

CenterBook Partners LP

Part 2A of Form ADV

The Brochure

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This brochure provides information about the qualifications and business practices of CenterBook Partners LP (“CBP”). If you have any questions about the contents of this brochure, please contact us at 203-485-5200. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Registration with the SEC does not imply a certain level of skill or training.

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

Item 2. Material Changes

On May 18, 2021, CBP filed its initial application to register as an investment adviser with the SEC. Accordingly, pursuant to disclosure rules under the Investment Advisers Act of 1940 (“Advisers Act”), this is the first Brochure compiled by CBP. We encourage all recipients of this Brochure to read it carefully in its entirety.

Item 3. Table of Contents

Item 2. Material Changes	2
Item 3. Table of Contents	2
Item 4. Advisory Business.....	2
Item 5. Fees and Compensation.....	3
Item 6. Performance Based Fees and Side-by-Side Management.....	5
Item 7. Types of Clients	6
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss	6
Item 9. Disciplinary Information	22
Item 10. Other Financial Industry Activities and Affiliations.....	23
Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading....	25
Item 12. Brokerage Practices.....	26
Item 13. Review of Accounts	28
Item 14. Client Referrals and Other Compensation	28
Item 15. Custody	28
Item 16. Investment Discretion	29
Item 17. Voting Client Securities	29
Item 18. Financial Information.....	29

Item 4. Advisory Business

CenterBook Partners LP (“CBP” or the “Adviser”) is a Delaware limited partnership formed in December 2020. Alpha Theory, LLC (“Alpha Theory”), as the sole owner and managing member of Centerbook Partners, LLC, a Delaware limited liability company that serves as the general partner of CBP, controls the Adviser. Cameron Hight, Co-founder and Chairman of CBP, holds a controlling interest in Alpha Theory. Mr. Hight also holds a majority interest in the Adviser, indirectly through CBP-AT Members LP, a Delaware limited partnership. CBP’s investment activities are led by David Stemerman, the Chief Executive Officer and Chief Investment Officer of CBP, along with a number of investment professionals who work to execute CBP’s investment strategies.

As of the date of this Brochure, CBP serves as investment manager for the following private investment funds: (i) Centaur Global Alpha Master Fund Ltd. (the “Master Fund”), (ii) Centaur Global Alpha Offshore Fund Ltd. (the “Offshore Feeder”) and (iii) Centaur Global Alpha Fund LP (the “Domestic Feeder” and, together with the Master Fund and the Offshore Feeder, the “Funds”). The Offshore Feeder and the Domestic Feeder invest substantially all of their assets through the

Master Fund. In addition, CBP may advise certain separately managed accounts that will generally invest pari passu to the Master Fund (“Separate Accounts”). The Funds and the Separate Accounts are referred to in this Brochure as “Clients.” CBP may, in the future, advise other private fund clients with strategies that are similar to or different from the Funds.

The investment objective of the Clients is to seek to generate superior absolute investment returns by constructing a diversified portfolio of long and short positions in a broad range of investment instruments. CBP uses alpha signals extracted from the research and position data of a diversified group of independent fundamental equity managers (“Participating Licensees”). CBP uses a proprietary, quantitative process to construct the Clients’ investment portfolios. CBP manages the Funds and any Separate Accounts in accordance with the investment strategies, objectives, restrictions and guidelines set forth in their respective confidential offering documents, limited partnership agreements and investment management agreements (“Governing Documents”), as applicable.

CBP does not provide investment advice individually to the limited partners or shareholders of the Funds (referred to in this Brochure as “Investors”). CBP does not require or seek approval from the Funds or the Investors with respect to its investment activities, nor does it generally permit Investors to impose restrictions on investments made by the Funds. To the extent CBP provides advice to Separate Accounts, such advice is based on specific investment objectives and strategies as provided in the relevant investment advisory agreement.

CBP does not participate in wrap fee programs.

As of the date of filing, the Adviser has \$0 in regulatory assets under management and has registered with the SEC in anticipation of having \$150 million or more in regulatory assets within 120 days after the effective date of its registration. As the Adviser was recently formed, it has not yet commenced investment advisory operations. This Brochure discusses investment advisory activities and other matters as if activities have already commenced. Such statements should be read to refer to operations intended to start in the near future.

Item 5. Fees and Compensation

Detailed information regarding the fees charged to the Funds is provided in the Governing Documents. CBP receives a Management Fee of up to 1% annually based on the net asset value of the Funds. CBP will also be paid performance-based compensation (“Incentive Fee”) of up to 30%, which is compensation that is based on the annual net profit, if any, of the Funds, subject to a high water-mark.

The Management Fee is charged in advance on the first day of each quarter. Incentive Fees are paid annually in arrears. Subject to the terms of the Governing Documents, CBP deducts fees from client accounts. Management Fees and Incentive Fees for CBP’s principals and employees or their family members and related vehicles and certain large or strategic investors are reduced or waived entirely.

For advisory services provided to Separate Account Clients, fees will be individually negotiated and set forth in the relevant investment advisory agreement. Generally, management fees will be

billed quarterly, in advance, and prorated for a Separate Account Client's investments if made at times other than the start of a calendar quarter. CBP may also agree by contract with Separate Accounts to receive an Incentive Fee. If for any reason a Separate Account Client wishes to terminate an investment advisory contract, the Client will be required to provide prior written notice in accordance with the terms of their contract and any fees paid in advance will be returned.

In addition to Management Fees and Incentive Fees, Clients bear certain expenses, which generally include, but are not limited to, (i) expenses related to the development, management and monitoring of the Client's portfolio, including the following: due diligence, legal and other costs related to onboarding, retaining and terminating prospective and selected Participating Licensees; fees and expenses related to obtaining research and market data (including any information technology hardware, software or other technology incorporated into the cost of obtaining such research and market data); travel expenses; due diligence expenses including consulting; brokerage, prime brokerage and futures commission merchant fees, commissions and expenses; expenses relating to short sales; clearing and settlement charges; fees and expenses of any third-party providers of "back office" and "middle office" services relating to trade settlement, and accounting and related operations; custodial fees and expenses; bank service fees; interest expenses and fees related to financings or refinancings; fees and expenses of proxy research and voting services; and fees and expenses of third-party professionals, including consultants, attorneys and accountants; the cost of a fidelity bond under Section 412 of ERISA, if applicable; (ii) organizational and reorganizational expenses; and (iii) operational expenses, including the following: a pro rata portion of the costs and expenses of the salaries, bonuses, fees and benefits of CBP's information technology personnel and in-house advisors to Participating Licensees; the costs and expenses of communications equipment; fees and expenses relating to information technology hardware, software or other technology (including costs of software licensing, implementation, data management and recovery services and custom development) used to develop, manage and monitor the portfolio, evaluate and manage risk, facilitate valuations, facilitate accounting functions, facilitate compliance with the rules of any self-regulatory organization or applicable law (including reporting obligations), facilitate and manage the order execution of securities otherwise manage Clients or any trading vehicle, such as Bloomberg terminals, market data feeds, trade matching services; the costs and expenses of portfolio management, risk management and risk reporting software and services; risk management systems, order management systems and outsourced trading services; fees and expenses of third-party risk management products, models and services; third-party administrative fees and expenses; fees and expenses of third-party professionals, including consultants, valuation service providers, attorneys and accountants; the cost of research credits provided to Participating Licensees, directly or indirectly through the use of "soft dollars" (currently, \$100,000 per Participating Licensee per year) which can be used to pay for Alpha Theory software and other products and services; the cost of any litigation or investigation involving activities of Clients or any Participating Licensee; third-party audit and tax preparation expenses; insurance expenses, including premiums for cybersecurity insurance and liability insurance covering CBP and its affiliates and their respective partners, officers, employees and agents, each member of the Board of Directors; fees and expenses (including director registration fees) of directors and officers (including any AML Officers); costs of preparing and distributing reports and notices; taxes; expenses incurred in connection with negotiating and complying with provisions of any side letter agreement; fees and expenses related to compliance with the rules of any self-regulatory organization or applicable law, including any governmental, regulatory, licensing, filing or registration fees or taxes (including fees and expenses

incurred in connection with the preparation and filing of Form PF, Section 13 filings, Section 16 filings and other similar regulatory filings); expenses incurred in connection with the offering and sale of the Fund interests and other similar expenses; extraordinary expenses, including the following: indemnification expenses (including those indemnification expenses required to be paid with respect to Participating Licensees and Alpha Theory); fees and expenses incurred in connection with any tax audit by any taxing authority, including any related administrative settlement and judicial review; and fees and expenses incurred in connection with reorganization, dissolution, winding-up or termination.

