

Athanor Capital, LP

**142 W 57th Street,
11th Floor, Suite 09-126
New York, NY 10019**

November 15, 2021

This “**Brochure**” provides information about the qualifications and business practices of Athanor Capital, LP (hereinafter “**Athanor**”, “**we**”, “**us**”, “**our**”, the “**Firm**”, or the “**Investment Manager**”). If you have any questions about the contents of this Brochure, please contact our Chief Compliance Officer (“**CCO**”), Michael Shaw, by email at michael.shaw@athanorcapital.com. The information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“**SEC**”) or by any state securities authority.

Athanor is registered as an investment adviser with the SEC under the Advisers Act of 1940, as amended (the “**Advisers Act**”). Registration does not imply that Athanor or any of its principals or employees possesses a particular level of skill or training in the investment advisory business or any other business.

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

Item 2: Material Changes

This Brochure is Athanor Capital, LP's other-than-annual amendment for November 2021. Since the last amendment in August 2021, the Firm has moved its principal office and place of business to 142 West 57th Street, 11th Floor, Suite 09-126, New York, NY 10019. There have been no other material updates to this Brochure. Clients and prospective clients should carefully review the disclosure contained herein.

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Item 4: Advisory Business

Athanor is a Delaware limited partnership founded in 2017 by Parvinder Thiara, who is the principal owner of the Firm (the “**Principal**”).

Athanor serves as the investment adviser, with discretionary trading authority over private pooled investment vehicles that are exempt from registration under the Investment Company Act of 1940, as amended (the “**1940 Act**”), and whose securities are not registered under the Securities Act of 1933, as amended (the “**Securities Act**”), including:

- Athanor Master Fund, LP, a Cayman Islands exempted limited partnership, (together with its feeder funds, the “**Flagship Fund**”), and
- Athanor International Master Fund, LP, a Cayman Islands exempted limited partnership, (together with its feeder fund, the “**International Fund**”, and together with the Flagship Fund and any other private investment vehicles managed by Athanor in the future, the “**Funds**” or the “**Clients**”).

Athanor recently served as an investment adviser with discretionary trading authority over a separately managed account; however, the separately managed account has since been liquidated. Athanor may decide to advise on other separately managed accounts in the future.

The investors in the Funds are hereafter collectively referred to as the “**Investors**”, and individually, each an “**Investor**”, where appropriate. Athanor has a relationship with a strategic investor and certain of its affiliates and investors (collectively, the “**Strategic Investor**”). The Strategic Investor has made investments in certain Funds.

Athanor tailors its investment decisions to the investment objectives and guidelines of its Clients, and does not tailor its investing to the objectives of underlying Investors in the Funds.

We do not currently participate in any Wrap Fee Programs.

As of December 31, 2020, the Firm had regulatory assets under management of \$5,742,174,420, all managed on a discretionary basis. Athanor aims to achieve risk-adjusted returns for its Clients through a multidisciplinary relative value approach that attempts to exploit perceived inefficiencies. Athanor utilizes a hypothesis-driven process to select, size, and manage exposures. Athanor expects to express its view through investments in publicly-traded equities, commodity derivatives, foreign exchange, interest rate instruments, credit instruments, options, and other listed and OTC instruments.

This Brochure does not constitute an offer to sell or a solicitation of an offer to buy any interest in a Fund or to make any investment managed by Athanor. Interests in the Funds are offered and sold by means of a confidential private placement memorandum under exemptions promulgated under the Securities Act and other applicable state, federal or

non-U.S. laws.

Item 5: Fees and Compensation

The fees applicable to each Client are set forth in detail in the respective offering and organizational documents of the Funds (“**Governing Documents**”). A brief summary of Client fees is provided below.

Management Fee

Athanor is paid an aggregate fixed management fee (the “**Management Fee**”) for its services, calculated and payable in advance as of the first business day of each month at a rate equal to a percentage of net asset values.

The precise amount of, and the manner and calculation of, the Management Fee for each Client is disclosed in the respective Governing Documents of such Client. The Investment Manager may reduce, waive or calculate differently the Management Fee with respect to any Investor. The Investment Manager generally intends to waive the Management Fee for employees of the Investment Manager and certain affiliates and estate-planning vehicles thereof.

Performance Allocation

For each fiscal year, the general partners of the Funds (the “**General Partners**”) will be entitled to a performance allocation (the “**Performance Allocation**”) that is a percentage of any net profit allocable to each Investor’s capital account for such fiscal year in excess of any loss recovery with respect to such Investor’s capital account, adjusted for subscriptions, redemptions and distributions as described in the respective Fund’s Governing Documents.

Performance Allocations will be allocated from Investors’ capital accounts as of the close of each fiscal year (and as of each other date on which a General Partner determines it is appropriate or necessary to make a determination of the Performance Allocation with respect to an Investor, including a date on which an Investor withdraws all or a portion of its capital account). The General Partners may reduce, waive or calculate differently the Performance Allocation with respect to any Investor. The General Partners generally intend to waive the Performance Allocation for employees of the Investment Manager and certain affiliates and estate-planning vehicles thereof. In addition, in consideration for its initial capital contribution, the Strategic Investor is entitled to receive additional revenue and allocations calculated by reference to the Management Fees and Performance Allocation.

Other Types of Fees or Expenses

The Investment Manager and its affiliates are authorized to incur and pay in the name and on behalf of Clients all expenses which they deem necessary or advisable. With respect to certain series of the Funds (each, a “**Series**”) and with respect to other Clients, the Investment Manager will be responsible for and shall pay, or cause to be paid, all

Overhead Expenses that are not Fund expenses. Generally, “**Overhead Expenses**” borne by the Investment Manager include expenses such as rent, utilities, charges for furniture, fixtures and office equipment, employee benefits including insurance, payroll and other taxes and compensation (and related costs) of all Investment Manager employees.

Generally, and except as set forth in the Governing Documents of the applicable Client, a Client shall bear all expenses, fees, charges, taxes and liabilities incurred or arising in connecting with the formation and conduct of the affairs of such Client, or in connection with the management thereof that are not Overhead Expenses (“**Client Expenses**”) including, but not limited to: the payment of the Management Fee and the allocation of the Performance Allocation or the Performance Fee to the Investment Manager or the applicable General Partner; legal, accounting, bookkeeping, tax compliance, auditing, consulting and other professional expenses and expenses of other service providers, including those of valuation firms, appraisers and prime brokers (if any), in all cases, either ordinary or extraordinary (and in all cases including related indemnities); administration fees and other expenses charged by or relating to the services of third-party providers of administration services (including related indemnities); third-party and out-of-pocket research expenses, market data expenses (including, without limitation, news, quotation, statistics and pricing services), hardware, software, databases and other technical services and equipment, used in investment, order and portfolio management activities and processes; consulting fees and analysis expenses in connection with investigating and monitoring potential and existing investments; fees and expenses, including interest (including, without limitation, commitment, structuring, refinancing and underwriting fees) on margin loans, committed loan facilities, total return swaps and other indebtedness; bank service, custodial and similar fees; fees and expenses related to the analysis, purchase, monitoring, custody, holding, restructuring, transfer, settlement, sale, transmittal, maintenance and/or administration of such Client’s investments (directly or through trading affiliates) and other investment-related expenses (including, but not limited to, research and due diligence costs) including, but not limited to, such expenses relating to the use of legal counsel or consultants whether or not the investments to which they relate are consummated; expenses associated with activist investment activities (including public relations, tender offer, and proxy solicitation, as well as fees and expenses related to filings under the U.S. Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), the Hart-Scott-Rodino Antitrust Improvements Act of 1976 and other applicable law); third-party and out-of-pocket fees and expenses relating to systems and software used in connection with the operation of such Client and investment related activities (including, without limitation, any accounting, risk management, trading and administrator-like functions that the Investment Manager performs in-house); expenses relating to regulatory matters (including the EU’s Alternative Investment Fund Managers Directive (“**AIFMD**”) and the preparation and filing of Form PF, Form D, Form CPO-PQR and all amendments thereto); legal expenses (including, without limitation, settlement costs and costs arising in connection with a litigation or regulatory investigation instituted against such Client and the applicable General Partner), governmental, regulatory, licensing, filing or registration fees and expenses; fees and expenses in connection with any advisory board or committee; costs and expenses incurred in connection with the dissolution, winding up, termination and liquidation of such Client; costs and expenses incurred in connection with any meeting of Investors relating to such Client; any insurance premiums and other insurance-related expenses for any insurance that such Client may obtain; any reimbursement of the

Investment Manager or the applicable General Partner for the full amount of any expenses incurred or advanced by the Investment Manager or such General Partner, as applicable, on behalf of such Client and the Investment Manager's or General Partner's estimate of such Client's pro rata share of any expenses incurred or advanced by the Investment Manager or such General Partner on behalf of such Client, and such other Clients of the Investment Manager; any issuance or formation fees and expenses, including legal, tax, accounting and other organizational expenses incurred in connection with the formation of such Client or any related entities, as well as any fees and expenses relating to the offer and sale of interests or shares in such Client and any filing and legal fees; costs and expenses related to the admission of any Investor to such Client, including in connection with the negotiation of and entry into side letters, modifications of subscription documentation or similar arrangements; expenses related to such Client's indemnification obligations under the applicable Governing Documents; and all other ordinary or extraordinary expenses associated with the operations of such Client, and their investment activities as the Investment Manager or the applicable General Partner may deem necessary or advisable to incur.

