasing losses as well. Any event that adversely affects the value of an investment, either directly or indirectly, by the Funds could be magnified to the extent that leverage is employed. The cumulative effect of the use of leverage, directly or indirectly could result in a loss that would be greater than if leverage were not employed. In addition, to the extent the Funds borrow funds, the rates at which it can borrow may affect the operating results of the Funds. In general, the anticipated use of short-term margin borrowings by the Funds result in certain additional risks. For example, should the securities that are pledged to brokers to secure margin accounts decline in value, or should brokers from which the Funds have borrowed increase their maintenance margin requirements (*i.e.*, reduce the percentage of a position that can be financed), then the Funds could be subject to a "margin call," pursuant to which the Funds must either deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden precipitous drop in the value of the Funds' assets, the Funds might not be able to liquidate assets quickly enough to pay off the margin debt and might suffer mandatory liquidation of positions in a declining market at relatively low prices, thereby incurring substantial losses. For these reasons, the use of borrowings for investment purposes is considered a speculative investment practice.
- *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. A convertible security entitles its holder to receive interest that is generally paid or accrued on debt or a dividend that is paid or accrued on preferred stock until the convertible security matures or is redeemed, converted or exchanged. Convertible securities have unique investment characteristics in that they generally (i) have higher yields than common stocks, but lower yields than comparable non-convertible securities, (ii) are less volatile than the underlying common stock due to their fixed-income characteristics and (iii) provide the potential for capital appreciation if the market price of the underlying common stock increases. The value of a convertible security is a function of its investment value and its conversion value. 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 Funds is called for redemption, the Funds 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 Funds' ability to achieve their investment objectives.

- *Convertible Arbitrage.* Convertible arbitrage strategies involve investing in convertibles that appear incorrectly valued relative to their theoretical value. The strategy consists of the purchase (or short sale) of a convertible security coupled with the short sale (or purchase) of the underlying security for which the convertible security can be exchanged to exploit price differentials. Polar may seek to hedge out the risk inherent in the stock; the remaining interest rate risk may or may not be hedged. Convertible arbitrage strategies generally involve spreads between two or more positions. To the extent the price relationships between such positions remain constant, no gain or loss on the position will occur. Such positions do, however, entail a substantial risk that the price differential could change unfavorably, causing a loss to the spread position. Substantial risks also are involved in borrowing and lending against such investments. The prices of these investments can be volatile, market movements are difficult to predict, and financing sources and related interest and exchange rates are subject to rapid change. Certain corporate securities may be subordinated (and thus exposed to the first level of default risk) or otherwise subject to substantial credit risks. Government policies, especially those of the Federal Reserve Board and foreign central banks, have profound effects on interest and exchange rates that, in turn, affect prices in areas of the investment and trading activities of convertible arbitrage strategies. Many other unforeseeable events, including actions by various government agencies and domestic and international political events, may cause sharp market fluctuations.
- *Capital Structure Arbitrage.* The success of this strategy will depend on the ability of Polar to identify and exploit the relationships between movements in different securities and instruments within an issuer's capital structure (e.g., bank debt, convertible and non-convertible senior and subordinated debt and preferred and common stock). Identification and exploitation of these opportunities involve uncertainty. In the event that the perceived pricing inefficiencies underlying an issuer's securities were to fail to materialize as expected by Polar, the Funds could incur a loss.
- *Event Driven Investing.* Event driven investing requires the investor to make predictions about (i) the likelihood that an event will occur and (ii) the impact such event will have

on the value of a company's securities. If the event fails to occur or it does not have the effect foreseen, losses can result. For example, the adoption of new business strategies or completion of asset dispositions or debt reduction programs by a company may not be valued as highly by the market as Polar had anticipated, resulting in losses. In addition, a company may announce a plan of restructuring which promises to enhance value and fail to implement it, resulting in losses to investors. In liquidations and other forms of corporate reorganization, the risk exists that the reorganization either will be unsuccessful, will be delayed or will result in a distribution of cash or a new security, the value of which will be less than the purchase price to the Funds of the security in respect of which such distribution was made. The consummation of mergers and tender and exchange offers can be prevented or delayed by a variety of factors, including: (i) opposition of the management or stockholders of the target company, which will often result in litigation to enjoin the proposed transaction; (ii) intervention of a federal or state regulatory agency; (iii) efforts by the target company to pursue a "defensive" strategy, including a merger with, or a friendly tender offer by, a company other than the offeror; (iv) in the case of a merger, failure to obtain the necessary stockholder approvals; (v) market conditions resulting in material changes in securities prices; (vi) compliance with any applicable federal or state securities laws; and (vii) inability to obtain adequate financing. Because of the inherently speculative nature of event driven investing, the results of the Funds' operations may be expected to fluctuate from period to period. Accordingly, investors should understand that the results of a particular period will not necessarily be indicative of results that may be expected in future periods.

