

ENGINE NO. 1 LLC

PART 2A OF FORM ADV

FIRM BROCHURE

Engine No. 1 LLC
710 Sansome Street
San Francisco, CA 94111

May 2021

This brochure provides information about the qualifications and business practices of Engine No. 1 LLC ("Engine No. 1" or the "Firm"). If you have any questions about the contents of this brochure, please contact us at (628) 251-1222 or by email at compliance@engine1.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

Any reference to Engine No. 1 LLC as a registered adviser does not imply a certain level of skill or training.

Additional information about Engine No. 1 is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Material Changes

This Brochure, dated May 2021, is an other-than-annual amendment to our Brochure, which was last filed with the U.S. Securities and Exchange Commission (“SEC”) on January 4, 2021 and dated December 1, 2020. Since the Firm’s January 2021 other-than-annual amendment filing, the Firm has become eligible for registration as an investment adviser with the SEC by exceeding the minimum \$100 million regulatory assets under management (“RAUM”) requirement. This other-than-annual amendment updates the Brochure to reflect the Firm changing its principal place of business and launching a new affiliate entity. The following is a list of changes to the Brochure since the January 2021 filing (only the first two bulleted items of which are material changes):

- Item 1 was amended to reflect the Principal Place of Business’ change of address.
- Item 4 was amended to include a newly launched affiliate entity, The Foundry at Engine No. 1 LLC, which is a relying adviser to the Firm. Item 4 was also amended to include the Firm’s RAUM as of April 30, 2021.
- Item 5 was amended to reflect changes in and addition of fees and expenses as a result of the newly launched entities and funds.
- Item 6 was amended to add disclosures related to the Firm’s performance-based fee, compensation and side-by-side management arrangements.
- Item 8 was amended to reflect the investment objectives and strategies of the new affiliate entities and funds, as well as to add new certain risk factors.
- Item 10 was amended to reflect the addition of a wholly owned subsidiary of the Firm, Fund Management at Engine No. 1 LLC, which is a separate investment adviser (currently in the process of registering with the SEC).
- Item 11 was amended to add disclosures related to potential conflicts of interest between the Firm and its affiliates.

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Item 4: Advisory Business

The information in this Item 4 reflects the terms on which the Firm provides investment advice to its clients.

Item 4.A.

Engine No. 1 LLC, founded in November 2020, is a Delaware limited liability company with a principal place of business in San Francisco, California. Engine No. 1 LLC has three advisory affiliates:

- Capital Management at Engine No. 1 LLC ("**Capital Management**"),
- Engagement at Engine No. 1 LLC ("**Engagement**"), and
- The Foundry at Engine No. 1 LLC ("**The Foundry**")

all of which are affiliates wholly owned by Engine No. 1 LLC.

Engine No. 1 LLC, Capital Management, Engagement, and the Foundry all operate a single advisory business, and are collectively referred to herein as "**Engine No. 1**" or the "**Firm**."

Engine No. 1 LLC's sole owner is Engine No. 1 LP and its general partner is Engine No. 1 GP LLC. Christopher James is the principal owner of the Firm.

Item 4.B.

As we discuss in greater detail in Item 8, the Firm is focused on delivering investment advice and fund management services with the goal of achieving capital appreciation for Clients and investors in the Clients (each, an "**Investor**" and collectively, the "**Investors**") while, at the same time, having a positive impact on the sectors of the broader community and economy, investing in and building companies that create sustainable growth and long-term value. The Firm does not limit its investment advice only with respect to certain types of investments. Please see Item 8.A. for a description of the Firm's investment strategy.

Engine No. 1 LLC provides investment advisory services through its ownership and control of Capital Management, Engagement, and The Foundry.

Capital Management provides investment advisory services on a discretionary basis to privately offered pooled investment vehicles in a master-feeder structure, Engine No. 1 Perennial Fund, LP (the "**Onshore Feeder**") and Engine No. 1 Perennial Master Fund LP (the "**Master Fund**") (each, a "**Fund**" and collectively, the "**Funds**").

Engagement and *The Foundry* intend to advise special purpose vehicles and privately held operating companies (together, each an "**SPV**" and collectively, the "**SPVs**").

The Funds and SPVs are collectively referred to herein as the "**Clients**." In general, the Firm is granted investment discretion and authority to manage a Client's investments subject to any restrictions imposed

by that Client's governing documents or its investment management agreement with the Firm.

The Funds are only offered to Investors that meet the definition of “accredited investor” as defined under Regulation D of the Securities Act of 1933 and “qualified purchasers” under Section 2(a)(51) of the Investment Company Act of 1940 so as to comply with Section 3(c)(7) of that act. The Firm may choose to advise additional types of clients in the future.

Item 4.C.

The Firm’s advisory services are provided to the Clients pursuant to the specific terms, investment objectives, and strategies as outlined in each respective Client’s offering and governing documents, or in an investment management agreement. The advisory services Clients receive is tailored to meet the specified investment objectives and strategies as set forth in each respective Client’s offering and governing documents; the Firm does not tailor its advisory services to the individual specific needs of Investors.

Item 4.D.

Not applicable. The Firm does not participate in, nor does it sponsor, wrap fee programs.

Item 4.E.

As of April 30, 2021, the Firm managed approximately \$240,000,000 in regulatory assets under management. The Firm manages assets solely on a discretionary basis.

Item 5: Fees and Compensation

The information in this Item 5 reflects the terms on which the Firm provides investment advice to its Clients.

Items 5.A. and 5.B.

For its advisory services to the Funds, Engine No. 1 generally charges a quarterly management fee ("**Management Fee**") ranging from 0.3125% to 0.375% (approximately ranging from 1.25 to 1.5% per year), depending on the class of interest held by the Fund Investor. The Firm, or a Fund's general partner (the "**General Partner**"), is generally entitled to an incentive allocation (the "**Incentive Allocation**"), generally ranging from 17.5% to 20% per fiscal year, usually made or payable at the end of each fiscal year (and on any withdrawal by or distribution of funds to an Investor during a fiscal year). The Management Fee is paid in advance and calculated within 15 days of the first day of each fiscal quarter.

The Firm is authorized to deduct Management Fees, Incentive Allocations, and expenses directly from the Clients, and in effect, the Investors' capital accounts. The Firm or a General Partner, as applicable, may, by agreement with particular Investors, reduce, waive, or modify the Management Fee or Incentive Allocation attributable to those Investors. Details regarding Management Fees and Incentive Allocations are set forth in the Clients' relevant offering and governing documents.

Item 5.C.

The Firm and any Client's General Partner bear their own operating, general, administrative and overhead costs and expenses, other than the expenses described below. All or a portion of these costs and expenses may be paid for by brokerage firms that execute trades for the Clients.

The Clients bear their own expenses as determined by the applicable Clients' fund documents, which generally include the following: (i) the Management Fee; (ii) expenses related to the research, due diligence, financing, monitoring and disposition of actual and prospective investments, whether or not such investment is consummated, including the following: third-party investment sourcing fees (including, without limitation, performance-based fees); fees and expenses related to obtaining research and market data (including, without limitation, any information technology hardware, software or other technology incorporated into the cost of obtaining such research and market data, and including fees and expenses related to obtaining, processing and analyzing research or market data that may be considered "big data" or "alternative data"); due diligence expenses including, without limitation, consulting and appraisal fees; investment-related travel expenses; brokerage, prime brokerage and futures commission merchant fees, commissions and expenses (including fees, commissions and expenses paid or reimbursed to an external trading desk); expenses relating to block trades; expenses relating to short sales; clearing and settlement charges; custodial fees and expenses; bank service fees; interest expenses and fees related to financings or refinancings; fees and expenses of proxy research and voting and class action-related services; and fees and expenses of third-party professionals, including, without limitation, consultants, investment bankers, attorneys and accountants; (iii) organizational and reorganizational expenses; (iv) the Client's direct or indirect pro rata share of any compensation payable in connection with the management of any

designated investment by an unaffiliated third party or management team, which may include both asset-based fees and performance-based fees or allocations (which, for the avoidance of doubt, will not offset the Management Fee or Incentive Allocation); (v) fees and expenses relating to information technology hardware, software or other technology (including, without limitation, costs of software licensing, implementation, data management and recovery services and custom development) used to research investments, evaluate and manage risk, facilitate valuations, facilitate accounting functions and/or facilitate compliance with the rules of any self-regulatory organization or applicable law (including, without limitation, reporting obligations), facilitate and manage the order execution of securities or otherwise manage any trading subsidiary or special purpose vehicle, such as Bloomberg terminals, portfolio management systems, risk management systems and order management systems and fees and expenses of third-party risk management products, models and services; (vi) fees and expenses of third-party valuation service providers and third-party administrative fees and expenses and including, without limitation, the costs of engaging or appointing a Money Laundering Reporting Officer, a Deputy Money Laundering Reporting Officer and an Anti-Money Laundering Compliance Officer; (vii) the costs of any litigation or investigation involving activities of the any trading subsidiary or special purpose vehicle; (viii) taxes and third-party audit and tax preparation expenses; (ix) 80% of insurance expenses, including, without limitation, premiums for cybersecurity insurance and liability insurance covering Engine No. 1 LP, the General Partner, the Firm and the members, partners, officers, employees and agents of any of them, and each member of the advisory committee; (x) fees and expenses of the independent members of the advisory committee (xi) costs of preparing and distributing reports and notices (including, without limitation, all costs incurred to audit such reports, provide access to a database or other internet forum and any other operational, legal, secretarial or postage expenses associated with distribution of the same); (xii) expenses incurred in connection with negotiating and complying with provisions of any side letters and expenses incurred in connection with any transfers of interests or an Investor's admission or withdrawal, unless otherwise charged to or borne by the applicable transferee or Investor; (xiii) fees and expenses related to compliance with the rules of any self-regulatory organization or applicable law in connection with the activities of the Client or any trading subsidiary or special purpose vehicle, including, without limitation, any governmental, regulatory, licensing, filing or registration fees or taxes (including, without limitation, fees and expenses incurred in connection with the preparation and filing of Form PF, Form CPO-PQR, Section 13 filings, Section 16 filings and other similar regulatory filings); (xiv) expenses incurred in connection with the offering and sale of the interests and other similar expenses related to the Client (excluding fees payable to any placement agent); (xv) expenses incurred in connection with any amendments, modifications, revisions or restatements to the constituent documents of the Client or any trading subsidiary or special purpose vehicle; (xvi) extraordinary expenses, including, without limitation, indemnification expenses and fees and expenses incurred in connection with any tax audit by any taxing authority, including, without limitation, any related administrative settlement and judicial review and (xvii) fees and expenses incurred in connection with the reorganization, dissolution, winding-up or termination of the Client or any trading subsidiary or special purpose vehicle.