The Offshore Feeder and Domestic Feeder bear a pro rata share of the expenses associated with the Master Fund. To the extent CBP advises any Separate Accounts or other private fund Clients, such Clients will generally bear a pro rata share of any shared expenses. Additionally, certain expenses are shared by CBP and Clients. In order to address potential conflicts of interest, CBP has adopted and implemented policies and procedures for the fair and equitable allocation of expenses.

CBP and its personnel do not receive brokerage commissions or any other compensation attributable to the sale of securities or investment products.

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

CBP or the general partner will receive performance-based fees calculated based on the net profits of the Funds, subject to a high water-mark. The Offshore Feeder and the Domestic Feeder have issued shares and interest in different classes, tranches or series, subject to different terms and conditions, including different Incentive Fee rates and other terms. Such series and the corresponding fee structures are described in more detail in the Governing Documents. CBP, at its discretion, may waive all or a portion of the Incentive Fee.

Performance-based fees create an incentive for the Adviser to make investments that are riskier or more speculative than would be the case in the absence of a performance fee. With a performance-based fee arrangement CBP receives compensation based on the annual net profit, if any, of the Funds, subject to a high water-mark. Since the performance allocation will be determined on both realized and unrealized gains, CBP may receive a performance allocation reflecting unrealized gains at the end of a year that are not subsequently recognized by the Fund. CBP will value, or have valued, the securities held by the Funds (using readily available market quotations and other commonly used and recognized methods) and will be responsible for the determination of asset valuations for all purposes including the determination of the management fee and the performance allocation.

CBP may advise other client accounts that are subject to different fees than the Funds. Performance-based allocations or incentive fees on Separately Managed Accounts will be negotiated on a case-by-case basis. Such performance-based fees will be described in the relevant documents for such other accounts. CBP or its affiliates may also manage funds or accounts which do not pay performance-based compensation to CBP but rather pay only an asset-based fee. In such event, CBP will have an incentive to favor funds and accounts which pay performance-based fees over funds

and accounts which do not pay performance-based fees. CBP's policies and procedures, including policies for the allocation of investments, are designed to mitigate such conflicts should they arise.

Item 7. Types of Clients

CBP provides advisory services to the Funds, which are private investment funds that are primarily offered to institutional investors and financially sophisticated high net worth individuals, and CBP also may provide advisory services to Separate Accounts. CBP may advise other private funds in the future. The Funds operate as pooled investment vehicles and are organized in a "master-feeder" structure, whereby the Domestic Feeder and the Offshore Feeder invest substantially all of their assets into the Master Fund. Subject to the discretion of CBP to accept less, the minimum investment threshold for the Funds is \$5,000,000.

CBP expects to enter into "side letters" or other similar agreements with certain Investors (without the approval of any other Investors) in connection with their admission to the Funds. Such side letters or other similar agreements may alter and/or supplement the terms of a Fund's Governing Documents (with respect to the specific Investor entering the side letter) in a way that makes the terms applicable to such investors more favorable than those applicable to other Investors including, without limitation, with respect to fees, redemption rights, transfer rights, reporting and notifications. CBP will generally offer such terms only if they believe other Investors will not be materially disadvantaged.

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

Methods of Analysis and Investment Strategies

On behalf of its Clients, CBP seeks investment opportunities in investment instruments traded in the U.S. and internationally. CBP uses alpha signals extracted from the research and position data of a diversified group of independent, process-oriented fundamental equity managers and combines them with quantitative position sizing and risk management to achieve a diversified portfolio. CBP uses a quantitative process that relies on computer-generated algorithms to develop systematic trading strategies. Trade orders will be entered automatically based on indications from these strategies. CBP monitors the performance of strategies in live trading and expects to adjust the portfolio on an ongoing basis based on updated expectations of performance and as it discovers new, uncorrelated strategies.

Risk of Loss

The investment programs of the Clients are generally speculative and entail substantial risks. Clients and Investors may lose all or a substantial portion of their investment. There can be no assurance that Clients' investment objectives will be achieved and that Clients and Investors will not incur losses.

The following risk factors include those risks that CBP believes to be material, significant or unusual related to the strategies that may be utilized by CBP and is not intended to be a complete list of all the risks associated with CBP's investment strategies. Before making an investment,

prospective Clients and Investors should read the offering documents of the applicable Client for detailed risk disclosures.

No Operating History

Each of the Funds and the Adviser is a newly formed entity and does not have any operating history upon which prospective Clients and Investors can evaluate their anticipated performance. Neither CBP nor its investment professionals have previously operated any investment vehicles similar to the Funds. Additionally, while CBP has developed and tested the investment strategies and methodologies to be used by Clients prior to launching, it will not have used the investment strategies or methodologies to manage third-party capital. There can be no assurance that the Funds, the Separate Accounts or CBP will be successful.

Dependence on CBP and the Participating Licensees

The success of CBP's Clients depends upon the ability of CBP to develop and implement investment strategies that achieve Clients' allocation goals and investment objectives. CBP invests the assets of its Clients based on trading data provided by the Participating Licensees. Subjective decisions made by CBP (with respect to asset allocation and its hedging activity) and/or the Participating Licensees may cause a Client to incur losses or to miss profit opportunities on which it may otherwise have capitalized.

The success of the Clients' investment program also depends on the trading and investing skills of the Participating Licensees and CBP. To the extent that CBP is unable to select, manage, allocate appropriate levels of capital to, and retain Participating Licensees that, in the aggregate, are able to produce consistent positive returns and provide the necessary liquidity and transparency, or to the extent that CBP does not adequately monitor the data received from the Participating Licensees, performance may be impaired. No assurance can be given that CBP will be able to select trade ideas for execution which will generate gains. In addition, Clients may incur losses if CBP fails to select and allocate appropriate levels of assets to market favorable strategies.

There can be no assurance that the trading strategies employed by the Participating Licensees and CBP will be successful. For example, the proprietary models used by CBP may not function as anticipated during unusual market conditions. Furthermore, while each Participating Licensee may have a performance record reflecting its prior experience, this performance cannot be used to predict future profitability. Subjective decisions made by CBP or a Participating Licensee may cause a Client to incur losses or to miss profit opportunities on which it would otherwise have capitalized, which can adversely affect performance.