To the extent that expenses to be borne by a Client are paid by the Investment Manager or its affiliates, such Client will reimburse the Investment Manager or its affiliates for such expenses.

The Investment Manager is permitted to use "soft" or commission dollars. If the Investment Manager uses soft dollars generated by the Funds to pay certain expenses which would otherwise be payable by such Clients, the Investment Manager intends for such payments to fall within the parameters of Section 28(e) of the Exchange Act.

The Funds intend to amortize certain organizational expenses over a five-year period. Although the amortization of such expenses over a five-year period is a divergence from U.S. generally accepted accounting principles ("GAAP"), the Investment Manager believes that doing so is more equitable than requiring the initial Investors to bear all of the Funds' organizational expenses as would otherwise be required under GAAP. Such departure from GAAP may result in a qualified opinion being rendered on the Funds' financial statements, or if the Funds deem it necessary to issue financial statements strictly in accordance with GAAP, the Funds' net asset value may still be calculated by amortizing organizational and offering costs and will therefore differ from the financial statements determined in accordance with GAAP.

The Investment Manager is permitted to pay compensation to one or more persons for placement or referral services in connection with the offering of Client interests, provided that Clients will not bear such fees and expenses.

Clients may charge Investors redemption fees in certain circumstances. Such fees may be payable to the Clients or the Investment Manager as further described in the Governing Documents.

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

As disclosed above under Item 5, Fees and Compensation, the Investment Manager is entitled to receive a Performance Fee and the General Partner is entitled to receive a

Performance Allocation, in each case, based on Client performance. Clients pay Performance Allocations or Performance Fees, as applicable, at different rates and subject to different terms, and there may also be reductions for certain Investors.

The General Partners' and the Investment Manager's principals and certain employees are expected to hold interests in certain Clients. However, the General Partners' Performance Allocation and/or the Investment Manager's Performance Fee may create an incentive for the General Partners and the Investment Manager (and their principals and certain employees) to cause Clients to make investments that are riskier or more speculative than would be the case in the absence of such allocation or fee. In addition, because the Performance Allocation and Performance Fee are calculated on a basis that includes unrealized appreciation of Client assets, it may be greater than if the Performance Allocation and Performance Fee were based solely on realized gains. Such persons may also be subject to conflicts of interest in allocating investments between Clients, in particular if such persons are invested in a particular Client or if a Client pays a higher Performance Allocation rate than another Client. Please also see Item 11 below regarding investment allocation for additional information relating to how the Investment Manager generally addresses conflicts of interest.

Item 7: Types of Clients

Athanor currently provides investment advisory services to the Funds (and not individually to Fund Investors).

Significant suitability requirements apply to prospective Investors, including, in certain cases, requirements that they be "accredited investors" as defined in Securities Act and "qualified purchasers" as defined in the 1940 Act.

Clients do not have a minimum size, but minimum subscription amounts are generally established for Investors in the Funds. The Investment Manager or the General Partner, as applicable, has sole discretion to permit investments below the minimum amounts set forth in the Governing Documents of such Client.

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

The descriptions set forth in this Brochure of specific advisory services that we offer to Clients, and investment strategies pursued and investments made by us on behalf of our Clients, should not be understood to limit in any way our investment activities. We may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that we consider appropriate, subject to each Client's investment objectives and guidelines. The investment strategies we pursue are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any Client will be achieved.

Investment Process

The Investment Manager's process usually starts with macroeconomic observations including market dislocations, capital flows, regulatory changes, secular shifts and other

major macroeconomic events. The Investment Manager seeks to determine whether these events have caused relative value mispricings.

Once a hypothesis that a macro event is causing a mispricing has been established, the Investment Manager seeks to validate or disprove it. The Investment Manager will generally take significant positions if it can understand both the mispricing and its cause. The Investment Manager may also exploit opportunities outside of this process and protocol.

Risk of Loss Factors

An investment in a Client involves a high degree of investment risk, including the risk that the entire amount invested may be lost. Clients will make investments using strategies and financial techniques with significant risk characteristics. No guarantee is made that the investment objectives of a Client will be realized. Below is a list of potential investment risk factors. There is no guarantee that this is a complete list of the risks, that a Client will be able to control investment risks or that the risks will not aggregate in a manner adverse to a Client.

Reliance on Management and Key Personnel. Investors have no right or power to take part in the management of a Client. Accordingly, no Investor should make an investment unless such Investor is willing to entrust all aspects of its management to the Investment Manager. The investment performance of a Client depends largely on the skill of key personnel and investment professionals of the Investment Manager. If key personnel, including key investment or key technical staff, were to leave the Investment Manager, it might not be able to find equally desirable replacements in a timely fashion and the performance of a Client could, as a result, be adversely affected. Each Client's investment strategies permit investments to be made in a broad range of issuers, securities, financial instruments and transactions. Within these broad parameters, the Investment Manager will make investment decisions for Clients as it deems appropriate in its sole discretion. An Investor subscribing to a Client must rely upon the ability of the Investment Manager and the Investment Manager's investment professionals in identifying and implementing investments consistent with each Client's investment objective and policies. No assurance can be given that a Client will be successful in obtaining suitable investments, or that if such investments are made, the objectives of such Client will be achieved.

Limited Liquidity; No Market for Interests. An investment in a Fund may be considered to be a relatively illiquid investment because an Investor's investment in such Fund is not generally transferable without the consent of the Investment Manager or a General Partner, as applicable, and the redemption rights of the Investors are restricted as described in each Fund's Governing Documents. In addition, such transfers may be affected by restrictions on resales imposed by federal and state securities laws. Any investment by an Investor is not intended as a complete investment program and is designed only for persons who are able to bear economic risk of investment and who are sophisticated persons in connection with financial and business matters who do not need liquidity with respect to their investments.

In-Kind Distributions. Redemptions are permitted to be paid in cash, in kind or a combination of cash and in kind, in the Investment Manager's or a General Partner's sole discretion. There can be no assurance that a Client will have sufficient cash to satisfy

redemption requests, or that it will be able to liquidate investments at favorable prices at the time such redemptions are requested. Investments distributed in kind may not be readily marketable or saleable and may have to be held by Investors for an indefinite period of time, and may include interests in special purpose vehicles established by a Client for tax, regulatory or other reasons. The risk of loss and delay and expense relating to liquidating or transferring these securities will be borne by such Investors, with the result that such Investors may receive less cash than they would have otherwise received on the date of redemption or based on the valuation of these assets upon their distribution from a Client. Investors have no right to request in-kind distributions, and should not expect any such request to be accommodated. In certain instances, such assets may be difficult or hard to value, increasing such risks.

Regulatory Oversight. Clients are not registered and do not intend to register as investment companies under the 1940 Act, and, accordingly, Investors are not accorded the protections of the 1940 Act (which, among other matters, requires most registered investment companies to have a majority of disinterested directors, requires securities held in custody at all times to be segregated and marked to clearly identify the owner of such securities, and regulates the relationship between the investment adviser and the investment company). The interests have not been and will not be registered under the Securities Act. The Investment Manager is registered as an investment adviser under the Advisers Act.

Inside Information. Athanor's investment activities on behalf of its Clients could expose Clients, the Investment Manager and its Principal and employees to the receipt of material non-public information. In addition, due to the other activities of the Principal and employees of the Investment Manager and its affiliates, Clients, the General Partners and the Investment Manager could be at risk for exposure to material non-public information that would not be the case in the absence of the existence of such activities. In the course of such activities, the Investment Manager and its affiliates could come into possession of or be imputed with receipt of material, non-public information concerning a company, and the possession of such information could limit the ability of the Investment Manager to cause a Client to buy or sell the securities issued by such company. Therefore, a Client could be required to refrain from buying or selling such securities at times when the Investment Manager might otherwise wish to cause such Client to buy or sell such securities. Inadvertent trading on material non-public information could have material adverse effects on the Investment Manager's reputation, result in the imposition of regulatory or financial sanctions and, as a consequence, negatively impact the Investment Manager's ability to perform its investment management services on behalf of Clients.

Long-Term Nature of Investments; Retention of Proceeds. Investment in Interests of the Funds are intended to be long-term investments and are for Investors who can accept the risks associated with making speculative investments, which may from time to time be in a relatively small number of investments. Although a Client is expected to realize profits on investments, profits are available for reinvestment and are not generally expected to be regularly distributed to Investors in the absence of a withdrawal from such Client.

Limited Access to Information. The Investment Manager, in its sole discretion, will from time to time provide to Investors reports and other information regarding the condition

and prospects of a Client and the investments in which it has invested. The Investment Manager's duties, obligations and liability to the Investors with respect to the content, completeness and accuracy of such information will be determined solely under the applicable Governing Documents. In connection with monitoring a Client's investments, the Investment Manager could obtain material information that will not be disclosed to Investors, and such information may be material to determining the value of such investments. Such information is permitted to be withheld from Investors in order to comply with duties to such portfolio companies or applicable law, or otherwise to protect the interests of such portfolio companies or Clients. In addition, the Investment Manager has and may in the future again agree to provide one or more Investors with special rights to additional information about a Client (including performance and portfolio information), including the Strategic Investor, who have received such information rights with respect to certain Clients.