It is important that Investors refer to the relevant governing documents for a complete understanding of expenses and fees they may pay through an investment in the Clients. The information contained herein in this Item 5 is a summary only and is qualified in its entirety by such documents.

Item 5.D.

As disclosed in Items 5.A. and 5.B above, Management Fees are paid in advance each quarter within 15

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days of the first day of each fiscal quarter. Investors who are permitted to withdraw their interests in a Client will receive a refund of the Management Fees paid in advance equal to the pro rata portion of the Management Fee, based on the actual number of days remaining in such fiscal quarter.

Item 5.E.

Not applicable. Neither Engine No. 1 nor any of its supervised persons accept compensation for the sale of securities or other investment products.

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

Engine No. 1 understands that certain potential conflicts of interest exist and are associated with the presence of a performance-based fee or special profit allocation. Such a fee or allocation creates an incentive for the Firm to cause a Client to make investments that are riskier or more speculative than would be the case if there were no performance-based fee or allocation or where the performance fees/allocations of different Clients are set at different rates. However, Engine No. 1 advises each Client in accordance with that Client's investment strategy and any restrictions set forth in each Client's governing documents and advisory agreement such that Clients and Investors are aware of the applicable investment strategy, restrictions, and risks.

In addition, Engine No. 1 understands that the provision of advisory services to multiple Clients could also create a potential conflict of interest to favor Clients to whom higher advisory and performance fees are charged. However, as stated above, Engine No. 1 advises each Client in accordance with its advisory agreement and governing documents and strives to ensure that all Clients are treated fairly and equally.

Allocations of Trades and Investment Opportunities. It is the policy of the Firm to allocate investment opportunities to the Clients and to any Other Accounts on a fair and equitable basis, to the extent practical and in accordance with the applicable investment strategies of the Clients, on the one hand, and the Other Accounts, on the other hand, over a period of time. Investment opportunities will generally be made first by determining the Account or Accounts for which a particular security is appropriate. Allocation of a security will be made on a pre-trade basis to the relevant Accounts. Allocations will generally be made on a pro rata basis, which generally consists of a weighted average based on Account size whereby each Account will receive a portion of the order based on the Account's current market value relative to other Accounts participating in the transaction. Other objective allocation methodologies may also be employed by the Firm provided that they are employed with general consistency and operate fairly.

The Firm will have no obligation to purchase or sell a security for, enter into a transaction on behalf of, or provide an investment opportunity to, the Clients or Other Accounts solely because the Firm purchases or sells the same security for, enters into a transaction on behalf of, or provides an opportunity to, an Other Account or the Clients if, in its reasonable opinion, such security, transaction or investment opportunity does not appear to be suitable, practicable or desirable for the Clients or the Other Account.

In particular, when the Clients are ramping up its investment or trading strategies, it may receive larger allocations of certain securities than the Other Accounts in order to obtain its desired risk and portfolio size. Conversely, when Other Accounts ramp up their investment and trading strategies, the Clients may receive reduced or no allocations of certain securities.

Co-Investments. The Firm and its affiliates may, from time to time, offer one or more Investors (including, without limitation, affiliates of the General Partners and their respective members, partners, officers or employees or affiliates of any of them, and including the Principal, the portfolio managers and other Investors affiliated with the Firm) the opportunity to co-invest with the Clients in particular investments. The Firm and its affiliates may, for example, offer such co-investment opportunities when the size of the opportunity exceeds the amount of capital that the Firm or its affiliates believe should be invested by the

Accounts. The Firm and its affiliates may also offer co-investment opportunities to Investors (including portfolio companies of the Clients) based on factors such as, but not limited to, the nature of the opportunity, size of commitment, fees associated with such investment, speed of execution required, tax considerations, such persons' familiarity with, capability and history of making similar investments, such person's prior expressions of interest in making similar investments (including, in the case of an Investor, the ability of such persons to generate future investment opportunities or provide other benefits to the Clients, the Other Accounts and/or the Firm and/or to provide analytical and market advice or other expertise that may be valuable to the Clients and Other Accounts, and other factors deemed by the Firm and its affiliates to be relevant. In addition, the Principal, the portfolio managers and other Investors affiliated with the Firm may co-invest with the Clients whether or not the particular co-investment opportunity is offered to Investors.

The Firm and its affiliates are not required to offer co-investment opportunities to any Investor, and no Investor will be entitled (or obligated) to participate in such an opportunity. The Firm and its affiliates have sole discretion as to the amount (if any) of a co-investment opportunity that will be allocated to a particular Investor and may allocate co-investment opportunities instead to investors in Other Accounts or to third parties. If the Firm determines that an investment opportunity is too large for the Clients and the Other Accounts, the Firm and its affiliates may, but will not be obligated to, make proprietary investments therein. The Firm or its affiliates may receive fees and/or allocations from co-investors, which may differ as among co-investors and also may differ from the fees and/or allocations borne by Investors. Additionally, co-investors may not bear certain expenses (e.g., broken deal expenses) that are borne by Investors in connection with their investments in the Clients and such expenses generally will be borne by the Clients. Co-investors may have rights in addition to, and be subject to different terms as compared to the rights and terms applicable to Investors. In addition, the Firm may be subject to additional duties with respect to the management of vehicles through which co-investors may invest. For example, co-investors may receive minority protections, board seats or other control rights and may have different or advantageous rights with respect to their ability to exit the co-investment.

The Firm Could Have Different Compensation Arrangements with Other Accounts. The Firm could be subject to a conflict of interest because varying compensation arrangements among the Clients and Other Accounts (including with respect to co-investments) could incentivize the Firm to manage the Clients and such Other Accounts differently. These and other differences could make the Clients less profitable to the Firm than certain Other Accounts.

Item 7: Types of Clients

Engine No. 1 provides investment advice to pooled investment vehicles and special purpose vehicles. Please also see Item 4.B. for additional information.

The minimum investment amount by an Investor in a Client is generally \$2,000,000. The Firm and/or a General Partner retains the right to reduce or waive such minimum amount.

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

There is no guarantee that the Firm will accomplish the Clients' investment objectives or that the Firm or Clients' investment strategies and risk management will be successful. Investing in securities involves significant risk of loss that Investors and prospective Investors should be prepared to bear.

Item 8.A.Capital Management – Perennial Funds

Capital Management believes that a company's performance is enhanced by the investments such company makes in workers, communities, customers and the environment; and that, over time, the interests of shareholders and stakeholders align, providing a unique opportunity for Investors to capture value. The Master Fund will typically have long core investment positions that represent what Capital Management considers to be the most compelling total value investments over a three- to five-year time horizon (although the actual holding period may be shorter or longer). The Master Fund will also employ shorting as a way to express a view on mispriced securities within the broader total value investment philosophy.

The Master Fund's investment strategy seeks to generate long-term capital appreciation through a process-driven investment approach based on Engine No. 1 LP's proprietary "Total Value" framework. The "Total Value" analysis evaluates social and environmental impacts in dollar terms, and then connects them to traditional shareholder value. Capital Management believes companies can be significantly mispriced because investors are not yet accounting for how social and environmental impact can drive financial performance, and the "Total Value" framework provides a more comprehensive view of a company's total value.

Through Capital Management's disciplined, process-driven approach, the Master Fund will seek to construct a concentrated portfolio of these mispriced companies. Capital Management will seek to do so by applying deep, fundamental analysis to both a company's externalities as well as its traditional financial and operational metrics. As an active owner, Capital Management also seeks to work collaboratively with companies in the Master Fund's portfolio to improve their impact in ways that it believes may increase their long-term value. Capital Management seeks to enhance impact and returns through active engagement with our invested companies. Capital Management's strategy is to take a broader view of value, putting traditional measures of company performance in the context of its externalities so as to better understand its ability to generate long-term value for investors.

The Master Fund seeks to invest across the market capitalization spectrum in companies of either a "growth" or "value" nature. Mid- and large-cap "growth" companies may constitute a significant portion of the Master Fund's investment positions. Capital Management expects to use hedging techniques to seek to mitigate certain risks, including, but not limited to, macro risk, factor and crowding risk and cross-market and cross-asset risks. Capital Management will generally accept periods of higher short-term volatility as a trade-off for longer-term returns and potentially greater tax efficiency.