- *Systemic Trend-Following Strategies.* The Funds may employ strategies that utilize technical analysis in an effort to discern and predict market price trends and price movements. The buy and sell signals generated by such strategies may not be based on analysis of fundamental supply and demand factors, general economic factors or anticipated world events, but rather upon a study of actual daily, weekly and monthly price fluctuations, volume variations and changes in open interest. The profitability of any technical trading strategy depends upon the occurrence in the future of major price moves or trends in the instruments traded. Trading based on such strategies is subject to the risks that price trends will not, in fact, develop as predicted by the analysis or that trades signaled by the analysis may not be executed in time to take advantage of such price trends. This latter risk is exacerbated by numerous market participants using similar trend-following methods, many of which trigger similar trading signals at or about the same time, making it difficult or economically infeasible to acquire the positions indicated by the strategy in an effort to capitalize on a predicted price trend or price movement. Any factor that would make it more difficult to execute trades at the signal prices generated by trend-following models or analysis, such as a significant reduction in the liquidity in a particular market, would also be detrimental to profitability.
- *Merger Arbitrage.* Merger or "risk" arbitrage strategies attempt to exploit merger activity to capture (or sell short) the spread between current market values of securities and their values after successful completion of a merger, restructuring or similar corporate transaction. Merger arbitrage investments often incur significant losses when anticipated merger or acquisition transactions are not consummated. The consummation of mergers and tender and exchange offers can be prevented or delayed by a variety of factors, including: (i) opposition of the management or stockholders of the target company,

which will often result in litigation to enjoin the proposed transaction; (ii) intervention of a federal or state regulatory agency; (iii) efforts by the target company to pursue a "defensive" strategy, including a merger with, or a friendly tender offer by, a company other than the offeror; (iv) in the case of a merger, failure to obtain the necessary stockholder approvals; (v) market conditions resulting in material changes in securities prices; (vi) compliance with any applicable federal or state securities laws; and (vii) inability to obtain adequate financing. Merger arbitrage positions also are subject to the risk of overall market movements. To the extent that a general increase or decline in equity values affects the stocks involved in a merger arbitrage position differently, the position may be exposed to loss. Merger arbitrage strategies also depend for success on the overall volume of merger activity, which historically has been cyclical in nature.

- *Debt Securities.* The Funds expect to invest in corporate, private and government debt securities and instruments. It is likely that many of the debt instruments in which the Funds invest may be unrated, and whether or not rated, the debt instruments may have speculative characteristics. The issuers of such instruments (including sovereign issuers) may face significant ongoing uncertainties and exposure to adverse conditions that may undermine the issuer's ability to make timely payment of interest and principal. Such instruments are regarded as predominantly speculative with respect to the issuer's capacity to pay interest and repay principal in accordance with the terms of the obligations and involve major risk exposure to adverse conditions. In addition, an economic recession could severely disrupt the market for most of these securities and may have an adverse impact on the value of such instruments. It is also likely that any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default for such securities.
- *High-Yield Securities.* The Funds may invest in high-yield securities. Such securities are generally not exchange traded and, as a result, these instruments trade in the OTC marketplace, which is less transparent than the exchange-traded marketplace. In addition, the Funds may invest in bonds of issuers that do not have publicly traded equity securities, making it more difficult to hedge the risks associated with such investments. High-yield securities face ongoing uncertainties and exposure to adverse business, financial or economic conditions which could lead to the issuer's inability to meet timely interest and principal payments. The market values of certain of these lower-rated and unrated debt securities tend to reflect individual corporate developments to a greater extent than do higher-rated securities which react primarily to fluctuations in the general level of interest rates and tend to be more sensitive to economic conditions than are higher-rated securities. Companies that issue such securities are often highly leveraged and may not have available to them more traditional methods of financing. It is possible that a major economic recession could severely disrupt the market for such securities and may have an adverse impact on the value of such securities. In addition, it is possible that any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default of such securities.
- *Commodities and Derivative Instruments.* The prices of commodities contracts and derivative instruments, including futures and options, are highly volatile. Payments made

pursuant to swap agreements may also be highly volatile. Price movements of commodities, futures and options contracts and payments pursuant to swap agreements 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 value of futures, options and swap agreements also depends upon the price of the commodities underlying them. In addition, the Funds' assets are also subject to the risk of the failure of any of the exchanges on which their positions trade or of their clearinghouses or counterparties.