Dependence on Service Providers

CBP's Clients are dependent upon counterparties and businesses that are not controlled by CBP that provide services to Clients (the "Service Providers"). Examples of Service Providers include the Fund Administrator, a Prime Broker, Legal Counsel and Auditors. Errors are inherent in the business and operations of any business, and although CBP will adopt measures to prevent and detect errors by, and misconduct of, counterparties and Service Providers, and transact with counterparties and Service Providers it believes to be reliable, such measures may not be effective in all cases. Errors or misconduct could have a material adverse effect on Clients and Investors.

Increased Regulatory Oversight

Increased regulation (whether promulgated under securities laws or any other applicable law) and regulatory oversight of and changes in law applicable to private investment funds and their managers may impose administrative burdens on CBP, including responding to examinations and other regulatory inquiries and implementing policies and procedures. Recently, regulators in the United States and other countries have shown particular interest in funds engaging in systematic, quantitative and so-called "high-frequency" trading, which could increase the risk of administrative burdens being placed on CBP. Such administrative burdens may divert CBP's time, attention and resources from portfolio management activities to responding to inquiries, examinations and enforcement actions (or threats thereof). Regulatory inquiries often are confidential in nature, may involve a review of an individual's or a firm's activities or may involve studies of the industry or industry practices, as well as the practices of a particular institution.

Systemic Risk

Systemic risk is the risk of broad financial system stress or collapse triggered by the default of one or more financial institutions, which results in a series of defaults by other interdependent financial institutions. Financial intermediaries, such as clearing houses, banks, securities firms and exchanges with which CBP or its clients interact, are all subject to systemic risk. A systemic failure could have material adverse consequences on Clients and on the markets for the securities in which Clients seek to invest.

Effect of Substantial Losses or Redemptions

If, due to extraordinary market conditions or other reasons, the Separate Accounts, the Funds and other private investment funds managed from time to time by CBP were to incur substantial losses or if the Funds were subject to an unusually high level of redemptions, the revenues of CBP may decline substantially. Such losses and/or redemptions may hamper CBP's ability to (i) retain employees, (ii) provide the same level of service to Clients as it has in the past, and (iii) continue operations.

Increasing Assets Under Management

The rates of return achieved by investment managers often diminish as the assets under their management increases. CBP has not agreed to limit the amount of capital it will manage.

Risks Relating to Investment Limitations

CBP has agreed, and may in the future agree, with Participating Licensees to certain timing or volume restrictions with respect to trading in securities. Although CBP believes that such investment limitations are reasonable and should not materially impede the ability of Clients to implement their investment objectives, such limitations may foreclose or reduce the potential of investment opportunities that would otherwise be available and desirable and may prevent a Client from generating profits that it otherwise could have generated.

Systems and Operational Risks Generally

Clients depend on CBP to develop and implement appropriate systems for their activities. Clients rely heavily and on a daily basis on financial, accounting and other data processing systems to execute, clear and settle transactions across numerous and diverse markets and to evaluate certain securities, to monitor portfolios and capital, and to generate risk management and other reports that

are critical to oversight of Client activities. In addition, Clients rely on information systems to store sensitive information about the Client and Investors, CBP and its affiliates. Certain of the Clients' and CBP's activities will be dependent upon systems operated by third parties, including prime brokers, Fund Administrators, market counterparties and other service providers, and CBP may not be in a position to verify the risks or reliability of such third-party systems. Failures in the systems employed by CBP or such parties could result in mistakes made in the confirmation or settlement of transactions, or in transactions not being properly booked, evaluated or accounted for. Disruptions in Client operations may cause a Client 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 failures or disruptions could have a material adverse effect on Clients and their investments.

Cybersecurity Risk

As part of its business, CBP processes, stores and transmits large amounts of electronic information, including information relating to the transactions of Clients and personally identifiable information of Clients and Investors. Similarly, service providers of CBP and its Clients will process, store and transmit such information. CBP has procedures and systems in place that it believes are reasonably designed to protect such information and prevent data loss and security breaches. However, such measures cannot provide absolute security. The techniques used to obtain unauthorized access to data, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time. Hardware or software acquired from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Network connected services provided by third parties to CBP may be susceptible to compromise, leading to a breach of CBP's network. CBP's systems or facilities may be susceptible to employee error or malfeasance, government surveillance, or other security threats. On-line services provided by CBP to Clients and Investors may also be susceptible to compromise. Breach of CBP's information systems may cause information relating to Client transactions and personally identifiable information to be lost or improperly accessed, used or disclosed.

The service providers of CBP and its Clients are subject to the same electronic information security threats as CBP. 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 Client transactions and personally identifiable information may be lost or improperly accessed, used or disclosed.

The loss or improper access, use or disclosure of CBP's or a Client's proprietary information may cause CBP or the Client 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 Clients or their investments.

Reliance on Technical Trading Systems

CBP will allocate Client capital to investment strategies that are based on technical trading systems. Although CBP retains all discretion with respect to the manner in which a trading system's output is interpreted and applied, there can be no assurance that CBP's trading systems and its interpretation and application of the trading systems' output will take into account all relevant factors. Technical trading systems can also be ineffective when fundamental factors drive the prices of securities.

Use of Systems

CBP relies extensively on the use of computer systems, hardware, software and telecommunications equipment. CBP makes use of its own models as well as systems that are publicly available or provided by third parties. Accordingly, Clients are exposed to the risk that computer hardware, software, electronic equipment and other services used by CBP may cease to be available, for example, due to the insolvency of the provider or the discontinuation of services or software updates. In such circumstances, CBP would seek to obtain equivalent hardware, software and services from an alternative supplier.

System Failure

As CBP makes extensive use of computer hardware, systems and software, Clients are exposed to risks caused by failures of information technology infrastructure and data. In addition, outright failure or a partial impairment (whether due to external situations or internal file corruption) of the underlying hardware, operating system, software or network may leave a Client unable to trade either generally or in certain of its strategies, and this may expose it to risk should the outage coincide with turbulent market conditions. To mitigate this risk, backup and failover plans have been put in place by CBP. Nevertheless, in the worst case, CBP may have to liquidate a Client's entire portfolio as the only safe way to proceed should a crippling system outage occur.

Data Feed Failure

CBP's models utilize data feeds from a number of sources. If these data feeds were to be corrupted, compromised, or discontinued in any manner, or not delivered or accessible in a timely manner, the models may not be properly formulated. This failure to receive the data feeds or receive the data feeds in a timely manner may leave Clients unable to trade or may result in trades that are not aligned with an algorithm's goal, and this may expose Clients to risk of loss or loss of opportunities, in particular if the loss of the data feed coincides with turbulent market conditions. If the data feeds are compromised or discontinued in any material manner or if the data feeds are not delivered or accessible in a timely manner, it may result in a loss, which could be material.

Risk of Programming Implementation Error or Logical Error

Given the reliance of CBP upon the operation of its models and other software trading and analysis systems, it follows that Clients are therefore at risk of errors of implementation (colloquially known as "bugs") and errors of design that may exist or arise in the software or models, and which may cause inappropriate or aberrant behavior under certain or all market conditions. While reasonable steps have been taken to ensure that the software is adequate in design and free from manifest bugs, formal proof of bug-free code has not been undertaken, nor can the underlying logical and/or mathematical models be certified as free from error; investors should expect that – at any given time – CBP's code will contain errors and bugs.

As with any software, upgrades, "bug fixes" and various other improvements may be introduced over time and the risk therefore exists that such changes may detrimentally affect Client performance, rather than improve it.

Furthermore, without limitation, while the software has been tested, no guarantee can be given that a unique combination of input conditions experienced when running the system "live" and which

has not been encountered during development, will not cause the system to fail, perform aberrantly, or take positions that are (under some reasonable criteria) judged to be inappropriate.