Engagement

Engagement seeks to acquire equity or equivalent positions in the capital structures of issuers and to utilize that ownership position to encourage issuers to engage in commercial activities that are intended to generate profits for Investors while also creating sustainable growth and long-term value. Engagement intends to leverage its internal personnel and capabilities to assist issuers seeking to achieving these goals, and may also seek to enlist third parties to assist in this effort. Engagement seeks to combine the desire to create sustainable growth and long-term value through active ownership which in turn, Engagement believes, will be reflected in long-term value and profits.

The Foundry

The Foundry seeks to operate as a business incubator that can assist companies with their development and operations.

Items 8.B. and 8.C.

The following summary identifies and provides a brief explanation of the material risks related to the Firm's significant investment strategies and should be carefully evaluated before making an investment with the Firm or in any Client. However, the following does not intend to identify all possible risks of an investment with the Firm or provide a full description of the identified risks of an investment in any Client. Additional information regarding the material risks related to the Firm's significant investment strategies is set forth in each Client's offering documents.

General Investment Risks

Governmental Intervention in Markets. Extreme volatility and illiquidity in markets has in the past led to, and may in the future lead to, extensive governmental interventions in equity, credit and currency markets. Generally, such interventions are intended to reduce volatility and precipitous drops in value. In certain cases, governments have intervened on an "emergency" basis, suddenly and substantially eliminating market participants' ability to continue to implement certain strategies or manage the risk of their outstanding positions. In addition, these interventions have typically been unclear in scope and application, resulting in uncertainty. It is impossible to predict when these restrictions will be imposed, what the interim or permanent restrictions will be and/or the effect of such restrictions on the Clients' strategies.

Activist Investing. The success of activist investment strategy depends upon, among other things: (i) the Firm's ability to properly identify portfolio companies whose securities prices can be improved through corporate and/or strategic action; (ii) a Client's ability to acquire sufficient securities of such portfolio companies at a sufficiently attractive price; (iii) a Client's ability to avoid triggering anti-takeover and regulatory obstacles while aggregating its position; (iv) the willingness of the management of such portfolio companies and other security holders to respond positively to the Firm's proposals; and (v) favorable movements in the market price of any such portfolio company's securities in response to any actions taken by such portfolio company. There can be no assurance that any of the foregoing will occur.

Corporate governance strategies may prove ineffective for a variety of reasons, including: (i) opposition of the management or investors of the subject company, which may result in litigation and may erode, rather

than increase, the value of the subject company; (ii) intervention of a governmental agency; (iii) efforts by the subject company to pursue a “defensive” strategy, including a merger with, or a friendly tender offer by, a company other than the offeror; (iv) market conditions resulting in material changes in the prices of securities; (v) the presence of corporate governance mechanisms such as staggered boards, poison pills and classes of stock with increased voting rights; and (vi) the necessity for compliance with applicable securities laws. In addition, opponents of a proposed corporate governance change may seek to involve regulatory agencies in investigating the transaction or a Client and such regulatory agencies may independently investigate the participants in a transaction, including such Client, as to compliance with securities or other law. Furthermore, successful execution of a corporate governance strategy may depend on the active cooperation of investors and others with an interest in the subject company. Some investors may have interests which diverge significantly from those of a Client, and some of those parties may be indifferent to the proposed changes. Moreover, securities that the Firm believes are fundamentally undervalued or incorrectly valued may not ultimately be valued in the capital markets at prices and/or within the timeframe the Firm anticipates, even if a corporate governance strategy is successfully implemented. Even if the prices for a portfolio company’s securities have increased, no guarantee can be made that there will be sufficient liquidity in the markets to allow the Client to dispose of all or any of their securities therein or to realize any increase in the price of such securities.

Changes in Investment Strategies. The Firm has broad authority to expand, contract or otherwise change the Clients’ activities without notice to, or the consent of Investors. Over time, the strategies the Clients implement can be expected to expand, evolve and change, perhaps materially. The Firm will not be required to implement any particular strategies and may discontinue employing any particular strategy, whether or not that strategy is specifically described in a Client’s offering documents, and without notice to Investors. Any change in strategies could expose the Clients’ capital to additional risks.

The service providers of the Firm and the Clients are subject to the same electronic information security threats as the Firm. If a service provider fails to adopt or adhere to adequate data security policies, or in the event of a breach of its networks, information relating to the transactions of the Clients and personally identifiable information of Investors may be lost or improperly accessed, used or disclosed.

The loss or improper access, use or disclosure of the Firm’s or the Clients’ proprietary information may cause the Firm or the Clients to suffer, among other things, financial loss, the disruption of its business, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing events could have a material adverse effect on the Clients and Investors’ investments therein.

Information Sources. The Firm relies heavily on the accuracy and completeness of information on which it bases investment decisions, but as to much of that information it is not in a position to confirm that completeness or accuracy: critical, and apparently reliable, information may be inaccurate or incomplete. Reliance on erroneous or incomplete information could cause the Firm to make investments that lead to losses in the Clients’ portfolios or to refrain from making investments that would have resulted in gains.

Inside Information; Substantial Positions. The Firm’s personnel may receive material nonpublic information about or relating to issuers of investments in which the Clients invest or propose to invest. Under various securities laws (and under the Firm’s internal policies), this could restrict the Firm’s ability to cause the Clients to buy or sell investments of a company for substantial periods when doing so could generate a profit or avoid a loss. If the Clients were to acquire more than certain percentages of the

outstanding securities of some companies (determined, under certain circumstances, in combination with amounts held by other Clients), the Firm and/or the Clients could become subject to public reporting requirements and, in some cases, legal and regulatory limits on disposition of those securities. Limits of those kinds could prevent the Clients from disposing of those securities when it otherwise would or disposing them at favorable prices.

Litigation Risk. Some of the tactics that the Firm may use involve litigation. The Clients could be a party to lawsuits either initiated by it, or by a company in which the Clients invest, other shareholders of such company, or U.S. federal, state and non-U.S. governmental bodies. There can be no assurance that any such litigation, once begun, would be resolved in favor of the Clients.

Risks Relating to the Funds

Fundamental Analysis. The Firm generally uses bottom-up analysis in an attempt to identify trends, investment themes and core investment opportunities across asset classes and geographies. Data on which bottom-up fundamental analysis relies may be inaccurate or may be generally available to other market participants. To the extent that any such data are inaccurate or that other market participants have developed, based on such data, trading strategies similar to the Firm's trading strategies, the Client portfolios may not be able to realize its investment goals.

In addition, fundamental market information is subject to interpretation. To the extent that the Firm misinterprets the meaning of certain data, the Firm may incur losses. In addition, the Firm may engage in top-down macro-economic analysis, as well as consider political and financial market conditions when constructing the Client portfolios. The success of the Firm's top-down macro investment strategy across asset classes and geographies depends upon the Firm's ability to identify and exploit perceived fundamental, political, financial and economic imbalances that may exist in and between markets. Identification and exploitation of such imbalances involves significant uncertainties. There can be no assurance that the Firm will be able to exploit such imbalances. In the event that the theses underlying the Clients' positions fail to be borne out in developments expected by the Firm, the Clients may incur losses, which could be substantial.

Long/Short. The Firm seeks risk-adjusted capital appreciation through a range of securities and will invest both long and short in securities. The success of the Firm's long/short investment strategy depends upon the Firm'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 Firm's long/short investment strategies is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. In the event that the perceived opportunities underlying the Clients' positions were to fail to converge toward, or were to diverge further from values expected by the Firm, the Clients may incur a loss. In the event of market disruptions, significant losses can be incurred which may force the Firm to close out one or more of the Clients' positions. Furthermore, the valuation models used to determine whether a position presents an attractive opportunity consistent with the Firm's long/short strategies may become outdated and inaccurate as market conditions change.

Short Selling. The success of the Firm's short selling investment strategy depends upon the Firm's ability to identify and sell short securities that are overvalued. 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 Clients of buying those securities to cover the short position. There can be no assurance that the Firm will be able to maintain the ability to borrow securities sold short. In such cases, the Firm can be "bought in" (i.e., forced to repurchase securities in the open market to return to the lender). 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 or in the over-the-counter market and with respect to futures and other instruments. In some cases of synthetic short sales, there is no floating supply of an underlying instrument with which to cover or close out a short position and the Firm may be entirely dependent on the willingness of over-the-counter market makers to quote prices at which the synthetic short position may be unwound. There can be no assurance that such market makers will be willing to make such quotes. Short strategies can also be implemented on a leveraged basis. Lastly, even though the Firm secures 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 Firm 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 Firm.

Long-Term. The Clients will typically have long core investment positions which represent, what the Firm considers to be, the most compelling total value investments over a three- to five-year time horizon. The success of the Firm's long-term investment strategy depends upon the Firm's ability to identify and purchase securities that are undervalued and hold such investments so as to maximize value on a long-term basis. In pursuing any long-term strategy, the Firm may forego value in the short-term or temporary investments in order to be able to avail the Firm of additional and/or longer term opportunities in the future. Consequently, the Firm may not capture maximum available value in the short-term, which may be disadvantageous, for example, for Investors who withdraw all or a portion of their capital accounts before such long-term value may be realized by the Client portfolios.

Diversification and Concentration. The Firm seeks to invest in companies that create sustainable growth and long-term value and mid- and large-cap "growth" companies may constitute a significant portion of the Clients' investment positions. Accordingly, the Client portfolios may become significantly concentrated in securities related to a single or a limited number of industries, sectors or issuers that align with its investment objective. This limited diversification may result in the concentration of risk, which, in turn, could expose the Clients to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in such securities.