- *Swaps.* Whether the Funds' use of swap agreements or options on swap agreements ("swaptions") will be successful will depend on Polar's ability to select appropriate transactions for the Funds. Swap agreements and swaptions can be individually negotiated and structured to include exposure to a variety of different types of investments, asset classes or market factors. Depending on their structure, swap agreements may increase or decrease the holder's exposure to, for example, equity securities, long-term or short-term interest rates, non-U.S. currency values, credit spreads or other factors. Swap agreements can take many different forms and are known by a variety of names. Swap transactions may be highly illiquid and may increase or decrease the volatility of the Funds' portfolios. Moreover, the Funds bear the risk of loss of the amount expected to be received under a swap agreement in the event of the default or insolvency of their counterparty. The Funds will also bear the risk of loss related to swap agreements, for example, for breaches of such agreements or the failure of the Funds to post or maintain required collateral. It is possible that developments in the swap markets, including potential government regulation, could adversely affect the Funds' ability to terminate swap transactions or to realize amounts to be received under such transactions.
- *Credit Default Swaps.* Credit default swaps can be used to implement Polar's view that a particular credit, or group of credits, will experience credit improvement or deterioration. In the case of expected credit improvement, the Funds may sell credit default protection in which it receives a premium to take on the risk. In such an instance, the obligation of the Funds to make payments upon the occurrence of a credit event creates leveraged exposure to the credit risk of the referenced entity. The Funds may also buy credit default protection with respect to a referenced entity if, in Polar's judgment, there is a high likelihood of credit deterioration. In such instance, the Funds will pay a premium regardless of whether there is a credit event. The credit default swap market in high-yield securities is comparatively new and rapidly evolving compared to the credit default swap market for more seasoned and liquid investment-grade securities, creating the risk that the newer markets will be less liquid, and making it potentially more difficult to exit or enter into a particular transaction.
- *Investments in Distressed Securities.* The Funds may invest in "below investment grade" securities and obligations of U.S. and non-U.S. issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems or extraordinary liabilities, including companies involved 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 correspondingly 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 also may 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 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. In addition, there is no minimum credit standard that is a prerequisite to the Funds' investment in any instrument, and a significant portion of the obligations and securities in which the Funds invests may be less than investment grade. Any one or all of the issuers of the securities in which the Funds may invest may be unsuccessful or not show any return for a considerable period of time. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is unusually high. There is no assurance that Polar will correctly evaluate the value of the assets collateralizing the Funds' loans or the prospects for a successful reorganization or similar action. Unless the Funds' loans are most senior, in any reorganization or liquidation proceeding relating to a company in which the Funds invests, the Funds may lose their entire investment or may be required to accept cash or securities with a value less than the Funds' original investment and/or may be required to accept payment over an extended period of time. Under such circumstances, the returns generated from the Funds' investments may not compensate the Shareholders adequately for the risks assumed.

- *Forward Trading.* The Funds may enter into OTC forward contracts for the trading of certain futures interests, such as currencies, through U.S. and non-U.S. national or local banks and currency and rates dealers. A forward contract is a contractual obligation to buy or sell a specified quantity of a financial instrument or commodity at or before a specified date in the future at a specified price and, therefore, is similar to a futures contract. Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward contracts and options thereon, including non-deliverable forwards, are currently not traded through clearinghouses, although this is expected to change. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide-spread between the price at which they were prepared to buy and that at which they were prepared to sell. Changes in the forward markets may entail increased costs and result in burdensome reporting requirements. There is currently no limitation on the daily price movements of forward contracts. The imposition of credit controls by governmental authorities or the implementation of regulations pursuant to the Dodd-Frank Act might limit such forward trading to less than that which Polar would otherwise recommend, to the possible detriment of the Funds. In its forward trading, the Funds will

be subject to the risk of the failure of, or the inability or refusal to perform with respect to its forward contracts by, the principals with which the Funds trades. Funds' assets on deposit with such principals will also generally not be protected by the same segregation requirements imposed on certain regulated brokers in respect of customer funds on deposit with them. Polar may order trades for the Funds in such markets through agents. Accordingly, the insolvency or bankruptcy of such parties could also subject the Funds to the risk of loss.