Business, Legal and Regulatory Risks of Hedge Funds. The regulatory environment for hedge funds is evolving, and changes in the regulation of hedge funds may adversely affect the value of investments held by a Client and the ability of a Client to obtain the leverage it might otherwise obtain or to pursue its trading strategies. The financial services industry generally, and the activities of alternative investment funds, separately managed accounts, and their managers in particular, have been subject to intense and increasing regulatory scrutiny. Such scrutiny may increase a Client's, the Investment Manager's and/or a General Partner's exposure to potential liabilities and to legal, compliance and other related costs. Increased regulatory oversight can also impose administrative burdens on the Investment Manager and/or a General Partner, including, without limitation, responding to investigations and implementing new policies and procedures. Such burdens may divert the Investment Manager's and/or a General Partner's time, attention and resources from portfolio management activities.

New (or revised) laws or regulations or interpretations of existing laws may be issued by the U.S. Internal Revenue Service (the "**IRS**"), the U.S. Treasury Department ("**Treasury Department**"), the Commodities and Futures Trading Commission ("**CFTC**"), the SEC, the U.S. Federal Reserve or other banking regulators, or other U.S. or non-U.S. governmental regulatory authorities or self-regulatory organizations that could adversely affect a Client. In particular, these agencies are implementing a variety of rules pursuant to financial reform legislation enacted in the U.S. The EU (and some other jurisdictions) are implementing similar requirements. A Client also may be adversely affected by changes in the enforcement or interpretation of existing statutes and rules by these governmental regulatory authorities or self-regulatory organizations. For example, there has been an increase in governmental, as well as self-regulatory, scrutiny of the alternative investment industry. It is impossible to predict what, if any, changes in regulations may occur, but any regulation that restricts the ability of a Client to trade in securities could have a material adverse impact on such Client's performance.

In addition, the securities and futures markets are subject to comprehensive statutes, regulations, and margin requirements. The CFTC, the SEC, the Federal Deposit Insurance Corporation, other regulators, and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The regulation of securitization and derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial action.

In addition, the U.S. government has enacted legislation that provides for regulation of the derivatives market, including clearing, margin, reporting, recordkeeping and registration requirements. The European Union (the “EU”) and certain other countries are implementing similar requirements that will affect Clients when they enter into derivatives transactions with a counterparty organized in such a country or otherwise subject to that country’s derivatives regulation. Because these requirements are relatively new and evolving (and some of the rules are not yet final), their ultimate impact remains unclear. New regulations could, among other things, restrict a Client’s ability to engage in derivatives transactions (for example, by making certain types of derivatives transactions no longer available to a Client) and/or increase the costs of such derivatives transactions (for example, by increasing margin or capital requirements), and a Client may be unable to execute its investment strategy or execute it as currently intended as a result. There is a possibility of future regulatory changes altering, perhaps to a material extent, the nature of an investment in a Client or the ability of a Client to continue to implement its investment strategies.

The CFTC and domestic exchanges have established limits, referred to as “position limits,” on the maximum speculative positions which any person, entity, or group acting in concert, may hold or control in particular futures and options on futures contracts. In addition, the CFTC recently adopted rules which, once effective, will materially expand the scope of contracts subject to CFTC limits to include additional futures and options on futures and certain swaps. All positions owned or controlled by the same person or entity, even if in different accounts, must be aggregated for purposes of determining whether the applicable position limits have been exceeded. Thus, even if one Client does not intend to exceed applicable position limits, it is possible that different Clients managed by the Investment Manager and its affiliates may be aggregated for this purpose. Although it is possible that the trading decisions of the Investment Manager may have to be modified and that positions held by Clients may have to be liquidated in order to avoid exceeding such limits, the Investment Manager believes that this is unlikely. The modification of investment decisions or the elimination of open positions, if it occurs, may adversely affect the profitability of a Client.

The SEC has in the past adopted interim rules requiring reporting of all short positions above a certain de minimis threshold and may adopt rules requiring monthly public disclosure in the future. In addition, other non-U.S. jurisdictions where a Client may trade have adopted reporting requirements relating to short positions. If a Client’s short positions or strategy become generally known, it could have a significant effect on the Investment Manager’s ability to implement its investment strategy for such Client. In particular, it would make it more likely that other investors could cause a “short squeeze” in the securities held short by a Client forcing the Client to cover positions at a loss. Such reporting requirements may limit the Investment Manager’s ability to access management and other personnel at certain companies where the Investment Manager seeks to take a short position. In addition, if other investors engage in copycat behavior by taking positions in the same issuers as a Client, the cost of borrowing securities to sell short could increase drastically and the availability of such securities to such Client could decrease drastically. Such events could make a Client unable to execute its investment strategy. Short sales are also subject to certain SEC regulations. If the SEC were to adopt additional restrictions regarding short sales, they could restrict a Client’s ability to engage in short sales in certain circumstances, and a Client may be unable to execute its investment strategy as a result.

The SEC and regulatory authorities in non-U.S. jurisdictions may adopt (and in certain cases, have adopted) bans on new or increases in short sales of certain securities, including short positions on such securities acquired through swaps, in response to market events. Bans on short selling and such short positions may make it impossible for a Client to execute certain investment strategies and may have a material adverse effect on such Client's ability to generate returns.

In addition, there is a possibility that a Client may be subject to new or revised legislation or regulations, which may be enforced by entirely new governmental agencies. In addition, the securities markets are subject to comprehensive statutes, regulations and margin requirements. The effect of any future regulatory change on a Client could be substantial and adverse.

Redemption Risk. Should a large number of Investors decide to redeem from a Client, such Client could be forced to liquidate investments prematurely, causing losses to such Client. Actions taken to meet substantial redemption requests from a Client could result in prices of securities held by such Client decreasing and in Client Expenses for such Client increasing (e.g., due to increased transaction costs incurred in the liquidation of positions or in connection with the termination of counterparty agreements).

As Clients hold overlapping positions, certain of which may be thinly traded or more illiquid, sales into the market, including to meet redemptions with respect to one or more Clients, on the one hand, could adversely impact the value of such positions held by one or more other Clients on the other hand. This would be particularly adverse where one Client (or Investors in such Client) has more frequent liquidity or shorter redemption notice periods than and/or preferential information to another Client (or Investors in a Client) and which hold the same positions. Substantial redemptions could also significantly restrict a Client's ability to obtain financing or derivatives counterparties needed for its investment and trading strategies, which would have a further material adverse effect on such Client's performance. Further, a Client may suspend redemptions, which would limit the ability of Investors to redeem their capital from such Client, and the value of such investments may decline prior to the time when redemption is permitted.

Indemnification. Various agreements and other documents entered into by Clients typically contain various provisions limiting the liability of service providers to Clients, including the Investment Manager and the Funds' administrator, and provide broad indemnification to such persons. Each Client will be required to indemnify its General Partner and/or the Investment Manager, as applicable, and their respective shareholders, partners, members, officers, directors, employees, managers and agents for certain losses, as described in each Client's Governing Documents. Such losses may be material and have an adverse effect on the returns to the Investors. Any indemnification obligations of a Client are payable from the assets of such Client.

Misconduct of Employees and of Third Party Service Providers. Misconduct by employees of the Investment Manager or by third party service providers to a Client could cause significant losses to such Client. Employee misconduct may include binding a Client to transactions that present unacceptable risks and unauthorized activities or concealing unsuccessful activities (which, in either case, may result in unknown and unmanaged risks

or losses). Losses could also result from actions by third party service providers, including, without limitation, failing to record transactions or improperly performing the responsibilities of an administrator. In addition, employees and third-party service providers may improperly use or disclose confidential information, which could result in litigation or serious financial harm, including limiting a Client's business prospects. Although the Investment Manager has adopted measures it believes are reasonably designed to prevent and detect employee misconduct and to select reliable third-party providers, such measures may not be effective in all cases.

Non-Disclosure of Positions. In an effort to protect the confidentiality of its positions, the Investment Manager generally will not disclose Client positions to Investors on a real-time basis, although the General Partners and/or the Investment Manager, as applicable, in its sole discretion, may permit such disclosure on a select basis to certain Investors, and has agreed to such disclosures to the Strategic Investor and certain other Investors.

Side Letters. The Funds are permitted to, and have, entered into side letter agreements with certain prospective or existing Investors in the Funds, including the Strategic Investor, whereby such Investors benefit from terms and conditions that are more advantageous than those set forth in the Governing Documents of a Fund. For example, such terms and conditions may, and do in some instances, provide for special rights to make future investments in the Funds or other Clients; special withdrawal rights or better liquidity; transfer rights; a reduction or rebate of Management Fees or Performance Allocation to be borne by the Investor; rights to receive reports or notice of other information from the Funds and the Investment Manager, including on a more frequent or advanced notice basis, or with information not provided to other Investors (including, without limitation, significantly more detailed information regarding portfolio positions and notice of certain adverse events affecting the Investment Manager); most favored nations rights; rights to co-investment opportunities; and such other rights as may be negotiated by the Funds and such Investors and are not generally available to other Investors. The modifications are solely at the discretion of the Funds and are permitted, among other things, to be based on the size of the Investor's investment in the Funds and affiliated investment entities, an agreement by an Investor to maintain such investment in the Funds for a significant period of time, or other similar commitment by an Investor to the Funds. The Funds have entered into certain such arrangements with the Strategic Investor.