Leverage and Borrowing. The use of leverage will allow the Firm to make additional investments, thereby increasing its exposure to assets, such that its total assets may be greater than its capital. However, leverage will also magnify the volatility of changes in the value of the Clients' portfolios. The effect of the use of leverage by the Firm in a market that moves adversely to its investments could result in substantial losses to the Clients, which would be greater than if the Client portfolios were not leveraged.

Collateral. The instruments and borrowings utilized by the Firm to leverage investments may be collateralized by all or a portion of a Client's portfolio. Accordingly, the Firm may cause Clients pledge their securities in order to borrow or otherwise obtain leverage for investment or other purposes. Should the securities pledged to brokers to secure the Clients' margin accounts decline in value, the Firm could be subject to a "margin call", pursuant to which the Firm must either deposit additional funds or securities

with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. The banks and dealers that provide financing to the Firm can apply essentially discretionary margin, "haircut", financing and collateral valuation policies. Changes by counterparties in any of the foregoing may result in large margin calls, loss of financing and forced liquidations of positions at disadvantageous prices. Lenders that provide other types of asset-based or secured financing to the Firm may have similar rights. There can be no assurance that the Firm will be able to secure or maintain adequate financing.

Costs. Borrowings will be subject to interest, transaction and other costs, and other types of leverage also involve transaction and other costs. Any such costs may or may not be recovered by the return on the Client portfolios.

Hedging Transactions. The Firm expects to use hedging to mitigate certain risks and for risk management purposes in order to: (i) protect against possible changes in the market value of the Client portfolios resulting from fluctuations in the markets and changes in interest rates; (ii) protect the Clients' unrealized gains in the value of their portfolios; (iii) facilitate the sale of any securities; (iv) enhance or preserve returns, spreads or gains on any security in the Clients' portfolios; (v) hedge against a directional trade; (vi) hedge the interest rate, credit or currency exchange rate on any of the Clients' securities; (vii) protect against any increase in the price of any securities the Firm anticipates purchasing at a later date; or (viii) act for any other reason that the Firm deems appropriate. The Firm will not be required to hedge any particular risk in connection with a particular transaction or its Clients' portfolios generally. The Firm may be unable to anticipate the occurrence of a particular risk and, therefore, may be unable to attempt to hedge against it. While the Firm may cause the Clients to enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Clients 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 Due Diligence Process. Before making investments, the Firm will conduct due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence, the Firm may be required to evaluate important and complex business, financial, tax, accounting and legal issues. Additionally, the Firm believes that a company's performance is enhanced by the investments such company makes in workers, communities, customers and the environment; and that, over time, the interests of shareholders and stakeholders align, providing a unique opportunity for investors to capture value. When conducting due diligence and making an assessment regarding an investment, the Firm will rely on the resources reasonably available to it, which in some circumstances, whether or not known to the Firm at the time, may not be sufficient, accurate, complete or reliable. To the extent that due diligence does not reveal or highlight certain matters, or if the Firm's thesis with respect to investments by a company in workers, communities, customers and the environment is misplaced, such factors could have a material adverse effect on the value of an investment.

Lack of Control. The Firm may cause the Clients to invest in equity securities of companies that it does not control, which the Firm may acquire through market transactions or through purchases of securities directly from the issuer or other shareholders. Such securities will be subject to the risk that the issuer may make business, financial or management decisions with which the Firm does not agree or that the majority stakeholders or the management of the issuer may take risks or otherwise act in a manner that does not serve the Clients' interests. In addition, the Firm may share control over certain investments with co-investors, which may make it more difficult for the Firm to implement its investment approach or exit the

investment when it otherwise would. The occurrence of any of the foregoing could have a material adverse effect on the Client portfolios.

Lending of Portfolio Securities. The Firm may cause the Clients to lend securities on a collateralized and an uncollateralized basis from its portfolio to creditworthy securities firms and financial institutions. While a securities loan is outstanding, the Clients will continue to receive the equivalent of the interest or dividends paid by the issuer on the securities, as well as interest on the investment of the collateral or a fee from the borrower. The risks in lending securities, as with other extensions of secured credit, if any, consist of possible delay in receiving additional collateral, if any, or in recovery of the securities or possible loss of rights in the collateral, if any, should the borrower fail financially.

Short-Term Market Considerations. As described above, the Firm will seek a longer-term investment strategy but certain trading decisions be made on the basis of short-term market considerations, and the portfolio turnover rate could result in significant trading related expenses.

Discretion of the Firm; New Strategies and Techniques. While the Firm will generally seek to employ the representative investment strategies and techniques discussed herein, the Firm (subject to the policies and control of the General Partner) has considerable discretion in the types of securities it may trade and has the right to modify the investment strategies and techniques of its Clients without the consent of Investors. New investment strategies and techniques 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 Clients. In addition, any new investment strategy or technique developed by the Firm may be more speculative than earlier investment strategies and techniques and may involve material and as-yet-unanticipated risks that could increase the risk of an investment in the Clients.

Risks Relating to Specific Investments

Equity Securities Generally. The Firm may cause the Clients to invest across the market capitalization spectrum in equity securities of companies of either a "growth" or "value" nature. Equity securities of mid- and large-cap "growth" companies may constitute a significant portion of the Clients' investment positions. The value of equity securities of public and private, listed and unlisted companies and equity derivatives generally varies with the performance of the issuer and movements in the equity markets. As a result, the Clients may suffer losses if the Firm invests in equity instruments of issuers whose performance diverges from the Firm's expectations or if equity markets generally move in a single direction and the Firm has not hedged against such a general move. The Clients 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.

Undervalued Securities. While the Firm seeks to identify undervalued securities that will be positively impacted by social and environmental externalities, the identification of such undervalued securities is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. While investments in undervalued securities offer the opportunity for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from the Clients' investments may not adequately compensate for the business and financial risks assumed.

Exchange-Traded Funds. Exchange-traded funds (“ETFs”) are publicly traded unit investment trusts, open-end funds or depository receipts that seek to track the performance and dividend yield of specific indexes or companies in related industries. These indexes may be either broad-based, sector, or international. However, ETF shareholders are generally subject to the same risk as holders of the underlying securities they are designed to track. ETFs are also subject to certain additional risks, including the risk that their prices may not correlate perfectly with changes in the prices of the underlying securities they are designed to track, and the risk of trading in an ETF halting due to market conditions or other reasons, based on the policies of the exchange upon which the ETF trades. Generally, each shareholder of an ETF bears a *pro rata* portion of the ETF’s expenses, including management fees.

Derivative Instruments. Certain swaps, options and other derivative instruments may be subject to various types of risks, including market risk, liquidity risk, credit risk, legal risk and operations risk. The regulatory and tax environment for derivative instruments in which the Firm may cause the Clients to participate is evolving, and changes in the regulation or taxation of such instruments may have a material adverse effect on the Clients.

Regulation in the Derivatives Industry. There are many rules related to derivatives that may negatively impact the Clients, such as requirements related to recordkeeping, reporting, portfolio reconciliation, central clearing, minimum margin for uncleared over-the-counter (“OTC”) instruments and mandatory trading on electronic facilities, and other transaction-level obligations. Parties that act as dealers in swaps, are also subject to extensive business conduct standards, additional “know your counterparty” obligations, documentation standards and capital requirements. All of these requirements add costs to the legal, operational and compliance obligations of the Firm and increase the amount of time that the Firm spends on non-investment-related activities. Requirements such as these also raise the costs of entering into derivative transactions, and these increased costs will likely be passed on to the Clients.

These rules are operationally and technologically burdensome for the Firm and its Clients. These compliance obligations require employee training and use of technology, and there are operational risks borne by the Firm in implementing procedures to comply with many of these additional obligations.

These regulations may also result in the Firm’s forgoing the use of certain trading counterparties (such as broker-dealers and futures commission merchants (“FCMs”)), as the use of other parties may be more efficient for the Firm from a regulatory perspective. However, this could limit the Firm’s trading activities, create losses, preclude the Firm from engaging in certain transactions or prevent the Firm from trading at optimal rates and terms.

Many of these requirements were implemented under legislation intended to reform the U.S. financial regulatory system, the EU Regulation on OTC Derivatives, Central Counterparties and Trade Repositories (known as the European Market Infrastructure Regulation, or “EMIR”), and similar regulations globally. In the United States, regulatory responsibility for derivatives is divided between the SEC and the CFTC, a distinction that does not exist in any other jurisdiction. The SEC has regulatory authority over “security-based swaps” and the CFTC has regulatory authority over “swaps”. EMIR is being implemented in phases through the adoption of delegated acts by the European Commission.

As a result of the SEC and CFTC bifurcation and the different pace at which the SEC, the CFTC, the European Commission and other international regulators have promulgated necessary regulations, different transactions are subject to different levels of regulation. Though many rules and regulations have been finalized, there are others, particularly SEC regulations with respect to security-based swaps, that are still in the proposal stage or are expected to be introduced in the future.

The following describes derivatives regulations that may have the most significant impact on the Firm and the Clients:

Reporting

Most swap transactions have become subject to anonymous “real time reporting” requirements, meaning that information relating to transactions entered into by the Firm will become visible to the market in ways that may impair the Firm’s ability to enter into additional transactions at comparable prices or could enable competitors to “front run” or replicate the Firm’s strategies.