- *Volatility Risk.* The Funds' investment program may involve the purchase and sale of derivatives, which are frequently valued based on implied volatilities of such derivatives compared to the historical volatility of their underlying securities. Fluctuations or prolonged changes in the volatility of securities, therefore, can adversely affect the value of securities held by the Funds.
- *Call Options.* The seller (writer) of a call option which is covered (*i.e.*, the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The securities necessary to satisfy the exercise of an uncovered call option may be unavailable for purchase, except at much higher prices, thereby reducing or eliminating the value of the premium. Purchasing securities to cover the exercise of an uncovered call option can cause the price of the securities to increase, thereby exacerbating the loss. The buyer of a call option assumes the risk of losing its entire premium investment in the call option.
- *Put Options.* The seller (writer) of a put option which is covered (*i.e.*, the writer has sufficient cash for the notional amount of the put option) 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.
- *Currency Hedging.* Because the Funds are expected to make significant investments in U.S. dollar-denominated assets, a change in the value of the U.S. dollar relative to a different currency would, in the absence of hedging activity by the Funds, change the Euro value or the Canadian dollar value of the Other Currency Tranches. Polar may seek to protect the Euro value and the Canadian dollar value against fluctuations in the value of the U.S. dollar (the "Currency Hedge"), and thus minimize fluctuations in the Net Asset Value of the Other Currency Tranches that are attributable to exchange rate fluctuations. To this end, the Funds will employ various hedging techniques which may include, but are not limited to, derivative transactions such as currency futures contracts, options on currency futures contracts and forward currency exchange contracts. The Master Fund may enter into such derivative transactions on behalf of the Funds. The

Funds may employ various hedging techniques to protect the value of the Other Currency Tranches from fluctuations in the value of the U.S. dollar. The profits and losses associated with the Currency Hedge and any expenses associated therewith, will be allocated solely to the relevant Other Currency Tranches. However, in the event that losses on the Currency Hedge exceed the Net Asset Value of the relevant Other Currency Tranches, the assets of all other share Tranches (including Tranche A Shares and any Other Currency Tranches not participating in such hedge) could be used to satisfy the liabilities of the Other Currency Tranches. There can be no assurance that the Net Asset Value of the Participating Shares will be unaffected by a drastic decline in the U.S. dollar value of an Other Currency Tranches.

- *Futures Contracts.* The value of futures depends upon the price of the financial instruments, such as commodities, underlying them. The prices of futures are highly volatile, and price movements of futures contracts can be 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. In addition, investments in futures are also subject to the risk of the failure of any of the exchanges on which the Funds' positions trade or of its clearinghouses or counterparties. Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in that contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent the Funds from promptly liquidating unfavorable positions and subject the Funds to substantial losses or prevent it from entering into desired trades. Also, low margin or premiums normally required in such trading may provide a large amount of leverage, and a relatively small change in the price of a security or contract can produce a disproportionately larger profit or loss. In extraordinary circumstances, a futures exchange or the CFTC could suspend trading in a particular futures contract, or order liquidation or settlement of all open positions in such contract.
- *Foreign Futures Transactions.* Foreign futures transactions involve executing and clearing trades on a foreign exchange. This is the case even if the foreign exchange is formally "linked" to a domestic exchange, whereby a trade executed on one exchange liquidates or establishes a position on the other exchange. No domestic organization regulates the activities of a foreign exchange, including the execution, delivery, and clearing of transactions on such an exchange, and no domestic regulator has the power to compel enforcement of the rules of the foreign exchange or the laws of the foreign country. Moreover, such laws or regulations will vary depending on the foreign country in which the transaction occurs. For these reasons, the Funds may not be afforded certain of the protections which apply to domestic transactions, including the right to use domestic alternative dispute resolution procedures. In particular, funds received from customers to margin foreign futures transactions may not be provided the same protections as funds received to margin futures transactions on domestic exchanges. In addition, the price of any foreign futures or option contract and, therefore, the potential

profit and loss resulting therefrom, may be affected by any fluctuation in the foreign exchange rate between the time the order is placed and the time the foreign futures contract is liquidated or the time the foreign option contract is liquidated or exercised.