Risks Related to Electronic Communication. The Investment Manager or a General Partner, as applicable, and/or the Funds' administrator may provide to Investors statements, reports and other communications relating to a Client and/or the Investors' interests in such Client in electronic form, such as email or via a password protected website ("**Electronic Communications**"). Electronic Communications may be modified, corrupted, or contain viruses or malicious code, and may not be compatible with an Investor's electronic system. In addition, reliance on Electronic Communications involves the risk of inaccessibility, power outages or slowdowns for a variety of reasons, in addition to the risk of cyber-attacks which may expose such information. Investors must bear their own costs related to any software or systems required for such access. These periods of inaccessibility may delay or prevent receipt of reports or other information by the Investors.

Data protection. Privacy and data protection are receiving increased amounts of

attention and scrutiny from regulators globally. Among other privacy regimes, recently enacted data protection legislation includes (1) the General Data Protection Regulation in the EU (“**GDPR**”), (2) the Data Protection Law, 2017 in the Cayman Islands (the “**DPL**”) and (3) the Virginia Consumer Data Protection Act (“**VCDPA**”). The purpose of these laws is to increase the protection of individuals’ rights and freedoms in relation to their privacy and with respect to the collection, processing, storing, sharing and deletion of their personal data. In addition, New York’s Stop Hacks and Improve Electronic Data Security Act (“**NY SHIELD Act**”), which was passed in 2019 came into full effect in March 2020, imposing potential penalties for businesses that fail to develop, implement and maintain reasonable protection for personal information. These shifting privacy and data protection laws could require the Investment Manager to modify its data processing practices and policies in certain respects.

New data protection laws like the GDPR, DPL, VCDPA and the NY SHIELD Act often require more stringent operational requirements and onerous accountability obligations for controllers and processors of personal data, including, for example, in the case of GDPR, expanded disclosures *inter alia* about the usage of personal data, limitations on retention of personal data, implementation of appropriate technical and organizational security measures to protect personal data and higher standards for data controllers to demonstrate that they have obtained valid consent or have another relevant legal basis in place to justify their data processing activities. These laws also include data subject rights, such as the rights to access personal data and the right to have such data deleted, which will require that Clients have in place the necessary mechanisms to allow individuals to exercise them.

While Clients and the Investment Manager intend to comply with their obligations under applicable privacy and data protection laws, they may not be able to accurately anticipate the ways in which regulators and the courts will apply or interpret the law. The failure by Clients and/or the Investment Manager to comply with applicable privacy and data protection laws could result in negative publicity and may subject them to significant costs associated with litigation, settlements, regulatory action, judgments, liabilities, or (actual or contingent) fines and penalties.

These new laws, as well as any laws developed in the future in other relevant jurisdictions, also could cause Clients’ and their investments’ costs to increase and result in further administrative costs as part of their compliance efforts. Moreover, if the Investment Manager or any Clients suffers a security breach impacting personal data, there may be obligations to notify government authorities or data subjects, which may divert the Investment Manager’s time and effort and entail substantial expense.

The provisions of the GDPR, DPL, VCDPA and the NY SHIELD Act and other existing or new privacy and data protection laws may also apply to a Client’s investments. On the basis that global data protection laws are constantly evolving, Clients and their investments may be continually subject to new laws, regulations or standards or new interpretations thereof. These laws could affect the value of a Client’s investments if they incur additional costs and restrict business operations. Similarly to the above, failure by a Client or its investment to comply with applicable requirements may result in governmental enforcement actions, litigation, (actual or contingent) fines and penalties or adverse publicity, which could have an adverse effect on their, the Investment Manager’s and Clients’ reputation and adversely affect the business and the value of Clients’

investments.

Cybersecurity. With the increased use of technologies such as the internet and the dependence on computer systems to perform necessary business functions, Clients and their service providers (including the Investment Manager and the Funds' administrator) may be prone to operational and information security risks resulting from cyber-attacks and/or other technological malfunctions. In general, cyber-attacks are deliberate, but unintentional events may have similar effects. Cyber-attacks include, among other things, stealing or corrupting data maintained online or digitally, preventing legitimate users from accessing information or services on a website, releasing confidential information without authorization, and causing operational disruption. Successful cyber-attacks against, or security breakdowns of, Clients, the Investment Manager, the Funds' administrator, or a custodian or other third-party service provider may adversely affect Clients and Investors. For instance, cyber-attacks may affect Clients' ability to calculate their net asset values, cause the release of private Investor information or confidential Client information, impede trading, expose Clients, Investment Manager or Investor assets to theft or embezzlement, cause reputational damage, and subject Clients to regulatory fines, penalties or financial losses, reimbursement or other compensation costs, and additional compliance costs. The Investment Manager, the General Partners and their affiliates are not liable for such cyber-attacks and the consequences thereof except as set forth in each Client's Governing Documents.

Systems Risks. Clients rely on computer programs to evaluate certain securities and other investments, to monitor their portfolio, to trade, clear and settle securities transactions, to manage risk exposures, and to generate asset, risk management and other reports that are utilized in the oversight of Clients' activities. No such computer systems, including any risk control system, is fail-safe. For example, with respect to risk controls, target exposures developed for a Client, if any, will likely be based upon historical trading patterns for the instruments in which such Client trades and will rely upon pricing models for the behavior of the instruments in response to various changes in market conditions. No assurance can be given that historical trading patterns will accurately predict future trading patterns or that pricing models will necessarily accurately predict the manner in which the instruments are priced in financial markets in the future. Furthermore, programs or systems may be subject to certain defects, failures or interruptions, including, but not limited to, those caused by computer 'worms,' viruses and power failures. Any such defect or failure could have a material adverse effect on Clients and Investors. For example, such failures could cause settlement of trades to fail, lead to inaccurate accounting, recording or processing of trades, and cause inaccurate reports, which may affect Athanor's ability to monitor Clients' portfolios and risks. Any such defect or failure could cause Athanor, Clients and Investors to suffer financial loss, the disruption of business, liability to third parties, regulatory intervention or reputational damage. In addition, certain Clients' and the operations of the Investment Manager and the Funds' administrator interface with or depend on systems operated by third parties, including custodians, brokers, market counterparties, and other service providers, and the Investment Manager may have relied on statements or representations of parties of the adequacy of such systems, or may otherwise not be in a position to verify the risks or reliability of such third-party systems. The General Partners and their affiliates are not liable for such losses except as set forth in a Client's Governing Documents.

Fully-Funded Subscriptions. Clients anticipate accepting subscriptions whereby each

subscription is required to be fully funded as of the date interests or shares are issued to the applicable Investor (as opposed to accepting commitments from Investors to fund capital over time). Because Clients may accept a large amount of capital as of any date Clients accept subscriptions, there may be a significant period of time before the Investment Manager is able to invest all or substantially all of such capital contributions. During any period in which any Client's assets are not substantially invested in accordance with its principal investment strategies, such Client's performance may suffer.

Investment Risks

An investment in a Client involves a high degree of investment risk, including the risk that the entire amount invested may be lost. Clients will make investments using strategies and financial techniques with significant risk characteristics. No guarantee is made that the investment objectives of a Client will be realized. Below is a list of potential investment risk factors. There is no guarantee that this is a complete list of the risks, that Clients will be able to control investment risks or that the risks will not aggregate in a manner adverse to Clients. The risks associated with particular investments by a Client include, but are not limited to, the following:

Equity Risk. The market price of securities owned by a Client goes up or down, sometimes rapidly or unpredictably. A risk of investing in a Client is that the equity securities in such Client's portfolio will decline in value due to factors affecting equity securities markets generally or particular industries represented in those markets. The values of equity securities could decline due to general market conditions that are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. They may also decline due to factors which affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry. In addition, securities which the Investment Manager believes are fundamentally undervalued or incorrectly valued may not ultimately be valued in the capital markets at prices and/or within the time frame the Investment Manager anticipates. As a result, a Client may lose all or substantially all of its investment in any particular instance.

Short Sales. The Investment Manager is permitted to make short sales of investment securities on behalf of a Client. In a short sale, the seller sells a security that it does not own, typically a security borrowed from a broker or dealer. Because the seller remains liable to return the underlying security that it borrowed from the broker or dealer, the seller must purchase the security prior to the date on which delivery to the broker or dealer is required. A Client will incur a loss as a result of a short sale if the price of the security, currency or other instrument increases between the date of the short sale and the date on which such Client replace the borrowed security, currency or other instrument. A Client will realize a gain if the price of the security, currency or other instrument declines between those dates. The amount of any gain will be decreased, and the amount of any loss increased, by the amount of the premium, dividends or interest a Client may be required to pay in connection with a short sale. Short selling exposes a Client to unlimited risk with respect to that security, currency or other instrument due to the lack of an upper limit on the price to which an investment can rise. Purchasing securities, currencies or other instruments to close out a short position can itself cause

the price of the securities, currencies or other instruments to rise further, thereby exacerbating any losses. Under adverse market conditions, a Client could have difficulty purchasing securities, currencies or other instruments to meet their short sale delivery obligations, and may have to sell portfolio securities, currencies or other instruments to raise the capital necessary to meet its short sale obligations at a time when it would be unfavorable to do so. If a request for return of borrowed securities, currencies and/or other instruments occurs at a time when other short sellers of the securities, currencies and/or other instruments are receiving similar requests, a “short squeeze” can occur, and a Client may be compelled to replace borrowed securities, currencies and/or other instruments previously sold short with purchases on the open market at the most disadvantageous time, possibly at prices significantly in excess of the proceeds received in originally selling the securities, currencies and/or other instruments short. Short sales of securities, currencies or other instruments a Client does not own and “short” derivative positions involve forms of investment leverage, and the amount of a Client’s potential loss is theoretically unlimited. The SEC and other regulators have in the past and may in the future adopt restrictions or other requirements on short sales.