These failures can also occur in a complex, interdependent environment where different elements of code are all functioning correctly if their interaction gives rise to unanticipated or unintended errors. Given the fact that CBP will be utilizing proprietary and third-party code (some of which may be open-source and without any warranties), it is possible or likely that errors will arise from such interactions. For the sake of clarity and without limitation, though losses arising from programming implementation errors or logical errors could adversely affect Client performance, such losses would likely not constitute reimbursable trade errors under CBP's policies or the relevant investment management agreement.

Risks Inherent in Computer-Driven and Intellectual Property Based Systems

CBP relies to a material extent on a wide range of intellectual property systems, including computer hardware and software systems and telecommunications systems, in substantially all phases of its operations, including research, valuation, trade identification and construction, trade execution, clearing, risk management, back office functions and reporting.

As described above, intellectual property systems are subject to a number of inherent and unpredictable risks. For example, there may be material undiscovered errors in software programs; software and/or hardware may malfunction and/or degrade; electronic and telecommunications delivery may fail; security breaches may lead to unauthorized trades or stolen intellectual property; services provided by third-party vendors to support the intellectual property systems may be interrupted; and computer-driven trading errors may occur. For the sake of clarity and without limitation, though losses arising from computer-driven and intellectual property-based systems could adversely affect Client performance, such losses would likely not constitute reimbursable trade errors under CBP's policies or the relevant investment management agreement.

Valuation of Assets and Liabilities

Client assets and liabilities are valued in accordance with CBP's Valuation Policy. The valuation of any asset or liability involves inherent uncertainty. The value of a security determined in accordance with the Valuation Policy may differ materially from the value that could have been realized in an actual sale or transfer for a variety of reasons, including the timing of the transaction and liquidity in the market. Uncertainties as to the valuation of portfolio positions could have an impact on net asset value if judgments regarding the appropriate valuation should prove to be incorrect.

Counterparty Risk

CBP expects, on behalf of Clients, to establish relationships to obtain financing, derivative intermediation and prime brokerage services that permit Clients to trade in any variety of markets or asset classes over time. However, there can be no assurance that Clients will be able to establish or maintain such relationships. An inability to establish or maintain such relationships could limit Client trading activities, create losses, preclude Clients from engaging in certain transactions or prevent Clients from trading at optimal rates and terms.

In the OTC markets, the Client enters into a contract directly with dealer counterparties which may expose the Client to the risk that a counterparty will not settle a transaction in accordance with its

terms because of a solvency or liquidity problem with the counterparty. Delays in settlement may also result from disputes over the terms of the contract (whether or not bona fide). In addition, the Client may have a concentrated risk in a particular counterparty, which may mean that if such counterparty were to become insolvent or have a liquidity problem, losses would be greater than if the Client had entered into contracts with multiple counterparties. Certain OTC derivative contracts require that the Client post collateral.

Collateral that a Client posts to its counterparties that is not segregated with a third party custodian may not have the benefit of customer-protected "segregation" of such funds. In the event that a counterparty were to become insolvent, the Client may become subject to the risk that it may not receive the return of its collateral or that the collateral may take some time to return.

In addition, Clients may use counterparties located in jurisdictions outside the United States. Such local counterparties usually are subject to laws and regulations in non-U.S. jurisdictions that are designed to protect customers in the event of their insolvency. However, the practical effect of these laws and their application to Client assets are subject to substantial limitations and uncertainties.

Volatility Risk

Clients' investment programs may involve the purchase and sale of relatively volatile securities and/or investments in volatile markets. Fluctuations or prolonged changes in the volatility of such securities and/or markets can adversely affect the value of investments held by Clients.

Exposure to Material Non-Public Information

From time to time, CBP may receive material non-public information with respect to an issuer of publicly traded securities. In such circumstances, Clients may be prohibited, by law, policy or contract, for a period of time from (i) unwinding a position in such issuer, (ii) establishing an initial position or taking any greater position in such issuer, and (iii) pursuing other investment opportunities related to such issuer.

Currency Exchange Exposure

Clients may invest in securities denominated in currencies other than the U.S. dollar. The Clients, however, value securities in U.S. dollars. Clients may or may not seek to hedge non-U.S. currency exposure by entering into currency hedging transactions. There can be no guarantee that securities suitable for hedging currency or market shifts will be available at the time when a Client wishes to use them, or that hedging techniques will be effective. Furthermore, certain currency market risks may not be fully hedged or hedged at all. To the extent unhedged, the value of positions denominated in currencies other than the U.S. dollar will fluctuate with U.S. dollar exchange rates as well as with the price changes of the investments in the various local markets and currencies.

Risks Relating to Investment Strategies

Risk of Loss

No guarantee or representation is made that Clients' investment programs, including investment objectives, diversification strategies or risk monitoring goals, will be successful. Investment results may vary substantially over time.

No assurance can be made that profits will be achieved or that substantial or complete losses will not be incurred.

Long/Short

The success of a Client's investment strategy depends upon CBP'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 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 Client positions were to fail to converge toward, or were to diverge further from values expected by CBP, the Client may incur a loss. In the event of market disruptions, significant losses can be incurred which may force the Client to close out one or more positions. Furthermore, the valuation models used to determine whether a position presents an attractive opportunity consistent with CBP's long/short strategies may become outdated and inaccurate as market conditions change.

Short Selling

The success of the short selling investment strategy depends upon CBP'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 Clients of buying those securities to cover the short position. There can be no assurance that Clients will be able to maintain the ability to borrow securities sold short. In such cases, Clients 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 Clients 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 a Client 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 Client 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.

Relative Value and Market Neutral

The success of CBP's relative value investment strategy (including its market-neutral strategy) depends upon its ability to identify and exploit perceived inefficiencies in the pricing of securities, financial products, or markets. Identification and exploitation of such inefficiencies involve uncertainty. There can be no assurance that CBP will be able to locate investment opportunities or to exploit pricing inefficiencies in the securities markets. Mispricings, even if correctly identified, may not be corrected by the market, at least within a timeframe over which it is feasible for CBP to maintain a position. Even pure arbitrage positions can result in significant losses if CBP is not able to maintain both sides of the position until expiration/maturity. A reduction in the pricing

inefficiency of the markets in which CBP seeks to invest will reduce the scope for the investment strategies. In the event that the perceived mispricings underlying Client positions were to fail to converge toward, or were to diverge further from, relationships expected by CBP, Clients may incur losses. Even if the relative value investment strategy is successful, it may result in high portfolio turnover and, consequently, high transaction costs.

Short-Term Market Considerations

CBP's trading decisions may be made on the basis of short-term market considerations, and the portfolio turnover rate could result in significant trading related expenses.

Leverage for Investment Purposes

The use of leverage will allow Clients 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 portfolio. The effect of the use of leverage in a market that moves adversely to its investments could result in substantial losses, which would be greater than if a Client were not leveraged.

Collateral

The instruments and borrowings utilized to leverage investments may be collateralized by all or a portion of a Client's portfolio. Accordingly, Clients may pledge securities in order to borrow or otherwise obtain leverage for investment or other purposes. Should the securities pledged to brokers to secure margin accounts decline in value, the Client could be subject to a "margin call", pursuant to which the Client 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 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 may have similar rights. There can be no assurance that Clients 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's portfolio.

Lending of Portfolio Securities

A Client may 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 Client 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.

Diversification and Concentration

CBP may select investments that are concentrated in a limited number or types of securities. In addition, Client portfolios may become significantly concentrated in securities related to a single or a limited number of issuers, industries, sectors, strategies, countries or geographic regions. This limited diversification may result in the concentration of risk, which, in turn, could expose the Client to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in such securities.