- *Index Futures.* The price of index futures contracts may not correlate perfectly with the movement in the underlying index because of certain market distortions. First, all participants in the futures market are subject to margin deposit and maintenance requirements. Rather than meeting additional margin deposit requirements, participants may close futures contracts through offsetting transactions that would distort the normal relationship between the index and futures markets. Second, from the point of view of speculators, the deposit requirements in the futures market are less onerous than margin requirements in the securities market. Therefore, increased participation by speculators in the futures market also may cause price distortions. Successful use of index futures contracts by the Funds are also subject to Polar's ability to correctly predict movements in the direction of the market.
- *Index or Index Options.* The value of an index or index option fluctuates with changes in the market values of the securities included in the index. Because the value of an index or index option depends upon movements in the level of the index rather than the price of a particular security, whether the Funds will realize appreciation or depreciation from the purchase or writing of options on indices depends upon movements in the level of instrument prices in the security market generally or, in the case of certain indices, in an industry or market segment, rather than movements in the price of particular securities.
- *Illiquid Portfolio Investments.* From time to time, a portion of the Funds' portfolios may be invested in illiquid securities and other instruments. In some cases, the Funds may be contractually prohibited from disposing of such investments for a specified period of time. Further, under adverse market or economic conditions or in the event of adverse changes in the financial condition of the issuer, the Funds may find it more difficult to sell such securities and/or instruments when Polar believes it advisable to do so or may be able to sell such securities and/or instruments only at prices lower than if the securities and/or instruments were more widely held. In such circumstances, the Funds may find it more difficult to determine the fair market value of such securities. There may be no market for such securities and/or instruments or for a substantial percentage of such securities. To the extent there is a market for such securities, the market will be limited to a narrow range of potential counterparties, such as institutions and investment banks. These investments could prevent the Funds from liquidating unfavorable positions promptly and subject it to substantial losses. Further, such investments could also impair the Master Funds' ability to distribute redemption proceeds to the Funds in a timely manner. As a result, the Funds' ability to distribute redemption proceeds to Investors in a timely manner could be impaired or the Funds may satisfy any such redemption requests, in whole or in part, with in-kind distributions.
- *Derivative Instruments.* Certain swaps, options and other derivative instruments may be subject to various types of risks, including market, liquidity, credit, legal and operations risk. The regulatory and tax environment for derivative instruments in which the Funds may participate is evolving, and changes in the regulation or taxation of such securities may have a material adverse effect on the Funds.

Separately managed accounts are subject to the aforementioned risk factors to the extent that the account employs the investment techniques described by the risk factor.

Item 9. Disciplinary Information

As disclosed in detail on Polar's Form ADV Part 1, in 2015, Polar received a monetary fine from a foreign financial regulatory authority (Swedish Financial Authority) for failing to timely report a net short position as a result of inadvertent error and a Canadian civic holiday in violation of European short selling reporting rules. The fine was paid by Polar in 2015.

Item 10. Other Financial Industry Activities and Affiliation

Various entities serve as general partners of the Funds. Polar is under common control with the general partners.

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

Polar has adopted a Code of Ethics in compliance with Rule 204A-1 under the Advisers Act, that establishes standards of conduct for its supervised persons. The Code of Ethics includes general requirements that Polar's supervised persons comply with their fiduciary obligations to clients and applicable securities laws, and specific requirements relating to, personal trading, insider trading, conflicts of interest and confidentiality of client information. It requires supervised persons to comply with personal trading restrictions and report their personal securities transactions and holdings to Polar's Chief Compliance Officer (the "CCO") and requires the CCO to review those reports. It also requires supervised persons to report any violations of the Code of Ethics promptly to the CCO. Each supervised person receives a copy of the Code of Ethics and any amendments to it and must acknowledge in writing having received those materials. Annually, each supervised person must certify that he or she complied with the Code of Ethics during the preceding year. Current and prospective investors can obtain a copy of the Code of Ethics by contacting Polar at (416) 367-4364.