Options. Clients invest in options. Purchasing put and call options, as well as writing such options, are highly specialized activities and entail greater than ordinary investment risks. Although an option buyer’s risk is limited to the amount of the original investment for the purchase of the option, an investment in an option may be subject to greater fluctuation than is an investment in the underlying securities. In theory, an uncovered call writer’s loss is potentially unlimited, but in practice the loss is limited by the term of existence of the call. The risk for a writer of a put option is that the price of the underlying securities may fall below the exercise price. The ability to trade in or exercise options may be restricted in the event that trading in the underlying securities interest becomes restricted. Unlike exchange-traded options, which are standardized with respect to the underlying instrument, expiration date, contract size, and strike price, the terms of over-the-counter options (options not traded on exchanges) are generally established through negotiation with the other party to the option contract. While this type of arrangement allows a Client greater flexibility to tailor an option to their needs, over-the-counter options generally involve greater credit risk than exchange-traded options, which are guaranteed by the clearing organization of the exchanges where they are traded. Thus, when a Client purchases an over-the counter option, it relies on the counterparty from whom it purchased the option to make or take delivery of the underlying investment upon exercise of the option. Failure by the counterparty to do so would result in the loss of any premium paid by such Client as well as the loss of any expected benefit of the transaction.

Stock Index Options. Clients are also permitted to purchase and sell call and put options on stock indices listed on securities exchanges or traded in the over-the-counter market for the purpose of realizing their investment objective or for the purpose of hedging their portfolio. A stock index fluctuates with changes in the market values of the stocks included in the index. The effectiveness of purchasing or writing stock index options for hedging purposes will depend upon the extent to which price movements in a Client’s portfolio correlate with price movements of the stock indices selected. Because the value of an index option depends upon movements in the level of the index rather than the price of a particular stock, whether a Client realizes gains or losses from the purchase or writing of options on indices depends upon movements in the level of stock prices in the stock

market generally or, in the case of certain indices, in an industry or market segment, rather than movements in the price of particular stocks. Accordingly, successful use by a Client of options on stock indices will be subject to the Investment Manager's ability to correctly predict movements in the direction of the stock market generally or of particular industries or market segments or to select appropriate indices for hedging.

Futures and Related Options. The Investment Manager buys and sells futures contracts and related options on behalf of Clients. A futures contract is an agreement between two parties to buy and sell a specific quantity of a commodity (including a securities index or an interest-bearing security) for a set price at a future date. Clients also buy and sell call and put options on futures or on securities indexes in addition to or as an alternative to purchasing or selling futures contracts, or, to the extent permitted by applicable law, to earn additional income. The use of futures and options involves certain special risks. Futures and options transactions involve costs and may result in losses. Certain risks arise because of the possibility of imperfect correlations between movements in the prices of futures and options and movements in the prices of the underlying securities, securities index, currencies or other commodities or of the securities or currencies held by a Client which are the subject of the hedge (to the extent such Client uses futures and options for hedging purposes). The successful use of futures and options further depends on the Investment Manager's ability to forecast market or interest rate movements correctly. Other risks arise from a Client's potential inability to close out its futures or options positions, and there can be no assurance that a liquid secondary market will exist for any futures contract or option at a particular time. The use of futures and options for purposes other than hedging is regarded as speculative. Certain regulatory requirements may also limit a Client's ability to engage in futures and related options transactions.

Risks of Derivative Instruments. Clients engage in a variety of derivative transactions. A derivative is a financial contract the market value of which depends upon, or is derived from, the value of underlying assets, reference rates or indices. Derivatives may relate to securities, commodities, currencies, currency exchange rates, interest rates, inflation rates and related indices, and include futures, non-U.S. currency contracts, swap contracts, options on securities and indices, options on futures contracts, options on swap contracts, forward contracts, contracts for differences, interest rate caps, floors and collars, repurchase or reverse repurchase agreements and other over-the-counter contracts. A Client may use derivatives for many purposes, including as a substitute for direct investment, as a way to adjust its exposure to various securities, markets and currencies without actually having to sell existing investments and/or make new investments, and as a means to hedge other investments and to manage liquidity and excess cash. Notional amounts of swap transactions are not subject to any limitations, and swap contracts may expose a Client to unlimited risk of loss. Swaps may be used as an alternative to futures contracts.

The use of derivatives involves the risk that their value may not change as expected relative to changes in the value of the assets, rates or indices they are designed to track. In addition, all derivative instruments involve risks that are in addition to, and potentially greater than, the risks of investing directly in securities and other more traditional assets, including:

- Management Risks – Derivative products are specialized instruments that require investment techniques and risk analyses different from those associated with

equities and fixed income securities. The use of a derivative requires an understanding not only of the underlying instrument but also of the derivative itself. In particular, the use and complexity of derivatives require the maintenance of adequate controls to monitor the transactions entered into and the ability to assess the risk that a derivative adds to a Client's portfolio.

- **Over-the-Counter Trading/Counterparty Risk** – A Client utilizes swaps and other derivatives transactions where it believes it will further the objectives of such Client. To the extent a Client invests in over-the-counter derivative instruments, counterparty exposures can develop and such Client takes the risk of nonperformance by the other party on the contract. This risk may differ materially from those entailed in exchange-traded transactions which generally are supported by guarantees of clearing organizations, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections. The participants in over-the-counter markets typically are not subject to the same level of credit evaluation and regulatory oversight as are members of “exchange-based” markets.

Clients are exposed to counterparty risk, for example, to the extent they use over-the-counter derivatives, enter into repurchase agreements, lend their portfolio securities or allow a prime broker or an over-the-counter derivative counterparty to retain possession of collateral. If a counterparty fails to meet its contractual obligations, goes bankrupt, or otherwise experiences a business interruption, a Client could be negatively impacted, for example, by missing investment opportunities, being unable to perform its obligations to others, or otherwise holding investments it would prefer to sell. Any of the foregoing could result in losses for such Client. Counterparty risk includes the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing such Client to suffer a loss. “Counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where a Client has concentrated its transactions with a single or small group of counterparties. A Client may also be exposed to similar risks with respect to non-U.S. brokers in jurisdictions where there are delayed settlement periods.

There can be no assurance that a counterparty will be able or willing to make timely settlement payments or otherwise meet its obligations, especially during unusually adverse market conditions. A Client typically may only close out over-the-counter transactions with the relevant counterparty and may only transfer a position with the consent of the particular counterparty. When a counterparty's obligations are not fully secured by collateral, then a Client is essentially an unsecured creditor of the counterparty. If the counterparty defaults, a Client will have contractual remedies, but there is no assurance that a counterparty will be able to meet its obligations pursuant to such contracts or that, in the event of default, such Client will succeed in enforcing contractual remedies. Counterparty risk is still present even if a counterparty's obligations are secured by collateral because a Client's interest in collateral may not be perfected or additional collateral may not be promptly posted as required. To the extent a Client allows a prime broker or any over-the-counter derivative counterparty to retain possession of any collateral, such Client is likely to

be treated as an unsecured creditor of such counterparty in the event of the counterparty's insolvency. Counterparty risk also may be more pronounced if a counterparty's obligations exceed the amount of collateral held by a Client (if any), such Client is unable to exercise its interest in collateral upon default by the counterparty, or the termination value of the instrument varies significantly from the marked-to market value of the instrument.

A Client will be exposed to the credit risk of its counterparties and may also bear the risk of settlement default. For example, although the seller under a repurchase agreement will be required to maintain the value of the securities subject to the agreement in an amount exceeding the repurchase price, default by the seller would expose such Client, as buyer, to possible loss due to adverse market action or delay in connection with the disposal of the underlying obligations. Conversely, where a Client acts as seller under a repurchase agreement it is exposed to the risk of the buyer defaulting in its obligation to return the securities when it is required to do so, and such Client could realize a loss on the purchase of the underlying security to the extent that the purchase price of the underlying security is greater than the cash collateral posted by the buyer. In addition, if the seller becomes involved in bankruptcy or litigation proceedings, a Client may incur delay and costs in selling the underlying security or may suffer a loss of principal and interest if such Client is treated as an unsecured creditor and is required to return the underlying collateral to the seller's estate.

Due to the nature of Clients' investments, Clients may invest in derivatives and/or execute a significant portion of their securities transactions through a limited number of counterparties, and events that affect the creditworthiness of any of those counterparties may have a pronounced effect on Clients. In addition, the creditworthiness of a counterparty may be adversely affected by larger than average volatility in the markets, even if the counterparty's net market exposure is small relative to its capital. The Investment Manager evaluates the creditworthiness of the counterparties to a Client's transactions or their guarantors at the time a Client enters into a transaction. Clients are not restricted from dealing with any particular counterparty or from concentrating any or all transactions with one counterparty. The ability of Clients to transact business with any one of a number of counterparties, the lack of any meaningful and independent evaluation of such counterparties' financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by Clients. Furthermore, due to the size of a Client and its investment strategy, such Client may have a limited number of counterparties and, accordingly, may not be able to diversify its counterparty risk. This could also further limit the liquidity and price of derivatives transactions into which such Client enters.