Central Clearing

In order to mitigate counterparty risk and systemic risk in general, various U.S. and international regulatory initiatives, including EMIR, are underway to require certain derivatives to be cleared through central clearinghouses. In the United States, clearing mandates affect certain interest rate and credit default swaps. The CFTC and the SEC may introduce clearing requirements for additional classes of derivatives in the future. EMIR also requires OTC derivatives contracts meeting specific criteria to be cleared through central counterparties.

While such clearing requirements may be beneficial for the Clients in many respects (for instance, they may reduce the counterparty risk to the dealers to which the Clients would be exposed under non-cleared derivatives), the Clients could be exposed to new risks, such as the risk that an increasing percentage of derivatives will be required to be standardized and/or cleared through central clearinghouses, and, as a result, the Firm not be able to hedge its risks or express an investment view as well as it would have been able to had it used customizable derivatives available in the over-the-counter markets. The Firm may have to split the Clients’ derivatives portfolios between centrally cleared and over-the-counter derivatives, which may result in operational inefficiencies and an inability to offset risk between centrally cleared and over-the counter positions, and which could lead to increased costs to the Clients.

Another risk is that the Firm may be subject to more onerous and more frequent (daily or even intraday) margin calls from both the Firm’s FCM and the clearinghouse. Virtually all margin models utilized by the clearinghouses are dynamic, meaning that unlike traditional bilateral swap contracts where the amount of initial margin posted on the contract is typically static throughout the life of the contract, the amount of the initial margin that is required to be posted in respect of a cleared contract will fluctuate, sometimes significantly, throughout the life of the contract. The dynamic nature of the margin models utilized by the clearinghouses and the fact that the margin models might be changed at any time may subject the Clients to an unexpected increase in collateral obligations by clearinghouses during

a volatile market environment, which could have a detrimental effect on the Clients' portfolios. Clearinghouses also limit collateral that they will accept to cash, U.S. treasuries and, in some cases, other highly rated sovereign and private debt instruments, which may require the Firm to borrow eligible securities from a dealer to meet margin calls and raise the costs of cleared trades to the Clients. In addition, clearinghouses may not allow the Firm to portfolio-margin its Clients' positions, which may increase the costs to the Clients.

Although standardized clearing for derivatives is intended to reduce counterparty risk (for instance, it may reduce the counterparty risk to the dealers to which the Firm would have been exposed under OTC derivatives), it does not eliminate risk. Derivatives clearing may also lead to concentration of counterparty risk, namely in the clearinghouse and the Firm's FCM, subjecting the Firm to the risk that the assets of the FCM are insufficient to satisfy all of the FCM's payment obligations, leading to a payment default. The failure of a clearinghouse or FCM could have a significant impact on the financial system. Even if a clearinghouse does not fail, large losses could force significant capital calls on FCMs during a financial crisis, which could lead FCMs to default and thus worsen the crisis.

Swap Execution Facilities

In addition to the central clearing requirement, certain swap transactions are required to trade on regulated electronic platforms such as swap execution facilities ("SEFs"), which require the Clients to be subject to regulation by these venues and subject the Clients to the jurisdiction of the CFTC. CFTC rules governing the operation of SEF's continue to evolve; the SEC has yet to finalize rules related to security-based SEFs.

The EU regulatory framework governing derivatives is set not only by EMIR but also MiFID II. Among other things, MiFID II requires transactions in derivatives to be executed on regulated trading venues.

It is not clear whether these trading venues will benefit or impede liquidity, or how they will fare in times of market stress. Trading on these trading venues may increase the pricing discrepancy between assets and their hedges as products may not be able to be executed simultaneously, therefore increasing basis risk. It may also become relatively expensive for the Firm to obtain tailored swap products to hedge particular risks in its portfolio due to higher collateral requirements on bilateral transactions as a result of these regulations.

Margin Requirements for Non-Cleared Swaps

Rules issued by U.S., EU and other regulators globally (the "**Margin Rules**") impose various margin requirements on all swaps that are not centrally cleared, including the establishment of minimum amounts of initial margin that must be posted, and, in some cases, the mandatory segregation of initial margin with a third-party custodian. Although the Margin Rules are intended to increase the stability of the derivatives market, the overall amount of margin that the Firm will be required to post to swap counterparties may increase by a material amount, and as a result the Firm may not be able to deploy capital as effectively. Additionally, to the extent the Firm is required to segregate initial margin with a third party custodian, additional costs will be incurred by the Clients.

Call and Put Options. The Firm may cause the Clients to incur risks associated with the sale and purchase of call options and put options. Under a conventional cash-settled option, the purchaser of the option pays a premium in exchange for the right to receive upon exercise of the option (i) in the case of a call option, the excess, if any, of the reference price or value of the underlier (as determined pursuant to the terms of the option) above the option's strike price or (ii) in the case of a put option, the excess, if any, of the option's strike price above the reference price or value of the underlier (as so determined). Under a conventional physically-settled option structure, the purchaser of a call option has the right to purchase a specified quantity of the underlier at the strike price, and the purchaser of a put option has the right to sell a specified quantity of the underlier at the strike price.

A purchaser of an option may suffer a total loss of premium (plus transaction costs) if that option expires without being exercised. An option's time value (*i.e.*, the component of the option's value that exceeds the in-the-money amount) tends to diminish over time. Even though an option may be in-the-money to the purchaser at various times prior to its expiration date, the purchaser's ability to realize the value of an option depends on when and how the option may be exercised. For example, the terms of the transaction may provide for the option to be exercised automatically if it is in-the-money on the expiration date. Conversely, the terms may require timely delivery of a notice of exercise, and exercise may be subject to other conditions (such as the occurrence or non-occurrence of certain events, such as knock-in, knock-out or other barrier events) and timing requirements, including the "style" of the option.

Uncovered option writing (*i.e.*, selling an option when the seller does not own a like quantity of an offsetting position in the underlier) exposes the seller to potentially significant loss. The potential loss of uncovered call writing is unlimited. The seller of an uncovered call may incur large losses if the reference price or value of the underlier increases above the exercise price by more than the amount of any premiums earned. As with writing uncovered calls, the risk of writing uncovered put options is substantial. The seller of an uncovered put option bears a risk of loss if the reference price or value of the underlier declines below the exercise price by more than the amount of any premiums earned. Such loss could be substantial if there is a significant decline in the value of the underlier.

Index or Index Options. The value of an index or index option fluctuates with changes in the market values of the assets 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 asset, whether the Clients 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 assets generally or, in the case of certain indices, in an industry or market segment, rather than movements in the price of particular assets.

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 Firm also is subject to the Firm's ability to correctly predict movements in the direction of the market.

Contracts for Differences. Contracts for differences ("**CFDs**") are privately negotiated contracts between two parties, buyer and seller, stipulating that the seller will pay to or receive from the buyer the difference between the nominal value of the underlying instrument at the opening of the contract and that instrument's value at the end of the contract. The underlying instrument may be a single security, stock basket or index. A CFD can be set up to take either a short or long position on the underlying instrument. The buyer and seller are both required to post margin, which is adjusted daily. The buyer will also pay to the seller a financing rate on the notional amount of the capital employed by the seller less the margin deposit. As is the case with trading any financial instrument, there is the risk of loss associated with trading a CFD. There may be liquidity risk if the underlying instrument is illiquid because the liquidity of a CFD is based on the liquidity of the underlying instrument. A further risk is that adverse movements in the underlying security will require the posting of additional margin. CFDs also carry counterparty risk, *i.e.*, the risk that the counterparty to the CFD transaction may be unable or unwilling to make payments or to otherwise honor its financial obligations under the terms of the contract. If the counterparty were to do so, the value of the contract may be reduced. Entry into a CFD transaction may, in certain circumstances, require the payment of an initial margin and adverse market movements against the underlying stock may require additional margin payments. CFDs may be considered illiquid. To the extent that there is an imperfect correlation between the return on the Firm's obligation to its counterparty under the CFDs and the return on related assets in its portfolio, the CFD transaction may increase the Clients' financial risk.

Credit Default Swaps. Credit default swaps can be used to implement the Firm's view that a particular credit, or group of credits, will experience credit improvement or deterioration. In the case of expected credit improvement, the Firm may sell credit default protection in which it receives a premium to take on the risk. In such an instance, the obligation of the Firm to make payments upon the occurrence of a credit event creates leveraged exposure to the credit risk of the referenced entity. The Firm may also cause the Clients buy credit default protection with respect to a referenced entity if, in the Firm's judgment, there is a high likelihood of credit deterioration. In such instance, the Clients will pay a premium regardless of whether there is a credit event.

Futures Contracts. The value of futures contracts depends upon the price of the securities, such as commodities, underlying them. The prices of futures contracts 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, as well as national and international political and economic events and policies. In addition, investments in futures contracts are also subject to the risk of the failure of any of the exchanges on which the Clients' positions trade or of their clearing houses 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 Firm from promptly liquidating unfavorable positions and subject the Clients 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.

Non-U.S. 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 Firm 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.

Forward Contracts. The Firm may cause the Clients enter into forward contracts and options thereon, including non-deliverable forwards. The principals who deal in the forward contract market are not required to continue to make markets in such contracts. There have been periods during which certain participants in forward markets have refused to quote prices for forward contracts 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. The imposition of credit controls or price risk limitations by governmental authorities may limit such forward trading to less than that which the Firm would otherwise recommend, to the possible detriment of the Clients’ portfolios. In its forward trading, the Clients 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 Firm trades. Client 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. The Firm may order trades for the Clients in such markets through agents. Accordingly, the insolvency or bankruptcy of such parties could also subject the Clients to the risk of loss.