Hedging Transactions

CBP intends to utilize securities for risk management purposes in order to: (i) protect against possible changes in the market value of Client investment portfolios resulting from fluctuations in the markets and changes in interest rates; (ii) protect unrealized gains in the value of the investment portfolio; (iii) facilitate the sale of any securities; (iv) enhance or preserve returns, spreads or gains on any security in the portfolio; (v) hedge against a directional trade; (vi) hedge the interest rate, credit or currency exchange rate on any securities; (vii) protect against any increase in the price of any securities CBP anticipates purchasing for the Client at a later date; or (viii) act for any other reason that CBP deems appropriate. CBP will not be required to hedge any particular risk in connection with a particular transaction or Client portfolios generally. CBP may be unable to anticipate the occurrence of a particular risk and, therefore, may be unable to attempt to hedge against it. While Clients may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance than if the Client had not engaged in any such hedging transaction. Moreover, Client portfolios will always be exposed to certain risks that cannot be hedged.

Discretion of CBP; New Strategies and Techniques

While CBP will generally seek to employ the representative investment strategies and techniques discussed herein, CBP has considerable discretion in the types of securities Clients may trade, subject to the relevant governing documents. 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. In addition, any new investment strategy or technique developed may be more speculative than earlier investment strategies and techniques and may involve material and as-yet-unanticipated and increased risks.

Risks Relating to Methods of Analysis**Quantitative Model Risk and Risk Management Danger**

There can be no assurance that the models used by CBP will continue to be viable. The use of a model that is not viable or not completely viable could, at any time, have a material adverse effect on Client performance. There can be no assurance that a Client will achieve its investment objectives or that the models (even if completely or partially viable) will continue to further or ultimately be capable of furthering the Client's investment objectives.

In addition, given that the systems can execute trades autonomously, undesired results may only be detected after the fact, perhaps after a significant number of transactions have occurred.

Risk management techniques are based in part on the observation of historical market behavior, which may not predict market divergences that are larger than historical indicators. Also,

information used to manage risks may not be accurate, complete or current, and such information may be subject to misinterpretation. In the complex environment in which CBP operates, effective risk management depends upon many factors, not all of which may be properly identified, and effective assessment, analysis, process creation, control or treatment of risks could be difficult to implement. For the sake of clarity and without limitation, though losses arising from quantitative model risks could adversely affect Client performance, such losses would likely not constitute reimbursable trade errors under CBP's policies or the relevant investment management agreement.

At times CBP may manually override or shut down the operations of a quantitative model. This would generally be done in an effort to mitigate the damage from a deteriorating or malfunctioning model or a model that is reacting negatively to unforeseen market conditions. Such an override or intervention could result in greater losses than would be the case if there had been no intervention and/or could result in the model being overridden or inactive at a time when the model would have achieved gains for the portfolio.

Obsolescence Risk

CBP's Clients are unlikely to be successful unless the assumptions underlying the models are realistic and either remain realistic and relevant in the future or are adjusted to account for changes in the overall market environment. If such assumptions are inaccurate or become inaccurate and are not promptly adjusted, it is likely that profitable trading signals will not be generated. If and to the extent that the models do not reflect certain factors, and CBP does not successfully address such omission through its testing and evaluation and modify the models accordingly, major losses may result.

CBP will continue to test, evaluate and add new models, as a result of which the existing models may be modified from time to time. Any modification of the models or strategies will not be subject to any requirement that Clients or Investors receive notice of the change or that they consent to it. There can be no assurance as to the effects (positive or negative) of any modification on performance. For the sake of clarity and without limitation, though losses arising from obsolescence risks could adversely affect performance, such losses would likely not constitute reimbursable trade errors under CBP's policies or the relevant investment management agreement.

Crowding/Convergence

There is significant competition among quantitatively-focused managers and the ability of CBP to deliver returns that have a low correlation with the broader global markets and other hedge funds is dependent on its ability to employ models that are simultaneously profitable and differentiated from those employed by other managers. To the extent that CBP is not able to develop sufficiently differentiated models, Client investment objectives may not be met, irrespective of whether the models are profitable in an absolute sense. In addition, to the extent that CBP's models come to resemble those employed by other managers, the risk that a market disruption that negatively affects predictive models will adversely affect Clients is increased, as such a disruption could accelerate reductions in liquidity or rapid repricing due to simultaneous trading across a number of funds in the marketplace. For the sake of clarity and without limitation, though losses arising from crowding/convergence risks could adversely affect performance, such losses would likely not constitute reimbursable trade errors under CBP's policies or the relevant investment management agreement.

Risk of Programming and Modeling Errors

The research and modeling process engaged in by CBP is extremely complex and involves financial, economic, econometric and statistical theories, research and modeling; the results of that process must then be translated into computer code. Although CBP seeks to hire individuals skilled in each of these functions and to provide appropriate levels of oversight, the complexity of the individual tasks, the difficulty of integrating such tasks, and the limited ability to perform "real world" testing of the end product raise the chances that the finished model may contain an error. For the sake of clarity and without limitation, though losses arising from programming and modeling errors could adversely affect Client performance, such losses would likely not constitute reimbursable trade errors under CBP's policies or the relevant investment management agreement.

Involuntary Disclosure Risk

The ability of CBP to achieve its investment goals is dependent in large part on its ability to develop and protect its models and proprietary research. The models and proprietary research and the Models and Data are largely protected by CBP through the use of policies, procedures, agreements, and similar measures designed to create and enforce robust confidentiality, non-disclosure, and similar safeguards. However, aggressive position-level public disclosure obligations (or disclosure obligations to exchanges or regulators with insufficient privacy safeguards) could lead to opportunities for competitors to reverse-engineer CBP's models, and thereby impair relative or absolute performance.

Proprietary Trading Methods

Because the trading methods employed by CBP on behalf of Clients are proprietary to CBP, a Client or Investors will not be able to determine any details of such methods or whether they are being followed.

Technical Trading Strategies

The buy and sell signals generated by certain Client strategies are not based on any analysis of fundamental supply and demand factors, general economic factors or anticipated world events but generally upon factors such as studies of actual daily, weekly and monthly price fluctuations, volume variations, changes in open interest and correlations and variance measures. The profitability of any technical trading strategy depends upon occurrence in the future of major price moves or trends in the instruments traded. In the past there have been periods without discernible trends and presumably similar periods will occur in the future. The best trading strategy will not be profitable if there are no trends of the kind it seeks to follow. In addition, a technical trading strategy may be profitable for a period of time, after which the strategy fails to detect correctly any future price movements. Accordingly, technical traders often modify or replace their strategy on a periodic basis. Any factor that may lessen the prospect of major trends in the future (for example, as increased governmental control of, or participation in, the markets) may reduce the prospect that the strategy will be profitable. Any factor that would make it more difficult to execute trades at the strategy's signal prices, such as a significant lessening of liquidity in a particular market, also would be detrimental to profitability.

Spread Trading

A part of CBP's strategy involves spread positions between two or more securities positions. To the extent the price relationships between such positions remain constant, no gain or loss on the positions will occur. Such positions, however, do entail a substantial risk that the price differential could change unfavorably, thus causing a loss to the spread position. CBP's strategy also involves arbitraging among two or more securities. This means, for example, that CBP may cause a Client to purchase (or sell) Securities (on a current basis) and take offsetting positions in the same or related securities. To the extent the price relationships between such positions remain constant, no gain or loss on the positions will occur. These offsetting positions entail substantial risk that the price differential could change unfavorably causing a loss to the position. Moreover, the arbitrage business is extremely competitive, and many of the major participants in the business are large investment banking firms with substantially greater financial resources, larger research staffs and more investment professionals than will be available to CBP. Arbitrage activity by other larger firms may tend to narrow the spread between the price at which CBP may cause a Client to purchase a security and the price CBP expects that the Client will receive upon consummation of a transaction.