Counterparties to derivatives contracts may have the right to terminate such contracts (i) if a Client's net asset value declines below a certain level over a specified period of time, (ii) in the event of the departure of the Principal or other key persons from the Investment Manager or (iii) other events enumerated in such contracts. The exercise of such a right by the counterparty could have a material adverse effect on a Client's operations.

Counterparty risk may be further complicated by financial reform legislation and

similar requirements adopted in the U.S., the EU and certain other jurisdictions which include provisions for clearing, margin and reporting requirements for derivatives transactions and restrictions on the types of derivatives transactions that can be entered into by certain financial companies. Because these requirements are relatively new and evolving (and some of the rules are not yet final), their ultimate impact remains unclear; however, such requirements could mean that a Client will face less creditworthy counterparties on certain derivatives transactions. Also, such requirements may limit the flexibility of a Client to protect its interests in the event of an insolvency of a derivatives counterparty because of powers granted to clearing houses and government authorities to limit or delay close-out of derivatives positions of insolvent clearing members or financial companies and to transfer such positions to other entities.

- **Documentation Risk** – The Client may be exposed to documentation risk, which is the risk that ambiguities, inconsistencies or errors in the documentation relating to a derivative transaction may lead to a dispute with the counterparty or unintended investment results. Because the contract for each over-the-counter derivative transaction is individually negotiated, the counterparty may interpret contractual terms (e.g., the definition of default) differently than a Client, and if it does, such Client may decide not to pursue their claims against the counterparty to avoid the cost and unpredictability of legal proceedings. A Client, therefore, may be unable to obtain payments the Investment Manager believes are owed to such Client under derivative instruments or those payments may be delayed or made only after such Client has incurred the cost of litigation. There is also the risk that a counterparty may interpret contractual terms to claim that a Client has triggered an event of default or termination event and proceed to liquidate such Client's positions or exercise its interest in collateral posted by such Client. Also, payment amounts calculated in connection with standard industry conventions for resolving contractual issues (e.g. ISDA protocols and auction processes) may be different than would be realized if a counterparty were required to comply with the literal terms of the derivatives contract (e.g. physical delivery). In addition, the literal terms of an over-the-counter contract may be applied in ways that are at odds with the investment thesis behind the decision to enter the contract.
- **Derivatives Regulation** – Transactions in some types of swaps (including certain interest rate swaps and certain credit default swaps on North American and European indices) are required to be centrally cleared. In a transaction involving such swaps ("cleared derivatives"), a Client's counterparty is a clearing house rather than a bank or broker. Since Clients are not members of a clearing house and only members of a clearing house ("clearing members") can participate directly in the clearing house, Clients hold cleared derivatives through accounts at a clearing member. In cleared derivatives positions, a Client makes payments (including margin payments) to and receive payments from a clearing house through accounts at clearing members. Clearing members guarantee performance of their clients' obligations to the clearing house.

In some ways, cleared derivative arrangements are less favorable to funds than bilateral arrangements, for example, by requiring that funds pay fees to its clearing members and provide more margin for their cleared derivatives positions. The costs of derivatives transactions may increase further as clearing members raise their fees

to cover the costs of additional capital requirements and other regulatory changes applicable to the clearing members. Also, as a general matter, in contrast to a bilateral derivatives position, following a period of notice to a Client, a clearing member at any time can require termination of an existing cleared derivatives position or an increase in margin requirements above those required at the outset of a transaction. Clearing houses also have broad rights to increase margin requirements for existing positions or to terminate those positions at any time. Any increase in margin requirements or termination of existing cleared derivatives positions by the clearing member or the clearing house could interfere with the ability of a Client to pursue its investment strategy. Further, any increase in margin requirements by a clearing member could expose a Client to greater credit risk to its clearing member, because margin for cleared derivatives positions in excess of a clearing house's margin requirements typically is held by the clearing member. Also, Clients are subject to risk if they enter into a derivatives transaction that is required to be cleared (or that the Investment Manager expects to be cleared), and no clearing member is willing or able to clear the transaction on a Client's behalf. In those cases, the position might have to be terminated, and a Client could lose some or all of the benefit of the position, including loss of an increase in the value of the position and loss of hedging protection.

Some types of cleared derivatives are required to be executed on an exchange or on a swap execution facility. A swap execution facility is a trading platform where multiple market participants can execute derivatives by accepting bids and offers made by multiple other participants in the platform. While this execution requirement is designed to increase transparency and liquidity in the cleared derivatives market, trading on a swap execution facility can create additional costs and risks for a Client. For example, swap execution facilities typically charge fees, and if a Client executes derivatives on a swap execution facility through a broker intermediary, the intermediary may impose fees as well. Also, a Client may indemnify a swap execution facility, or a broker intermediary who executes cleared derivatives on a swap execution facility on such Client's behalf, against any losses or costs that may be incurred as a result of such Client's transactions on the swap execution facility.

These and other new rules and regulations could, among other things, further restrict a Client's ability to engage in, or increase the cost to such Client of, derivatives transactions, for example, by making some types of derivatives no longer available to such Client or otherwise limiting liquidity or increasing transaction costs. While the regulation and central clearing of some derivatives transactions are designed to reduce systemic risk (i.e., the risk that the interdependence of large derivatives dealers could cause them to suffer liquidity, insolvency or other challenges simultaneously), there is no assurance that the mechanisms imposed under the regulations will achieve that result. Moreover, central clearing and related requirements expose Clients to new kinds of risks and costs, not all of which are known yet. For example, credit risk of market participants with respect to derivatives that are centrally cleared is concentrated in a few clearing houses, and it is not clear how an insolvency proceeding of a clearing house would be conducted and what impact an insolvency of a clearing house would have on the financial system. In the event of the insolvency of a clearing house, a Client might experience a loss of funds deposited through its clearing member as margin with the clearing house, a loss of unrealized profits on its open positions, and the loss of funds owed to it as realized profits on closed positions. Such an insolvency might also cause a substantial delay

before a Client could obtain the return of funds owed to it by a clearing member who was a member of such clearing house.

- **Margin Requirements for Over-the-Counter Derivatives Transactions** – U.S. regulators, the EU and certain other jurisdictions have adopted minimum margin requirements for uncleared over-the-counter derivatives transactions. These rules impose minimum margin requirements on derivatives transactions between a Client and its swap counterparties and regulatory requirements on the timing of transferring margin and certain other margin mechanics. Clients are already subject to variation margin requirements under such rules. Initial margin requirements are expected to become effective in phases between now and 2022 and are expected to apply to Clients to the extent they trade uncleared derivatives over the applicable regulatory threshold for each phase. Such requirements could increase the amount of margin a Client needs to provide in connection with uncleared derivatives transactions and, therefore, make such transactions more expensive.
- **Resolution Stay Requirements** – In the event of a counterparty's (or an affiliate's) insolvency, a Client's ability to exercise remedies could be stayed or eliminated under special resolution regimes adopted in the United States, the EU and various other jurisdictions. Such regimes provide government authorities with broad authority to intervene when a financial institution is experiencing financial difficulty and may prohibit a Client from exercising termination rights based on the financial institution's insolvency. In particular, in the EU, governmental authorities could reduce, eliminate or convert to equity the liabilities to a Client of a counterparty experiencing financial difficulties (sometimes referred to as a "bail in").
- **Other Risks** – Clients' use of derivatives may not be effective or have the desired result. Derivatives involve the risk that their value may not change as expected relative to changes in the value of the assets, rates or indices they are designed to track. The risk may be more pronounced when outstanding notional amounts in the market exceed the amounts of the referenced assets. Derivatives are also subject to currency and other risks. Moreover, suitable derivatives may not be available in all circumstances and there can be no assurance that a Client will be able to identify or employ a desirable derivatives transaction at any time or from time to time, or that any such transactions will be successful. For example, the economic costs of taking some derivatives positions may be prohibitive. In addition, the Investment Manager may decide not to use derivatives to hedge or otherwise reduce a Client's risk exposures, potentially resulting in losses for such Client.

Clients' use of derivatives may be subject to special tax rules and could generate additional taxable income for Investors. In addition, the tax treatment of Clients' use of derivatives may be unclear because there is little case or other law interpreting the terms of most derivatives or determining their tax treatment.

Debt Securities. Clients are permitted to invest in bonds or other debt instruments. Debt securities are subject to the risk of the issuer's inability to meet principal and interest payments on the obligation and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity. When interest rates rise, the value of debt securities can be expected to decline. Debt securities with longer maturities tend to be more sensitive to

interest rate movements than those with shorter maturities. Debt securities are also subject to credit risk. Credit risk refers to the possibility that the issuer of an instrument or the issuer of the reference asset of a derivative instrument will not be able to make principal and interest payments when due. Changes in an issuer's credit rating or the market's perception of an issuer's creditworthiness could also affect the value of a Client's investment in that issuer. Investment grade ratings do not guarantee that the issuer will not default on its payment obligations or that the applicable instruments will not otherwise lose value. Debt securities may be below "investment grade" and may face ongoing uncertainties and exposure to adverse business, financial or economic conditions that could lead to the issuer's inability to make timely interest and principal payments. The market values of certain of these lower rated debt securities tend to reflect individual corporate developments to a greater extent than do higher rated securities, which react primarily to fluctuations in the general level of interest rates and tend to be more sensitive to economic conditions than are higher rated securities. Trading in such securities could be limited or disrupted by an economic recession, resulting in an adverse impact on the value of such securities. In addition, it is likely that any such economic downturn could affect adversely the ability of the issuers of such securities to repay principal and pay interest thereon and, therefore, increase the incidence of default for such securities.