Failure to Enter into Offsetting Trade. To the extent the Firm causes the Clients to invest in a futures contract or long option, unless an offsetting trade is made, the Clients would be required to take physical delivery of the commodity underlying the future or option. To the extent the Firm fails to enter into such offsetting trade prior to the expiration of the contract, the Clients may suffer a loss since neither the Firm nor the Clients have the operational capacity to accept physical delivery of commodities.

Preferred Stock. Investments in preferred stock involve risks related to priority in the event of bankruptcy, insolvency or liquidation of the issuing company and how dividends are declared. Preferred stock ranks junior to debt securities in an issuer's capital structure and, accordingly, is subordinate to all debt in bankruptcy. Preferred stock generally has a preference as to dividends. Such dividends are generally paid in cash (or additional shares of preferred stock) at a defined rate, but unlike interest payments on debt securities, preferred stock dividends are payable only if declared by the issuer's board of directors. Dividends on preferred stock may be cumulative, meaning that, in the event the issuer fails to make one or more dividend payments on the preferred stock, no dividends may be paid on the issuer's common stock until all unpaid preferred stock dividends have been paid. Preferred stock may also be subject to optional or mandatory redemption provisions.

Initial Public Offerings. Investments in initial public offerings (or shortly thereafter) may involve higher risks than investments issued in secondary public offerings or purchases on a secondary market due to a variety of factors, including the limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the issuer and limited operating history of the issuer. In addition, some companies in initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or the near-term prospects of achieving them. These factors may contribute to substantial price volatility for such securities and, thus, for the value of the Fund's Interests.

Illiquid Investments. The Firm may cause the Clients to invest in illiquid investments, whether or not designated by the Firm as Designated Investments, including both public and private investments (such as private equity investments, unlisted securities of U.S. and non-U.S. companies and private companies on a global basis), and may acquire assets or securities that the Firm believes either lack a readily assessable market value or should be held until the resolution of a special event or circumstance. Additionally, investments may become illiquid due to market conditions, given the relative size of the investment. The market prices, if any, for such securities tend to be volatile and may not be readily ascertainable, and the limited liquidity of these investments may subject them to more extensive fluctuations in value. Accordingly, the Firm may not be able to (i) sell them when it desires to do so (or may be contractually prohibited from doing so) or (ii) realize what it perceives to be their fair value in the event of a sale. Such investments, in particular Designated Investments (including Designated Investments in which a particular Limited Partner may not be participating), may consume a substantial amount of the Firm's time. As a result, an investment in the Fund is suitable only for certain sophisticated investors who do not require immediate liquidity for their investments.

The Firm intends to invest in partnerships, investment vehicles and joint ventures whose principal assets are composed of illiquid investments. The management and day-to-day operation of such partnerships, vehicles or joint ventures may not be subject to the Firm's complete control. Although the Firm may seek protective provisions, including, possibly, board representation, in connection with certain of its illiquid investments, to the extent that the Firm takes minority positions in companies in which its Clients invest, the Firm may not be in a position to exercise control over the management of such companies, and, accordingly, may have a limited ability to protect its position in such companies. Notwithstanding the foregoing, the Firm may engage with the management of such companies with a view to sharing ideas regarding the business and affairs of such companies.

In addition, the Firm expects to invest its Clients in private equity investments. Such securities are illiquid and difficult to price for a variety of reasons. Because those securities are not regularly traded, even among institutional investors, a reliable arm's-length price often is not available as a pricing benchmark. Furthermore, the value of illiquid investments in private companies may depend heavily on the complex legal rights attached to the securities themselves that are difficult to evaluate. The Clients' investments in the private equity of companies may also be subject to substantial fees charged by third-party investment advisers to manage such investments. Such fees may include management or asset-based fees (fees that compensate an investment adviser on the basis of a share of net assets under management) and performance-based fees or allocations (fees or allocations that compensate an investment adviser on the basis of a share of capital gains upon or capital appreciation of the assets under management). The payment of such fees may adversely affect the return of the capital of the Clients. For example, considering that investments in the private equity of companies will only make up a portion of the Clients' respective portfolios, such third-party advisers may receive performance-based compensation in respect of such private equity investments during a period when a Client's overall capital depreciated.

Currencies. A principal risk in trading currencies is the rapid fluctuation in the market prices of currency contracts. Prices of currency contracts traded by the Firm are affected generally by relative interest rates, which in turn are influenced by a wide variety of complex and difficult to predict factors such as money supply and demand, balance of payments, inflation levels, fiscal policy, and political and economic events. In addition, governments from time to time intervene, directly and by regulation, in these markets, with the specific effect, or intention, of influencing prices which may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations.

ABS and MBS Generally. The investment characteristics of asset-backed securities ("**ABS**") and mortgage-backed securities ("**MBS**") differ from traditional debt securities. Among the major differences are that interest and principal payments are made more frequently, usually monthly, and that the principal may be prepaid at any time because the underlying loans or other assets generally may be prepaid at any time.

ABS and MBS Subordinated Securities. Investments in subordinated MBS and ABS involve greater credit risk of default than the senior classes of the issue or series. Default risks may be further pronounced in the case of MBS and ABS secured by, or evidencing an interest in, a relatively small or less diverse pool of underlying loans. Certain subordinated securities absorb all losses from default before any other class of securities is at risk, particularly if such securities have been issued with little or no credit enhancement or equity. Such securities, therefore, possess some of the attributes typically associated with equity investments.

ABS. ABS are not secured by an interest in the related collateral. Credit card receivables, for example, are generally unsecured and the debtors are entitled to the protection of a number of U.S. federal and state consumer loan laws, many of which give such debtors the right to set off certain amounts owed on the credit cards, thereby reducing the balance due. Most issuers of ABS backed by automobile receivables permit the servicers to retain possession of the underlying obligations. If the servicer were to sell these obligations to another party, there is a risk that the purchaser would acquire an interest superior to that of the holders of the related ABS. In addition, because of the large number of vehicles involved in a typical issuance and technical requirements under state laws, the trustee for the holders of the ABS may not have a proper security interest in all of the obligations backing

such ABS. Therefore, there is a possibility that recoveries on repossessed collateral may not, in some cases, be available to support payments on these securities. The risk of investing in ABS is ultimately dependent upon payment of consumer loans by the debtor.

The collateral supporting ABS is of shorter maturity than certain other types of loans and is less likely to experience substantial prepayments. ABS are often backed by pools of any variety of assets, including, for example, leases, mobile home loans and aircraft leases, which represent the obligations of a number of different parties and use credit enhancement techniques such as letters of credit, guarantees or preference rights. The value of an ABS is affected by changes in the market's perception of the asset backing the security and the creditworthiness of the servicing agent for the loan pool, the originator of the loans or the financial institution providing any credit enhancement, as well as by the expiration or removal of any credit enhancement.

Collateralized Debt Obligations. There are a variety of different types of collateralized debt obligations (“CDOs”), including CDOs collateralized by trust preferred securities and asset-backed securities and CDOs collateralized by corporate loans and debt securities called collateralized loan obligations (“CLOs”). CDOs may issue several types of securities, including CDO and CLO equity, multi-sector CDO equity, trust preferred CDO equity and CLO debt. CDOs are subject to credit, liquidity and interest rate risks, which are each discussed in greater detail above. The CDO equity may be unrated or non-investment grade. As a holder of CDO equity, the Firm will have limited remedies available upon the default of the CDO. The Firm may be unable to find a sufficient number of attractive opportunities to meet its investment objective or fully invest its committed capital. For example, from time to time, the market for CDO transactions has been adversely affected by a decrease in the availability of senior and subordinated financing for transactions, in part in response to regulatory pressures on providers of financing to reduce or eliminate their exposure to such transactions. CDOs often invest in concentrated portfolios of assets. The concentration of an underlying portfolio in any one obligor would subject the related CDOs to a greater degree of risk with respect to defaults by such obligor and the concentration of a portfolio in any one industry would subject the related CDOs to a greater degree of risk with respect to economic downturns relating to such industry.

The value of CDOs generally fluctuates with, among other things, the financial condition of the obligors or issuers of the underlying portfolio of assets of the related CDO (“CDO Collateral”), general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates. Consequently, holders of CDOs must rely solely on distributions on the CDO Collateral or proceeds thereof for payment in respect thereof. If distributions on the CDO Collateral are insufficient to make payments on the CDOs, no other assets will be available for payment of the deficiency and following realization of the CDOs, the obligations of such issuer to pay such deficiency generally will be extinguished. CDO Collateral may consist of high-yield debt securities, loans, asset-backed securities and other securities, which often are rated below investment grade (or of equivalent credit quality). High-yield debt securities generally are unsecured (and loans may be unsecured) and may be subordinated to certain other obligations of the issuer thereof. The lower ratings of high-yield securities and below investment grade loans reflect a greater possibility that adverse changes in the financial condition of an issuer or in general economic conditions or both may impair the ability of the related issuer or obligor to make payments of principal or interest. Such investments may be speculative.