Model and Data Risk

CBP will rely heavily on quantitative and systematic models (both proprietary models developed by CBP, and those supplied by third parties) and information and data supplied by third parties ("Models and Data"). Models and Data can be used to construct sets of transactions and investments, to value investments or potential investments (whether for trading purposes, or for the purpose of determining net asset value), to provide risk management insights, and to assist in hedging exposure.

When Models and Data prove to be incorrect, misleading or incomplete, any decisions made in reliance thereon expose Clients to potential risks. For example, by relying on Models and Data, CBP may be induced to buy certain investments at prices that are too high, to sell certain other investments at prices that are too low, or to miss favorable opportunities altogether. Similarly, any hedging based on faulty Models and Data may prove to be unsuccessful.

All models rely on correct market data inputs. Because CBP's models are usually constructed based on, or employ, historical or current market data supplied by third parties, the success of relying on Models and Data depend heavily on the accuracy and reliability of the supplied data, which can contain errors.

For the sake of clarity and without limitation, though Model and Data risks could adversely affect performance, losses that arise as a result of the use of Models and Data likely would not constitute reimbursable trade errors under CBP's policies or the relevant investment management agreement.

Correlation Risk

CBP's Clients may be exposed to correlated risks. These occur when funds and other investors hold similar positions and employ similar strategies, resulting in intensified risks leading to potential cascading loss in times of market stress.

Quantitative traders can be particularly susceptible to this type of correlation risk as a result of convergence in their automated trading algorithms and positions held. The high leverage and

hedging techniques that many arbitrage-driven quantitative hedge fund managers use can further magnify the effects of correlation risk.

Risks Relating to Market Conditions Generally

General Economic and Market Conditions

The success of CBP's activities will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of the prices and the liquidity of Client investments. Volatility or illiquidity could impair profitability or result in losses. Clients may maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets.

Governmental Interventions

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 CBP's strategies.

Assumption of Catastrophe Risks

Clients are subject to the risk of loss that could arise from direct or indirect exposure to various catastrophic events, including the following: hurricanes, earthquakes and other natural disasters; war, terrorism and other armed conflicts; cyberterrorism; major or prolonged power outages or network interruptions; and public health crises, including infectious disease outbreaks, epidemics and pandemics. To the extent that any such event occurs and has a material effect on global financial markets or specific markets or issuers in which Clients invest (or has a material negative impact on the operations of CBP or the Service Providers), the risks of loss can be substantial and could have a material adverse effect on investments.

Coronavirus Risks

In December 2019, the virus SARS-CoV-2, which causes the coronavirus disease known as COVID-19, surfaced in Wuhan, China. The disease spread around the world, resulting in the temporary closure of many corporate offices, retail stores, and manufacturing facilities across the globe, as well as the implementation of travel restrictions and remote working and "shelter-in-place" or similar policies by numerous companies and national and local governments. These actions caused the disruption of manufacturing supply chains and consumer demand in certain economic sectors, resulting in significant disruptions in local and global economies. Such disruptions continue to be felt, as many countries and U.S. states struggle to contain the virus and its variants. The short-term and long-term impact of COVID-19 on the operations of CBP and the performance of Clients is difficult to predict. Any potential impact on such operations and performance will depend to a

large extent on future developments and actions taken by authorities and other entities to contain COVID-19 and its economic impact. These potential impacts, while uncertain, could adversely affect performance.

Risks Relating to Specific Sectors and Types of Companies

Micro-, Small- and Medium-Capitalization Companies

Investments in securities of micro- and small-capitalization companies involve higher risks in some respects than do investments in securities of larger "blue-chip" companies. For example, prices of securities of micro- and small-capitalization and even medium-capitalization companies are often more volatile than prices of securities of large-capitalization companies and may not be based on standard pricing models that are applicable to securities of large-capitalization companies. Furthermore, the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) may be higher than for larger, "blue-chip" companies. Finally, due to thin trading in the securities of some micro- and small-capitalization companies, an investment in those companies may be illiquid.

Risks Relating to Specific Investments

Currencies

A principal risk in trading currencies is the rapid fluctuation in the market prices of currency contracts. Prices of currency contracts 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.

Derivative Instruments

Certain swaps, options and other derivative instruments are 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 is evolving, and changes in the regulation or taxation of such instruments may have a material adverse effect on Clients.

Regulation in the Derivatives Industry

There are many rules related to derivatives that may negatively impact 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 CBP and Clients, and increase the amount of time that CBP 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 Clients.

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 Clients will be required to post to swap counterparties may increase by a material amount, and as a result a Client may not be able to deploy capital as effectively. Additionally, to the extent a Client is required to segregate initial margin with a third party custodian, additional costs will be incurred.

Equity Securities Generally

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, a Client may suffer losses if it invests in equity instruments of issuers whose performance diverges from CBP's expectations or if equity markets generally move in a single direction and the Client has not hedged against such a general move. A Client 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.

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. Accordingly, in addition to bearing their proportionate share of expenses (e.g., Management Fees and operating expenses), Clients and Investors will also indirectly bear similar expenses of an ETF.

Mutual Fund Investments

Investments in open-end as well as closed-end mutual funds generally involve the payment of duplicative fees through the indirect payment of a portion of the expenses, including advisory fees, of such mutual funds. Investments in mutual funds will be valued at the net asset values provided by those funds (which may in certain circumstances be unaudited valuations). Such investments would cause the expense of investing in a Fund to be greater than an investment in other investment vehicles.

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.

Risks Relating to Non-U.S. Investments and Non-U.S. Jurisdictions

Non-U.S. Exchanges

CPB's Clients may trade on exchanges or markets located outside the U.S. Trading on such exchanges or markets is not regulated by the SEC and the CFTC and may, therefore, be subject to more risks than trading on U.S. exchanges, such as the risks of exchange controls, expropriation, burdensome taxation, moratoria and political or diplomatic events. Risks in investments in non-U.S. Securities may also include reduced and less reliable information about issuers and markets, less stringent accounting standards, illiquidity of securities and markets, higher brokerage commissions and custody fees.

Non-U.S. Investments

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

Item 9. Disciplinary Information

CBP and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the Adviser or its personnel.

Item 10. Other Financial Industry Activities and Affiliations

Neither CBP nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither CBP nor any of its management persons are registered, or have 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.

Relationship with Alpha Theory, Participating Licensees. CBP is controlled by Alpha Theory, a company that provides portfolio management solutions and portfolio analytics to portfolio managers that include, among others, the Participating Licensees. Cameron Hight, the Co-founder and Chairman of the Executive Board of CBP, currently serves as Chief Executive Officer of Alpha Theory. Conflicts of interest may arise in the event that Mr. Hight, in his capacity as Chief Executive Officer of Alpha Theory, is required to take action that may be adverse to the interests of CBP, Clients or their respective affiliates. CBP, employees and officers of CBP and its respective affiliates will take any and all reasonably practicable steps to avoid or substantially mitigate any circumstance in which there be an actual or perceived conflict arising from the relationship between CBP and Alpha Theory.