Credit Default Swaps, Total Return Swaps and Other Credit Derivatives. Clients are permitted to have exposure to credit default swaps, total return swaps and other credit derivatives in connection with their investments and are permitted to enter into such derivatives for hedging purposes. These transactions generally provide for the transfer from one counterparty to another of certain credit risks and return characteristics inherent in the ownership of a financial asset such as a bank loan or a debt security. Such risks include the risk of default and insolvency of the issuer of such asset, and the risk that the credit of the issuer or any underlying collateral will decline or that credit spreads for like assets will change (thus affecting the market value of the financial asset). The transfer of credit risk pursuant to a credit derivative may be complete or partial and may be for the life of the related asset or for a shorter period. Credit derivatives may be used as a risk management tool for a pool of financial assets, providing Clients with the opportunity to gain exposure to one or more reference loans or other financial assets (each, a "reference asset") without actually owning such assets in order, for example, to reduce a concentration risk or to diversify the portfolio.

Credit default swaps, total return swaps and other credit derivatives are a relatively recent development in the financial markets. Consequently, there are certain legal, tax and market uncertainties that present risks in entering into such credit default swaps, total return swaps and other credit derivatives. There is currently little or no case law or litigation characterizing credit default swaps, total return swaps or other credit derivatives, interpreting their provisions or characterizing their tax treatment. In addition, additional regulations and laws may apply to credit default swaps, total return swaps or other credit derivatives that have not heretofore been applied. There can be no assurance that future decisions construing similar provisions to those in any swap agreement or other related documents or additional regulations and laws governing credit default swaps, total return swaps or other credit derivatives will not have a material adverse effect on a Client. Recent turmoil in the securities market generally and among monoline insurers in particular has increased the volatility and other risks associated with these instruments.

The use of leverage significantly increases the sensitivity of the market value of credit default swaps, total return swaps or other credit derivatives to changes in the market value of the reference assets. The reference assets are subject to the risks related to the credit of the underlying issuers. Such risks include the possibility of a default or bankruptcy of the issuer or a claim that the pledging of collateral to secure a loan constituted a fraudulent conveyance or preferential transfer that can be subordinated to the rights of other creditors of the issuers or nullified under applicable law.

Sovereign Credit Default Swaps. Clients are permitted to invest in sovereign credit default swaps that reference U.S. and non-U.S. debt ("**SCDS**"). In exchange for a fee paid to the seller, an SCDS contract can be used to protect the buyer against losses on sovereign debt arising from so-called credit events such as default or debt restructuring. SCDS have been the subject of scrutiny in recent years, particularly by the EU. Currently, EU laws prohibit investors from entering into SCDS on EU sovereign debt unless such SCDS serves to hedge against (i) the risk of default of the issuer where the investor has a long position in the sovereign debt of that issuer to which the SCDS relates, or (ii) the risk of a decline of the value of the sovereign debt where the investor holds assets or is subject to liabilities, the value of which is correlated to the value of the sovereign debt. In exceptional circumstances, EU member states may also impose additional temporary restrictions on the ability of investors to enter into SCDS or may impose limits on the amount of SCDS positions that can be entered into. Other jurisdictions may impose similar or other prohibitions. Such limitations, if imposed, could limit the ability of a Client to carry out its investment strategy or restrict the methods by which a Client may seek to liquidate SCDS positions.

Credit Default Indices Risk. Clients are permitted to invest in credit default indices, including corporate investment grade credit default indices, corporate high-yield credit default indices, and corporate loan credit default indices, through the use of various investment techniques. While investments in credit default indices will increase the extent, and thus the diversity, of credit securities to which a Client is exposed, such investments are subject to many of the same risks of investing in the referenced basket of credit securities discussed elsewhere in this section, as well as certain additional risks that are not typically associated with investments in such referenced credit securities. A credit default index may not replicate and maintain exactly the same composition and relative weightings of securities in the index throughout its holding by a Client. The liquidity of the market for credit default indices may be subject to the same conditions affecting liquidity in the referenced credit securities and credit derivatives markets, and could be relatively less liquid in certain circumstances.

Committed Loan Obligation and Total Return Swap Facilities. Clients are permitted to enter into one or more committed loan credit facilities and/or total return swap facilities with various lenders. The Investment Manager believes that such facilities may provide Clients with additional flexibility to finance attractive future investments if and when such opportunities arise. While a Client may not benefit from such additional financing flexibility for some time, a portion of the costs incurred in connection with negotiating and securing such facilities will be due immediately. There can be no assurance that (i) a Client will be successful in securing any such facilities under favorable terms or (ii) if secured, any such facility will be used. Costs related to such facilities could have a negative effect on the performance of a Client.

Interest Rate Swaps. Interest rate swaps typically involve the exchange of the two parties' respective commitments to pay or receive interest on a notional principal amount (e.g., an exchange of floating rate payments for fixed rate payments). In particular, a Client may seek to realize capital appreciation by entering into interest rate swaps designed to, among other things, appreciate in value in the event that the referenced interest rates increase. Such swaps may include interest rate swaps based on the London Interbank Offered Rate ("**LIBOR**"), pursuant to which a Client would receive LIBOR and would pay a fixed interest rate determined at the time the swap is entered into. Other types of interest rate swap agreements in which Clients are permitted to invest include interest rate caps, under which, in return for a premium, one party agrees to make payments to the other to the extent that referenced interest rates exceed a specified rate, or "cap"; interest rate floors, under which, in return for a premium, one party agrees to make payments to the other to the extent that referenced interest rates fall below a specified rate, or "floor"; and interest rate collars, under which a party sells a cap and purchases a floor or vice versa in an attempt to protect itself against interest rate movements exceeding given minimum or maximum levels. Whether a Client's use of interest rate swaps will be successful in furthering its investment objective will depend on the Investment Manager's ability to predict correctly whether certain types of investments are likely to produce greater returns than other investments. Clients will also bear the risk that the Investment Manager will not accurately forecast future market trends, reference rates or the values of assets, indexes or other economic factors in establishing interest rate swap positions for Clients. There is no assurance that interest rate swaps will be available for utilization by a Client, or that they will be successful in any of their intended objectives. Any termination of an interest rate swap transaction could also result in a termination payment by or to a Client.

Risks Relating to LIBOR Changes. LIBOR, the Euro Interbank Offered Rate ("**EURIBOR**") and other interest rates or other types of rates and indices which are classed as "benchmarks" have been the subject of recent national and international regulatory reform. The UK's Financial Conduct Authority ("**FCA**") announced its intention that after 2021, it will no longer compel banks to submit the quotations needed to sustain LIBOR. As a result, the survival of LIBOR in its current form, or at all, could not be guaranteed after 2021. The FCA and LIBOR's administrator, ICE Benchmark Administration ("**IBA**"), have announced that most LIBOR settings will no longer be published after the end of 2021 and a majority of U.S. dollar LIBOR settings will no longer be published after June 30, 2023. It is possible that the FCA may compel the IBA to publish a subset of LIBOR settings after these dates on a "synthetic" basis, but any such publications would be considered non-representative of the underlying market. The transition process away from LIBOR may involve, among other things, increased volatility or illiquidity in markets for instruments that currently rely on LIBOR. The transition may also result in a reduction in the value of certain assets held by a Client or its investments or reduce the effectiveness of related Client or portfolio company transactions such as hedges. Any such effects of the transition away from LIBOR, as well as other unforeseen effects, could adversely impact the performance of a Client or its investments. While certain alternative rates are available, they differ significantly from LIBOR and their adoption in the marketplace is still uncertain.

Concentrated Portfolio. The Investment Manager's strategy could result in a concentrated portfolio of investments. Clients are permitted to take significant positions in particular investments. Because Clients are permitted to invest in securities of a

smaller number of issuers, Clients may be more exposed to the risks associated with and developments affecting an individual issuer than a fund that invests more widely, which may, therefore, have a greater impact on each Client's performance. Similarly, a Client's portfolio could result in concentrated exposures to particular geographies, sectors, industries or other similar categories, such that a Client would be more exposed to the risks associated with such geographies, sectors, industries or other category than a more diversified portfolio.

Real Estate Investment Trusts. Investing in real estate investment trusts ("**REITs**") involves certain unique risks in addition to those risks associated with investing in the real estate industry in general. Equity REITs could be affected by changes in the value of the underlying property owned by the REITs, while mortgage REITs may be affected by the quality of any credit extended. REITs are dependent upon management skills, are not diversified, and are subject to heavy cash flow dependency, default by borrowers and self-liquidation. REITs (and master limited partnerships, discussed below) are also subject to the possibility of failing to qualify for tax-free pass-through of income under the U.S. Internal Revenue Code of 1986, as amended ("**Code**") and failing to maintain their exemptions from registration under the 1940 Act.

REITs (especially REITs that invest in fixed rate mortgages) also are subject to interest rate risks. When interest rates decline, the value of a REIT's investment in fixed rate obligations can be expected to rise. Conversely, when interest rates rise, the value of a REIT's investment in fixed rate obligations can be expected to decline. In contrast, as interest rates on adjustable-rate mortgage loans are reset periodically, yields on a REIT's investments in such loans will gradually align themselves to reflect changes in market interest rates, causing the value of such investments to fluctuate less dramatically in response to interest rate fluctuations than would investments in fixed rate obligations.