Under the Code of Ethics, Polar and its partners, officers, directors (or other person occupying a similar status or performing similar functions), employee, intern, consultants and contract individual of Polar (who are deemed to be subject to this Code by the CCO) or any similar persons of Polar's affiliates who are deemed to be subject to this Code by the CCO, as well as the family members sharing the same household of the aforementioned persons, typically must obtain pre-approval before engaging in most types of securities transactions (including private placements or limited offerings of shares of private companies, second offerings and initial public offerings), other than those securities listed on the Firm's "Exempt Security List." They generally may not invest in the same securities that Polar purchases, sells or is considering for the Funds other than those securities on the "Exempt Security List". Employees generally cannot sell a security (or cover a short position) other than those securities on the "Exempt Security List" within three months of acquiring (or selling short) the security.

Polar maintains a Restricted List of securities that include: (i) a Polar employee is on the board of directors or has considerable influence or involvement with the issuer, and/or (ii) Polar might have received material non-public information regarding the issuer.

Polar, its affiliates and employees invest their own assets in some of the Funds. Such financial interest incentivizes Polar to devote more time and resources to those Funds than Funds and separately managed accounts in which Polar and its affiliates do not have an interest and to cause those Funds to make riskier investments. Polar addresses this conflict by disclosing it. Polar also has policies and procedures regarding allocating investments among the Funds and regularly reviews Fund portfolios in an effort to ensure that allocations are in accordance with those policies and procedures.

Polar has conflicts of interest over its time devoted to managing any one account and allocating investment opportunities among all accounts that it manages. Different clients have differing investment strategies and levels of trading. Polar may buy or sell a security for one client but not for another or may buy (or sell) a security for a client while simultaneously selling (or buying) the same security for another client. Polar may give advice to, and take action on behalf of, any of its clients that differs from the advice that it gives or the timing or nature of action that it takes on behalf of any other client. Polar is not obligated to acquire for any account any security that it, its affiliates or employees may acquire for its or their own accounts or for any other client.

Item 12. Brokerage Practices

Polar has complete discretion in selecting the brokers it uses for client transactions and the commission rates that clients pay such brokers. In selecting a broker, Polar considers a number of factors, including, for example:

- Price;
- Speed of execution;
- Certainty of execution; and
- Overall cost of the transaction.

Section 28(e) of the Exchange Act of 1934 provides a “safe harbor” to investment advisers who use commission dollars of their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to the adviser in performing investment decision-making responsibilities. Conduct outside of the safe harbor of section 28(e) is subject to traditional standards of fiduciary duty under state and federal law. If Polar uses commission dollars to pay for products or services that provide administrative or other non-research assistance to itself or its affiliates, such payments are unlikely to fall within the section 28(e) safe harbor. Polar uses commercially reasonable efforts to stay within that safe harbor.

Within the last fiscal year, Polar acquired the following types of products and services with commission dollars of the Funds: i) investment research on particular issuers or industries which are produced by the brokers, ii) investment research on particular issuers or industries which are produced by third parties, iii) market, financial, or economic data sets, iv) consulting services with third parties regarding products, issuers or industries, v) invitations to attend conferences or meetings with management or industry consultants, vi) software used to route orders to exchanges, and vii) software that provides algorithmic trade execution strategies.

Polar may pay commissions and mark-ups that exceed those that another broker might charge for the same transaction because of the brokerage, research, other services and soft dollar relationships that such broker provides. Polar determines in good faith that such compensation is

reasonable in relation to the value of such brokerage, research, other services and soft dollar relationships, in terms of either the specific transaction or Polar's overall fiduciary duty to its clients. A client may, however, pay higher commissions and mark-ups than are otherwise available or may pay more commissions or mark-ups based on account trading activity. The research and other benefits resulting from Polar's brokerage relationships benefit Polar's operations as a whole and all accounts that it manages, including those that do not generate soft dollars. Polar does not allocate soft dollar benefits to client accounts proportionately to the soft dollar credits that the accounts generate.

Polar's relationships with brokers that provide soft dollar services influence Polar's judgment and create conflicts of interest in allocating brokerage business between firms that provide soft dollar services and firms that do not. Polar has an incentive to select or recommend a broker based on Polar's interest in receiving soft dollar services rather than clients' interest in receiving the most favorable execution. These conflicts of interest are particularly influential to the extent that Polar uses soft dollars to pay expenses that are not reimbursed by the Funds and separately managed accounts.

Polar addresses these conflicts of interest by periodically evaluating the trade execution services it receives from the brokers it uses to execute client trades. Such evaluation includes comparing those services to the services available from other brokers. Polar considers, among other things, alternative market makers and market centers, the quality of execution services, the value of continuing with various soft dollar services and adding or removing brokers, increasing or decreasing targets for each broker and the appropriate level of commission rates.