CBP has entered or will enter into agreements with Participating Licensees setting forth the terms on which CBP will use data collected or derived from the Participating Licensees to generate trades on behalf of Clients. CBP will pay participation-based and performance-based fees to the Participating Licensees from the fees it earns from the Clients. The Participating Licensees are also entitled to receive research credits from CBP which can be used to purchase Alpha Theory software and services and other products and services. Clients may reimburse CBP for such research credits (currently \$100,000 per year per Participating Licensee).

The Participating Licensees are fee-paying clients of Alpha Theory, and Alpha Theory has longstanding relationships with certain Participating Licensees that pre-date CBP's inception. The commercial relationship between Alpha Theory and the Participating Licensees presents a conflict of interest in that CBP may favor certain Participating Licensees even if a Participating Licensee is performing poorly or is not performing as successfully as other similar Participating Licensees. There is a risk that the commercial relationship between Alpha Theory and a Participating Licensees may influence CBP to delay a decision to end its relationship with a poorly performing or underperforming Participating Licensee. To mitigate such risks, CBP will establish and operate a Conflicts Committee to review and recommend actions with respect to conflicts of interest.

In determining whether to invite a client of Alpha Theory to become a Participating Licensee, the relationships between Alpha Theory and its clients could be considered by CBP, and there may be certain clients of Alpha Theory which will not be asked to be a Participating Licensee in view of such relationships. As a result, there can be no assurance that all managers that would be potentially suitable, or that the best performing clients of Alpha Theory, will be asked to become Participating Licensees.

CBP pays Alpha Theory a fee in exchange for access to the Participating Licensees' data which is used to create CBP's investment strategies. Alpha Theory provides such services to CBP on terms more favorable to CBP than are generally obtainable on an arm's-length basis from unrelated third parties. Alpha Theory, in its capacity as a provider of portfolio management solutions and portfolio analytics, may become aware of trade ideas from clients who are not Participating Licensees. Alpha Theory will not share such trade ideas with CPB and the Clients will not benefit from such trade ideas.

Relationship with Other Investment Adviser. David Stemerman, CBP's Co-Founder, Chief Executive Officer and Chief Investment Officer, is a significant investor in, and Senior Advisor to Emerson Point Capital ("Emerson Point"), an investment adviser registered with the SEC. Given the differing investment strategies followed by CBP and Emerson Point, CBP does not believe that Mr. Stemerman's relationship with Emerson Point raises any material conflicts of interest with respect to CBP or its Clients.

Singapore Sub-Advisor. In connection with its management and investment activities, CBP will enter into a sub-advisory agreement with its wholly-owned subsidiary, CenterBook Asia Pte. Ltd. ("CB Asia"). CB Asia is organized and located in Singapore and has applied to be an Accredited/Institutional Licensed Fund Management Company with the Monetary Authority of Singapore.

Relationships with Service Providers. CBP personnel and certain advisors to CBP serve, and may in the future serve, as directors and/or officers of, or have affiliations with service providers to the Clients, including Alpha Theory, as discussed above, and Omega Point, a provider of portfolio optimization and risk management software to the Funds. Accordingly, such personnel may have a conflict where their obligations to the service provider conflict with their obligations to the CBP. Research credits paid to Participating Licensees as discussed above may be used by Participating Licensees to purchase services from such service providers, including Alpha Theory and Omega Point.

Conflicts of interest may also arise from the fact that any service provider or any affiliate of a service provider may provide services to, or have business, financial, personal or other relations with other private funds with investment programs similar to that of Clients managed by CBP. Any service provider or any affiliate of a service provider may be an investor in a CBP Fund, a source of investment opportunities or a co-investor or commercial counterparty or entity in which the CBP has an investment.

It is customary for a service provider to charge different rates or have different terms for different types of services. Based on the types of services used by CBP and its affiliates as compared to the types of services used by CBP's Clients and the terms of such services, a service provider may enter into an arrangement with CBP or its affiliates that provides for more favorable rates or terms than an arrangement with CBP's Clients.

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

CBP maintains a Code of Ethics that obligates CBP and its employees to put the interests of clients before their own interests, and to act honestly and fairly in all respects in their dealings with Clients. In addition to compliance with CBP's policies and procedures, employees are required to comply with applicable federal securities laws. CBP's Code of Ethics is available for review by contacting the Chief Compliance Officer at mmennitt@centerbook.com.

CBP's Code of Ethics places restrictions on personal trades by employees, including that they disclose their personal securities holdings and transactions to CBP on a periodic basis, and that employees pre-clear personal securities transactions. Generally, and subject to certain exceptions, CBP's employees may not engage in personal trading, other than personal trading in mutual funds, broad-based ETFs and certain private securities investments; provided, that CBP employees may dispose of securities held in their respective personal trading accounts. All permitted personal securities transactions must be pre-cleared.

CBP, its employees or affiliates may, and currently do, invest in the Funds. Therefore, CBP, its employees and affiliates participate, indirectly, in transactions effected for the Funds and have access to information not available to other Investors in the Funds. CBP does not believe this arrangement presents any material conflicts of interest because CBP's interests and its employees' interests are aligned with the interests of Investors in the Funds.

CBP also maintains policies and procedures designed to prevent and detect the misuse of material non-public information and comply with federal securities laws relating to insider trading ("Insider Trading Policies"). The Insider Trading Policies prohibit CBP and its personnel from unlawfully trading or recommending, for Clients or themselves, securities of an issuer while in possession of material non-public information about the issuer, and from disclosing such information to persons not entitled to receive it. Among other things, the Insider Trading Policies seek to control and monitor the flow of information and to prevent trading on the basis of material non-public information. Issuers about which CBP has material non-public information will generally be placed in the firm's restricted list.

CBP and its personnel will devote as much of their time to the activities of Clients as they deem necessary and appropriate. However they are not restricted from entering into other advisory relationships or engaging in other business activities that involve substantial time and resources. These activities could be viewed as creating a conflict of interest in that the time and effort of CBP and its personnel will not be devoted exclusively to Clients. CBP has established a Conflicts Committee that is responsible for identifying potential conflicts of interest and considering ways to address or mitigate them.

Item 12. Brokerage Practices

The Selection of Trading Counterparties; Best Execution

CBP has complete discretion to decide which securities are bought and sold, the amount and price of those securities, the brokers or dealers to be used for a particular transaction, and commissions or markups and markdowns paid.

Securities transactions will be allocated to brokers and dealers on the basis of numerous factors and not necessarily lowest pricing. Brokers and dealers may provide other services that are beneficial to CBP and/or certain clients, but not beneficial to all clients. Subject to CBP's duty to seek best execution, in selecting brokers and dealers (including prime brokers) to execute transactions, provide financing and securities on loan, hold cash and short balances and provide other services, CBP may consider, among other factors that are deemed appropriate to consider under the circumstances, the following: the ability of the brokers and dealers to effect the transaction; the brokers' or dealers' facilities, reliability and financial responsibility; and the provision by the brokers of capital introduction, talent introduction, marketing assistance, consulting with respect to technology, operations and equipment, commitment of capital, access to company management and access to deal flow.

CBP is not required to solicit competitive bids and does not have an obligation to seek the lowest available commission cost or spread. Generally, neither CBP nor its Clients separately compensate any broker or dealer for any of the other services mentioned above.

CBP maintains policies and procedures to review the quality of executions, including periodic best execution reviews by the Adviser's Brokerage Committee.