Subordination of CDO Debt and CDO Equity. Subordinate CDO debt generally is fully subordinated to the related CDO senior tranches. CDO equity generally is fully subordinated to any related CDO debt

and is not secured by any collateral. Distributions to holders of CDO equity will generally be made solely from distributions on the assets of the CDO issuer after all other payments have been made pursuant to the priority of payments of such CDO. To the extent that any losses are incurred by a CDO in respect of its related CDO Collateral, such losses will be borne first by the holders of the related CDO equity, next by the holders of any related subordinated CDO debt and finally by the holders of the related CDO senior tranches. In addition, if an event of default occurs under the governing instrument or underlying investment, as long as any CDO senior tranches are outstanding, the holders thereof generally will be entitled to determine the remedies to be exercised under the instrument governing the CDO. Remedies pursued by such holders could be adverse to the interests of the holders of any related subordinated CDO debt and/or the holders of the related CDO equity, as applicable. Subordinate CDO debt and CDO equity represent leveraged investments in the assets of the CDO. Therefore, the leveraged nature of such securities may magnify the adverse impact on the market value of such securities caused by changes affecting the assets underlying such securities, including changes in the market value of such assets, changes in distributions on such assets, defaults and recoveries, capital gains and losses on such assets, prepayments and the availability, prices and interest rates of such assets. Accordingly, subordinate CDO debt and CDO equity may not be paid in full and may be subject to up to 100% loss.

Control by Senior CDO Debt. In a typical CDO, the most senior CDO debt (the “**Controlling Class**”) will control many rights under the CDO indenture and therefore, holders of subordinate CDO debt and CDO equity will have limited rights in connection with an event of default or distributions thereunder. Remedies pursued by the holders of the Controlling Class upon an event of default could be adverse to the interests of the holders of subordinate CDO debt and CDO equity. If an event of default has occurred and is continuing, the holders of CDO equity will not have any creditors’ rights against the CDO issuer and will not have the right to determine the remedies to be exercised under the CDO indenture. There is no guarantee that any funds will remain to make distributions to the holders of subordinate CDO debt and CDO equity following any liquidation of the CDO assets and the application of the proceeds from the CDO assets to pay senior classes of CDO debt and the fees, expenses, and other liabilities payable by the CDO issuer. The Controlling Class may also have consent rights in respect of amendments and CDO manager removal rights in connection with certain events.

Mandatory Redemption of CDO Senior Tranches and CDO Debt. Under certain circumstances, cash flows from CDO Collateral that otherwise would have been paid to the holders of any related CDO debt and the related CDO equity will be used to redeem the related CDO senior tranches. This could result in an elimination, deferral or reduction in the interest payments, principal repayments or other payments made to the holders of such CDO debt or such CDO equity, which could adversely impact the returns to the holders of such CDO debt or such CDO equity.

Optional Redemption of CDO Senior Tranches and CDO Debt. An optional redemption of a CDO could require the collateral or portfolio manager of the related CDO to liquidate positions more rapidly than would otherwise be desirable, which could adversely affect the realized value of the items of CDO Collateral sold (and which in turn could adversely impact the holders of any related CDO debt, and/or the holders of the related CDO equity).

Rating Agencies. Future actions of any rating agency can adversely affect the market value or liquidity of CDOs. Rating agencies rating a CDO may change their published ratings criteria or methodologies for CDOs at any time in the future. Further, such rating agencies may retroactively apply any such new standards to the ratings of the CDO securities purchased by the Firm. Any such action could result in a substantial lowering (or even withdrawal) of any rating assigned to any such CDO security, despite the fact that such CDO security might still be performing fully to the specifications set forth for such CDO security in the related transaction documents. The rating assigned to any CDO may also be lowered following the occurrence of an event or circumstance despite the fact that the related rating agency previously provided confirmation that such occurrence would not result in the rating of such CDO being lowered. Additionally, any rating agency may, at any time and without any change in its published ratings criteria or methodology, lower or withdraw any rating assigned by it to any class of CDO security. If any rating initially assigned to any CDO security is subsequently lowered or withdrawn for any reason, holders of such security may not be able to resell their security without a substantial discount. Any reduction or withdrawal to the ratings on any class of CDO security may significantly reduce the liquidity thereof and may adversely affect the CDO issuer's ability to make certain changes to the composition of the CDO assets since the CDO's indenture may contain restrictions on portfolio modifications that are tied to the ratings on the CDO's securities.

A rating agency may also revise or withdraw its ratings of a CDO security as a result of a failure by the issuer or the manager of such CDO to provide it with information requested by such rating agency or comply with any of its obligations contained in the engagement letter with such rating agency, including the posting of information provided to the rating agency on a website that is accessible by rating agencies that were not hired in connection with the issuance of the CDO securities as required by law. In addition, a CDO security may receive an unsolicited rating, which may have an adverse effect on the liquidity or the market price of such CDO security. Any such revision or withdrawal of a rating as a result of such a failure might adversely affect the liquidity and value of the CDO security.

Effects of Regulation on CDO Market. Legislative or regulatory action taken by the U.S. federal government or any U.S. regulatory body (or other authority or regulatory body) in response to economic conditions or otherwise may negatively impact the liquidity and value of CDOs. For example, the "**Volcker Rule**", which imposes limitations on the ability of banking entities and their affiliates to invest in private investment funds such as CDO issuers, may have a substantial negative impact on the liquidity and value of CDOs. No prediction can be made as to how any modifications made to the Volcker Rule will affect the liquidity and value of CDOs purchased by the Firm.

Item 9: Disciplinary Information

Engine No. 1 has no material legal or disciplinary events related to the Firm or its affiliates to disclose.

Item 10: Other Financial Industry Activities and Affiliations

Item 10.A.

Neither Engine No. 1 nor any of its management persons is registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Item 10.B.

Neither Engine No. 1 nor any of its management persons is registered, or has an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Item 10.C.

As noted in Items 5.A and 5.B above, the General Partner to a Client may be an affiliate of Engine No. 1 and, in this capacity, may receive incentive fees or special profit allocations.

In addition, Fund Management at Engine No. 1 LLC ("**Fund Management**"), a wholly owned subsidiary of Engine No. 1 LLC, is a separate investment adviser that is in the process of registering with the SEC. Fund Management intends to provide investment advisory services to registered investment companies. Such registered investment companies may pursue similar strategies to certain of Engine No. 1's Clients and invest in the same or similar securities as the Clients. To avoid potential conflicts of interest, Engine No. 1 and Fund Management manage their clients in accordance with their respective governing documents and investment allocation policies and procedures, and strive to ensure that all clients are treated fairly and equitably over time.

Item 10.D.

Not applicable. Engine No. 1 does not recommend other investment advisers to its Clients.

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

Item 11.A.

In order to address conflicts of interest that may exist between the Firm and its Clients, Engine No. 1 has adopted a Code of Ethics (the "**Code**"), which is applicable to all of Engine No. 1's officers, directors, managers, members, and employees (collectively, "**Access Persons**"). The Code generally sets the standard of ethical and professional business conduct that Engine No. 1 requires of Access Persons, sets forth the fiduciary obligations that Engine No. 1 and each Access Person owes to each Client, and requires Access Persons to comply with applicable federal securities laws and regulations.

The Code sets forth Engine No. 1's policies and procedures with respect to personal trading and requires Access Persons to obtain written approval from the Chief Compliance Officer before transacting in certain personal securities transactions, including transactions in private placements, limited offerings and initial public offerings. Access Persons must also report personal securities holdings initially and annually and personal securities transactions on a quarterly basis. Additionally, the Firm's Compliance Manual includes policies and procedures with respect to material non-public information and other confidential information, political contributions, gifts and entertainment, electronic communications and other matters related to potential conflicts of interest.

The Code is circulated at least annually to all Access Persons, and each Access Person at least annually must certify in writing that he or she has received and read the Code and any amendments thereto.

A copy of the Code is available to any Client or Investor or prospective Client or Investor upon request by contacting the Chief Compliance Officer at (628) 251-1222 or by email at compliance@engine1.com.

Items 11.B., 11.C. and 11.D.

Access Persons may invest in the same securities that the Firm recommends to the Clients. In order to monitor any conflict of interest, Access Persons are required to pre-clear contemplated transactions for a personal account, as outlined in the Code.

Other Activities of the Firm and its Affiliates. Conflicts of interest may arise from the fact that the Firm, the General Partners and their affiliates currently provide investment management services to multiple Clients, including investment funds, proprietary accounts and other investment vehicles and may in the future provide investment services to managed accounts (collectively, "**Other Accounts**", and together with the Clients, the "**Accounts**" and each, an "**Account**"). The Clients will not typically have an interest in any Other Accounts. Other Accounts have investment objectives, programs, strategies and positions that are similar to or that conflict with those of the Clients, or that compete with or have interests adverse to the Clients. Such conflicts could affect the prices and availability of securities in which the Clients invest. Even if an Other Account has investment objectives, programs or strategies that are similar to those of the Clients, the Firm may give advice or take action with respect to the investments held by, and transactions of, the Other Accounts that may differ from the advice given or the timing or nature of any action taken with respect to the investments held by, and transactions of, the Clients for a variety of reasons, including

differences between the investment strategy, financing terms, regulatory treatment and tax treatment of the Other Accounts and the Clients. As a result, the Clients and an Other Account may have substantially different portfolios and investment returns. Conflicts of interest may also arise when the Firm makes decisions on behalf of the Clients with respect to matters where the interests of the Firm or one or more Other Accounts differs from the interests of the Clients.

Investments by the Principal, the Portfolio Managers and Employees of Engine No. 1 LP in the Clients and Other Accounts. The Principal, the portfolio managers and employees of Engine No. 1 LP may choose to personally invest, directly and/or indirectly, in the Clients. Such investors are in possession of information relating to the Clients that are not available to other Investors and prospective Investors. It is expected that the size and nature of these investments will change over time without notice to Investors. Investments by the Principal, the portfolio managers and employees of Engine No. 1 LP in the Clients and/or Other Accounts could incentivize the portfolio manager to increase or decrease the risk profile of the Clients.