Polar aggregates securities sale and purchase orders for clients with similar orders being made contemporaneously for other accounts that Polar manages or with its affiliates' accounts. In such event, Polar typically charges or credits a client the average transaction price of all securities purchased or sold in such transactions. As a result, the price may be less favorable to the client than it would be if Polar were not executing similar transactions concurrently for other accounts.

Polar may direct a certain amount of brokerage to a broker in return for the broker's referral of prospective investors. Directing brokerage in exchange for investor referrals creates a conflict of interest in that Polar has an incentive to refer its clients' brokerage business to brokers to which it might not otherwise direct transactions.

Item 13. Review of Accounts

Polar's Portfolio Managers continually review record for all Funds and separately managed accounts. These reviews take into account asset allocation, cash management, the prospects of individual securities, changes in issuer earnings, industry outlook, market outlook and price levels.

Polar's Chief Risk Officer periodically reviews key risk reports, such as market risk exposures, capital allocations, portfolio and issues concentrations, diversification limits, leverage levels, excess margin balances, and counterparty exposures.

In addition, on a periodic basis, Polar's CCO reviews Funds and separately managed account portfolio data to ensure the state objectives, strategies and restrictions have been adhered to.

All Fund investors may choose to receive a quarterly letter that discusses investment performance and outlook, and annual audited financial statements. Polar also provides Fund investors, if applicable, annual tax information for preparing U.S. tax returns.

Item 14. Client Referrals and Other Compensation

Polar has engaged placement agents to whom it pays a percentage of the management and/or performance fees paid by investors referred by those placement agents. In such cases, this practice is disclosed to the investors.

Item 15. Custody

Under the SEC's custody rule applicable to investment advisers, Polar is deemed to have custody of the Funds' assets. In accordance with the custody rule, Polar will ensure that (i) the Funds are audited by an independent public accountant registered with, and subject to inspection by, the Public Company Accounting Oversight Board, (ii) the Funds' audited financial statements are prepared in accordance with U.S. generally accepted accounting principles, and (iii) Polar delivers such annual audited financial statements to investors within 120 days after the end of each Fund's fiscal year.

Polar does not have custody of the assets in the separate managed accounts.

Item 16. Investment Discretion

Polar has discretionary authority to manage securities accounts on behalf of the Funds and the separately managed accounts pursuant to a grant of authority in each Fund's or separately managed account's limited partnership agreement or investment management agreement. Generally, this discretionary authority is to be exercised in a manner consistent with the stated investment objectives for the particular Fund. In certain circumstances, separately managed account clients may provide specific limitations relating to certain transactions, provided such limitations do not conflict with the investment objectives or guidelines of the separately managed accounts.

Item 17. Voting Client Securities

Polar has the authority to vote proxies under the investment management agreements of the Funds and separately managed accounts. Polar shall take reasonable steps to vote all proxies received and does not delegate proxy-voting decision-making to third parties.

Polar may abstain or otherwise withhold its vote if in its opinion such abstention or withholding is in the best interests of clients; it may also refrain from voting where administrative or other procedures result in the costs of voting outweighs the benefits including circumstances where:

- Voting securities are part of a securities lending program and Polar is unable to vote securities that are out on loan;
- A meeting notice is delivered close to the meeting date and Polar has insufficient time to process the vote;
- Polar sells shares prior to a company's meeting date and decides not to vote those shares.

Circumstances may occur where Polar may have a potential conflict of interest relative to its proxy voting activities. Potential conflicts of interest could include business relationships with an issuer or proponent of a proxy proposals, participants in proxy contests, corporate directors, or candidates for directorships. In such cases, Polar shall vote the proxies in the client's best interest.

Fund investors and separately managed account clients can obtain a copy of Polar's proxy voting policy and procedures by contacting Polar at (416) 367-4364.

Item 18. Financial Information

Polar does not require or solicit prepayment of management and/or performance fees from its clients. There are no financial conditions that is reasonably likely to impair Polar's ability to meet contractual commitments to its clients. Polar has not been the subject of a bankruptcy petition at any time during the past ten years.

Item 19. Requirements for State-Registered Advisers

This item is not applicable, because Polar is not required to be registered with one or more state securities authorities.