Allocation and Aggregation of Trades

CBP intends to allocate investment opportunities to the Master Fund and any Separate Accounts on a fair and equitable basis, to the extent practical and in accordance with the Master Fund's or other accounts' applicable investment strategies, over a period of time. Investment opportunities will generally be allocated among those accounts for which participation in the respective opportunity is considered appropriate, taking into account, among other considerations: (i) whether the risk-return profile of the proposed investment is consistent with investment objectives; (ii) the potential for the proposed investment to create an imbalance in an account's portfolio; (iii) liquidity requirements; (iv) potentially adverse tax consequences; (v) regulatory restrictions that would or could limit the ability to participate in a proposed investment; and (vi) the need to resize risk in an account's portfolio.

When buying or selling a security for more than one Client account, CBP may, but is not obligated to, aggregate the orders, for the purpose of reducing transaction costs, to the extent permitted by applicable law. When an aggregated order is filled through multiple trades at different prices on the same day, each participating account will receive the average price. Transaction costs will generally be allocated pro rata based on participation in the order. When orders are not aggregated, trades generally will be processed in the order that they are placed with the broker or counterparty. As a

result, a Client account may receive more or less favorable prices or terms than another account, and orders placed later may not be filled entirely or at all.

Trade Errors

Given the anticipated high volume of trading by CBP on behalf of Clients, trade errors may occur. Trade errors include, among other things, the purchase or sale of the wrong security, or the wrong quantity of securities, the purchase of a security when it should have been sold, or vice versa, or an erroneous voice trade. The loss of an investment opportunity is not considered a trade error. Additionally, trades implemented as a result of faulty data, systems, coding, modeling or analysis, trades that are properly executed but result in losses, errors committed by other persons (including brokers and custodians) are not considered trade errors.

Trade errors may result in losses or gains. CBP will use reasonable efforts to detect such errors prior to settlement and promptly correct them. To the extent that an error is caused by a counterparty, such as a broker-dealer, CBP will use reasonable efforts to recover any losses associated with such error from the counterparty.

Clients (and not CBP) will benefit from any gains resulting from trade errors and other errors and will be responsible for any losses (including additional trading costs) resulting from trade errors, absent bad faith, gross negligence, willful misconduct or actual fraud of the relevant person. CBP will not offset any such gains and losses resulting from trade errors unless the underlying transactions constitute a single transaction or closely related series of transactions.

Soft Dollar Benefits

From time to time, CBP may pay a broker-dealer commissions (or markups or markdowns with respect to certain types of riskless principal transactions) for effecting Client transactions in excess of that which another broker-dealer might have charged for effecting the transaction in recognition of the value of the brokerage and research services provided by the broker-dealer. CBP will effect such transactions, and receive such brokerage and research services, only to the extent that they fall within the safe harbor provided by Section 28(e) of the Exchange Act and subject to prevailing guidance provided by the SEC regarding Section 28(e). The Investment Manager believes it is important to its investment decision-making processes to have access to independent research.

CBP will not seek to allocate soft dollar benefits to Clients in proportion to the soft dollar credits the Clients generate. Where a product or service obtained with soft dollars provides both research and non-research assistance to the Adviser (i.e., a "mixed use" item), CBP will make a good faith allocation of the cost which may be paid for with soft dollars. In making good faith allocations of costs between administrative benefits and research and brokerage services, a conflict of interest may exist by reason of CBP's allocation of the costs of such benefits and services between those that primarily benefit CBP and those that primarily benefit Clients.

CBP will compensate the Participating Licensees, in part, by granting research credits (currently, \$100,000 per Participating Licensee per year) which may, in CBP's discretion, be paid through the use of soft dollars. Such research credits can be used to pay for software from Alpha Theory, an

affiliate of CBP, and other research products and services from third-party service providers, including Omega Point.

When CBP uses brokerage commissions (or markups or markdowns) generated by Clients to obtain research or other products or services, CBP receives a benefit because it does not have to produce or pay for such products or services. CBP is obligated to seek best execution, however, the fact that it can obtain or receive such products or services may create an incentive for it to select or recommend a particular broker-dealer based on its own interests, to the exclusion of another broker-dealer that offers business terms that are also favorable to one or more Clients.

Client Referrals

From time to time, brokers (including the Prime Brokers) may assist the Funds in raising additional funds from investors. Additionally, brokers may provide capital introduction and marketing assistance services, and representatives of CBP may speak at conferences and programs sponsored by the brokers, for investors interested in investing in private investment funds. Through such events, prospective investors in the Funds may encounter representatives of CBP. Brokers may also provide other services, including consulting services relating to technology and office space. Although neither CBP nor the Funds compensates brokers for such assistance, events or services, or for any investments ultimately made by prospective investors attending such events, such activities may influence CBP in deciding whether to use such broker in connection with brokerage, financing and other activities of the Funds. Subject to its obligation to seek best execution, CBP may consider referrals of investors to the Funds in determining its selection of brokers. However, CBP will not commit to an investor or a broker to allocate a particular amount of brokerage in any such situation.

Item 13. Review of Accounts

Accounts under CBP's management are monitored on an ongoing basis by the Chief Investment Officer and the Chief Compliance Officer. Within 120 days after the fiscal year-end, audited financial statements are delivered to Investors of the Funds. The audited financial statements are prepared in accordance with U.S. generally accepted accounting principles by an independent public accounting firm that is registered with and subject to inspection by the Public Company Accounting Oversight Board. CBP also provides Investors with the following reports:

CBP provides Clients and Investors with periodic performance information no less frequently than quarterly.

Item 14. Client Referrals and Other Compensation

CBP does not receive any economic benefits from non-clients in connection with the provision of investment advice to Clients. CBP does not directly or indirectly compensate any third-party for Client referrals.

Item 15. Custody

All Client assets are held in custody by unaffiliated broker/dealers or banks, however CBP is deemed to have custody under Rule 206(4)-2 under the Advisers Act (the "Custody Rule"). Specifically, CPB or an affiliate serves as the managing member or general partner of the Funds.

Limited partners (or members or owners) of a limited partnership or other investment vehicle will not receive statements from the custodian. Instead the Funds are subject to an annual audit and the audited financial statements are distributed to each limited partner (or member or owner). The audited financial statements will be prepared in accordance with generally accepted accounting principles and distributed within 120 days of the partnership's fiscal year end.

Item 16. Investment Discretion

CBP has discretionary authority to determine, without obtaining specific consent from Clients or Investors, the securities and amount to be bought or sold. Any limitations on authority are included in the respective Separate Accounts' or Funds' governing documents. CBP has discretion to agree with Investors in the Funds to waive or modify the application of any provision of the investment terms applicable to such investor in a "side letter" or in any other manner, without obtaining the consent of any other Investor in such Fund.

Item 17. Voting Client Securities

CBP anticipates that it will not vote proxies in nearly all cases. Given the nature of its quantitative trading strategy and short holding periods generally employed in those strategies, CBP has determined that this is in its Clients' best interests, taking into consideration the costs of voting proxies and the anticipated benefits to Clients. To the extent CBP determines to vote in certain circumstances, it will take into account the relevant factors, as determined in its discretion, including: (i) the impact on the value of the securities or instruments owned by the relevant client account and the returns on those securities; (ii) the anticipated associated costs and benefits; (iii) the continued or increased availability of portfolio information; and (iv) industry and business practices. CBP will maintain a record of proxy votes cast on behalf of Clients, if any.

Similarly, CBP anticipates that it will refrain from participating in class action lawsuits on behalf of clients. Generally, CBP believes recovery amounts are likely to be de minimis. To the extent CBP does determine to participate in a class action, recovery amounts will be distributed to clients in a fair and equitable manner.

A copy of CBP's proxy voting policies and procedures, as well as specific information about how CBP has voted in the past, if it has done so, is available upon written request.

Item 18. Financial Information

CBP has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.