Investments in Securities by Firm Personnel. The Code of Ethics of the Firm places restrictions on personal trades by employees, including that they disclose their personal securities holdings and transactions to the Firm on a periodic basis, and requires that employees pre-clear certain types of personal securities transactions. Subject to internal compliance policies and approval procedures, partners and employees of the Firm may engage, from time to time, in personal trading of securities, including securities in which the Firm may cause Clients to invest.

The Firm, its affiliates and its employees may give advice or take action for their own accounts that may differ from, conflict with or be adverse to advice given or action taken for the Clients. These activities may adversely affect the prices and availability of other securities held by or potentially considered for purchase by the Clients.

Sharing of Information. As part of its investment research process, the Firm and its affiliates communicates with a variety of third parties about investment ideas and analyses. Such third parties may include other investors in the securities markets and the information discussed may include references to specific securities in which the Clients have invested or may in the future invest and other proprietary information of the Firm. The Firm shares such information when it believes that doing so will benefit the Clients through the mutual exchange of information and the resultant idea generation and exposure to different perspectives on relevant issuers and/or industries. It is possible that in any particular instance the sharing of particular proprietary information could be viewed in isolation as harmful to the Clients, though the Firm believes that, in aggregate, the mutual exchange of information is beneficial to the Clients.

Item 12: Brokerage Practices

Item 12.A.

Engine No. 1 has full discretion to determine the broker-dealers used to purchase and sell investments on behalf of its Clients. When selecting the brokers and/or dealers through whom transactions for the Clients are executed, Engine No. 1 will allocate those transactions to such brokers or dealers for execution on such markets, at such prices and at such brokerage commission rates, mark ups or mark downs (which may be in excess of the prices or rates that might have been charged for execution on other markets or by other brokers or dealers) as in Engine No. 1's good faith judgment are appropriate, subject to Engine No. 1's duty to seek best execution.

When selecting broker-dealers to execute transactions, Engine No. 1 considers best execution capabilities and certain services provided by the broker-dealer, such as, quoted prices, commissions and other execution or operational fees, research, general market commentary, economic information, portfolio strategy advice, industry and company commentary, technical data, recommendations, general reports, quotations and other market data or information, arrangement of meetings with the management of companies, online pricing, execution capabilities (including the ability to execute transactions with appropriate levels of confidentiality), willingness to commit capital, trading and block positioning capabilities, quality of the operational infrastructure and frequency of operational errors or difficulties, error resolution, the adequacy of its trading infrastructure, technology, capital, quality and timing of investment opportunities presented to the Firm or other brokerage and research services that may benefit Engine No. 1, its affiliates and Clients.

Item 12.A.1.

The Firm may cause the Clients to pay a brokerage commission that exceeds that which another broker might charge for effecting the same transaction in recognition of the value of the brokerage, research, other services and soft dollar relationships provided by that broker. The Firm benefits from soft dollar arrangements because the Firm does not have to produce or pay for any such research, products or services.

Engine No. 1 may receive soft dollar credits on principal, as well as agency, transactions with brokers or direct a broker that executes transactions to share some of its commissions with a broker that provides soft dollar benefits to the Firm. Section 28(e) of the Securities 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.

Acquiring services or products using soft dollars creates a potential conflict of interest for the Firm, who may have an incentive to select a broker-dealer based on the Firm's interest in receiving research or other products and services, as opposed to the Clients' interest in receiving the most favorable execution. In addition, Engine No. 1 has an incentive to cause the Clients to pay higher compensation, use different brokers, and effect more transactions than it might otherwise do, possibly at the Clients' expense.

However, Engine No. 1 uses soft dollars only to acquire services and products that constitute “research” and “brokerage” within the meaning of Section 28(e).

The Firm may use products and services acquired with a Client’s soft dollars in managing other Clients, and vice versa, and may use those soft dollars to acquire products and services it uses primarily or even exclusively in managing other Clients.

On an annual basis, the Firm prepares a budget for allocating trades to various brokers, including its prime brokers, during each calendar year, which is reviewed and adjusted periodically to accommodate new investments added to the Firm’s watch list.

The relationships with brokers that provide soft dollar services to Engine No. 1 influence the Firm’s judgment in allocating brokerage transactions and create a conflict of interest in using the services of those brokers to execute the Clients’ brokerage transactions. The brokerage fees that the Clients pay benefit Engine No. 1 at the expense of the Clients to the extent that soft dollars are used to pay any Firm expenses that are not otherwise reimbursable by the Clients. Engine No. 1 believes that these relationships benefit both itself and the Clients, but Client trades executed through these firms or any other broker may or may not be at the best price otherwise available. Additionally, Engine No. 1 manages this potential conflict by conducting a review of the brokerage firms’ execution services on at least an annual basis.

Item 12.A.2.

Not applicable. Engine No. 1 does not select or recommend broker-dealers in exchange for client referrals from such broker-dealers or third parties.

Item 12.A.3.

Not applicable. Engine No. 1 does not permit its Clients to provide directed brokerage instructions and does not recommend, request or require Clients to direct the Firm to execute transactions through specified broker-dealers.

Item 12.B.

The Firm may aggregate and execute a single transaction and allocate portions of the execute trade among the Clients, consistent with the Firm’s duty to seek best execution. The Firm determines whether to aggregate an order for multiple Clients and the aggregation and allocation methodology used. Although the Firm anticipates that the aggregation of an order will benefit each participating account for which the order is aggregated overall, aggregating orders may disadvantage a particular Client. Conversely, not aggregating orders may disadvantage a particular Client. In accordance with applicable regulations, the Firm may allocate futures transactions made pursuant to investment strategies to be used for the Clients (including accounts in which the Firm and/or its affiliates may have an interest) after execution. These allocations will be made such that all Clients are treated reasonably and non-preferentially over time.

Item 13: Review of Accounts

Item 13.A. and 13.B.

Each Client's portfolio is reviewed on a regular basis to determine conformity with the Client's stated risk parameters, investment objectives, and guidelines.

Engine No. 1's investment personnel convene regularly to evaluate each Client's portfolio's conformance with the Client's offering and governing documents and any investment limitations, restrictions or risk parameters.

Item 13.C.

Fund Investors receive monthly reports indicating their capital balances. Additionally, U.S. investors in the Funds are generally issued Schedule K-1's after the close of each fiscal year-end. Audited financial statements prepared in accordance with generally accepted accounting principles are generally provided to Fund Investors within 120 days of each financial year-end.

In addition, a General Partner, on behalf of the particular Client, may elect to send or provide to Investors weekly and monthly summary reports containing estimated weekly and monthly performance. All of the aforementioned reports are provided in written form.

Item 14: Client Referrals and Other Compensation

Item 14.A. Economic Benefits for Providing Services to Clients

We do not receive economic benefits from non-Clients for providing investment advice with respect to securities.

Item 14.B. Compensation to Non-Supervised Persons for Client Referrals

Neither we nor any of our related persons directly or indirectly compensates any person who is not a supervised person, including placement agents, for client referrals.

Item 15: Custody

We are deemed to have custody of Client funds and securities where we have the authority to obtain Client funds or securities, for example, by deducting advisory fees from a Client's account or otherwise withdrawing funds from a client's account. Account statements related to the Clients are sent by qualified custodians to us.

We are subject to Rule 206(4)-2 under the Advisers Act (the "**Custody Rule**"). We are not required, however, to comply (or we are deemed to have complied) with certain requirements of the Custody Rule with respect to each Fund because we comply with the provisions of the so-called "Pooled Vehicle Annual Audit Exception", which, among other things, requires that each Fund i) be subject to an audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and ii) distribute its audited financial statements to all investors within 120 days of the end of its fiscal year.

Item 16: Investment Discretion

Engine No. 1 has full discretion to manage assets on behalf of the Clients and determine which securities and amounts of securities the Firm buys and sells for each Client. This authority is granted in accordance with the authority granted to Engine No. 1 by means of the relevant organizational and/or advisory agreements that sets forth the scope of the Firm's discretion with respect to each Client.

Item 17: Voting Client Securities

Engine No. 1's authority to manage the Clients generally includes proxy voting and the Firm has adopted and implemented proxy voting policies and procedures to vote proxies in the best interest of the Clients. The Firm's proxy voting policies and procedures requires Engine No. 1, when voting proxies, to identify and address material conflicts that may arise between its interests and those of its Clients.

With respect to material conflicts, Engine No. 1 will determine whether it is appropriate to disclose the conflict to the applicable Client (or Investors) and give the Client (or Investors) the opportunity to vote the proxies in question themselves. Engine No. 1 may also abstain from voting, delegate the voting decision for such proxy proposal to an independent third party to determine how the proxies should be voted, or take any other course of action that, in the opinion of Engine No. 1, adequately addresses the potential for conflict.

Clients may request information on how Engine No. 1 voted with respect to the securities of the Clients and obtain a copy of Engine No. 1's proxy voting policies and procedures by contacting the Chief Compliance Officer at (628) 251-1222 or by email at compliance@engine1.com.

Item 18: Financial Information

Item 18.A.

Engine No. 1 does not require or solicit prepayment of more than \$1,200 in fees per Client, six months or more in advance.

Item 18.B.

Engine No. 1 is not aware of any financial conditions that may impair the Firm's ability to meet its contractual and fiduciary commitments to its Clients.

Item 18.C.

Engine No. 1 has not been subject to a bankruptcy petition at any time, past or pending.