MLPs. Clients invest in equity securities of master limited partnerships ("**MLPs**"). MLPs are subject to many risks, including those that differ from the risks involved in an investment in the common stock of a corporation. Holders of MLP units have limited control and voting rights on matters affecting the partnership and are exposed to a remote possibility of liability for all of the obligations of that MLP. Holders of MLP units are also exposed to the risk that they will be required to repay amounts to the MLP that are wrongfully distributed to them. In addition, the value of a Client's investment in an MLP will depend largely on the MLP's treatment as a partnership for U.S. federal income tax purposes. To qualify as an MLP, a publicly-traded entity must receive at least 90% of its income from qualifying sources as set forth in the Code. These qualifying sources include, among others, income and gain from certain mineral or natural resources activities, income and gain from the transportation or storage of certain fuels, and, in certain circumstances, income and gain from commodities or futures, forwards and options with respect to commodities. Investments in MLPs may cause Investors that are not United States persons for U.S. federal income tax purposes to derive income that is effectively connected with a U.S. trade or business, and Investors that are exempt from U.S. federal income tax to derive income that is unrelated business taxable income. The performance of securities issued by MLP affiliates, including MLP I-Shares and common shares of corporations that own general partner interests, primarily depends on the performance of an MLP. The risks and uncertainties that affect the MLP, its operational results, financial condition, cash flows and distributions also affect the value of securities held by that MLP's affiliate. Securities of MLP I-Shares may trade at a market price below that of

the MLP affiliate and may be less liquid than securities of their MLP affiliate.

Commodities. Clients invest in commodities. Exposure to the commodities markets may subject a Client to greater volatility than investments in traditional securities. The value of commodity-linked derivative investments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, embargoes, tariffs and international economic, political and regulatory developments. Additionally, Clients are permitted to gain exposure to the commodities markets through investments in exchange-traded notes, the value of which may be influenced by, among other things, time to maturity, level of supply and demand for the exchange-traded note, volatility and lack of liquidity in underlying markets, the performance of the reference instrument, changes in the issuer's credit rating and economic, legal, political or geographic events that affect the reference instrument.

Currency Risk. Currency risk is the risk that changes in currency exchange rates will negatively affect securities denominated in, and/or receiving revenues in, foreign currencies. The liquidity and trading value of foreign currencies could be affected by global economic factors, such as inflation, interest rate levels, and trade balances among countries, as well as the actions of sovereign governments and central banks. Adverse changes in currency exchange rates (relative to the U.S. dollar) may erode or reverse any potential gains from a Client's investments in securities denominated in a foreign currency or may widen existing losses.

Use of Currency Forwards. Clients are permitted to enter into currency forward contracts (agreements to exchange one currency for another at a future date). These contracts involve a risk of loss if a Client fail to predict accurately the direction of currency exchange rates. In addition, forward contracts are not guaranteed by an exchange or clearing house. Therefore, a default by the forward contract counterparty may result in a loss to a Client for the value of unrealized profits on the contract or for the difference between the value of its commitments, if any, for purchase or sale at the current currency exchange rate and the value of those commitments at the forward contract exchange rate.

As a result of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Act**"), the CFTC regulates non-deliverable forwards (including deliverable forwards where the parties do not take delivery). Changes in the forward markets may entail increased costs and result in burdensome reporting requirements. There is currently no limitation on the daily price movements of forward contracts. Principals in the forward markets have no obligation to continue to make markets in the forward contracts traded. The imposition of credit controls by governmental authorities or the implementation of regulations pursuant to the Dodd-Frank Act might limit such forward trading to less than that which the Investment Manager would otherwise recommend, to the possible detriment of a Client.

There can be no guarantee that instruments suitable for hedging currency shifts will be available at the time a Client seeks to use them or will be able to be liquidated when a Client seeks to do so. In addition, a Client may not enter into hedging transactions with respect to some or all of their positions that are exposed to currency exchange risk.

Investment in Restricted Securities. Restricted securities cannot be sold without being

registered under the Securities Act, unless they are sold pursuant to an exemption from registration (such as Rules 144 or 144A). Privately-placed securities, bank loans and other instruments that are not readily marketable are subject to other legal or contractual restrictions on resale. A Client may have to bear the expense of registering restricted securities for resale and the risk of substantial delay in effecting registration.

If adverse market conditions were to develop during such period, a Client might obtain a less favorable price than that which prevailed when it decided to sell. A Client may be unable to sell restricted and other illiquid securities at the most opportune times or at prices approximating the value at which they purchased such securities. If it sells its securities in a registered offering, a Client may be deemed to be an “underwriter” for purposes of Section 11 of the Securities Act. In such event, a Client may be liable to purchasers of the securities under Section 11 if the registration statement prepared by the issuer, or the prospectus forming a part of it, is materially inaccurate or misleading, although a Client may have a due diligence defense. These limitations on liquidity of a Client’s investments could prevent a successful sale thereof, result in delay of any sale, or reduce the amount of proceeds that might otherwise be realized. In addition, a Client’s holdings in securities for which the relevant market is or becomes less liquid are more susceptible to market value declines. Less liquid securities also may fall more in price than other securities during periods when markets decline generally. Also, because illiquid securities may be difficult to value, the values realized on their sale may differ from the values at which they are carried by a Client. Further, the more less-liquid securities a Client holds, the more likely they are to honor a withdrawal request in kind.

Reverse Repurchase Agreements. Reverse repurchase agreements involve the risk that the market value of the securities retained by a Client could decline below the price of the securities such Client has sold but is obligated to repurchase under the agreement. In the event the buyer of securities under a reverse repurchase agreement files for bankruptcy or becomes insolvent, a Client’s use of the proceeds of the agreement may be restricted pending a determination by the other party, or its trustee or receiver, whether to enforce such Client’s obligation to repurchase the securities.

Sovereign Debt. Clients could have exposure to sovereign debt, including through the use of derivative instruments. These investments are subject to the risk that a governmental entity may delay or refuse to pay interest or repay principal on its sovereign debt, due, for example, to cash flow problems, insufficient foreign currency reserves, political considerations, the relative size of the governmental entity’s debt position in relation to the economy or the failure to put in place economic reforms required by the International Monetary Fund or other multilateral agencies. If a governmental entity defaults, it may ask for more time in which to pay or for further loans. There is no legal process for collecting sovereign debt that a government does not pay, nor are there bankruptcy proceedings through which all or part of the sovereign debt that a governmental entity has not repaid may be collected.

Depositary Receipts. A Client is permitted to purchase sponsored or unsponsored American Depositary Receipts (collectively “**Depositary Receipts**”) if issues of such Depositary Receipts are available that are consistent with such Client’s investment objective. Depositary Receipts generally evidence an ownership interest in a corresponding non-U.S. security on deposit with a financial institution. Transactions in Depositary Receipts usually do not settle in the same currency as the underlying securities are denominated or traded. Generally, Depositary Receipts in registered form

are designed for use in the U.S. securities market and Depositary Receipts in bearer form are designed for use in securities markets outside the U.S. Depositary Receipts may be issued pursuant to sponsored or unsponsored programs. In sponsored programs, an issuer has made arrangements to have its securities trade in the form of Depositary Receipts. In unsponsored programs, the issuer may not be directly involved in the creation of the program. Although regulatory requirements with respect to sponsored and unsponsored programs are generally similar, in some cases it may be easier to obtain financial information from an issuer that has participated in the creation of a sponsored program. Accordingly, there could be less information available regarding issuers of securities' underlying unsponsored programs and there may not be a correlation between such information and the market value of the Depositary Receipts.

Government and Agency Securities. Clients are permitted to invest in debt securities issued or guaranteed by certain U.S. and non-U.S. government agencies, instrumentalities and sponsored enterprises. U.S. government securities include securities issued and, in certain cases, guaranteed by the U.S. government or its authorities, agencies, or instrumentalities. Non-U.S. government securities include securities issued or guaranteed by non-U.S. governments (including political subdivisions) or their authorities, agencies, or instrumentalities or by supranational agencies (e.g., the World Bank, the Asian Development Bank and the Inter-American Development Bank). Different kinds of U.S. and non-U.S. government securities have various levels of government support. Some U.S. government securities, such as Treasury bills, notes and bonds, and securities guaranteed by the U.S. Government National Mortgage Association, are supported by the full faith and credit of the United States; others, such as those of the U.S. Federal Home Loan Banks, are supported by the right of the issuer to borrow from the U.S. Treasury; others, such as those of the U.S. Federal National Mortgage Association, are supported by the discretionary authority of the U.S. government to purchase the agency's obligations; and still others, such as those of the U.S. Student Loan Marketing Association, are supported only by the credit of the instrumentality. Similarly, some non-U.S. government securities are supported by the full faith and credit of a non-U.S. national government or political subdivision and some are not. Securities issued or guaranteed by certain non-U.S. countries may involve varying degrees of credit risk as a result of financial or political instability in such countries, and the possible inability of Clients to enforce their rights against the non-U.S. government issuers. As with issuers of other fixed income securities, sovereign issuers may be unable or unwilling to make timely principal or interest payments.

In addition to investing directly in U.S. and non-U.S. government securities, Clients are permitted to purchase certificates of accrual or similar instruments evidencing undivided ownership interests in interest payments and/or principal payments of U.S. and non-U.S. government securities. Certificates of accrual and similar instruments representing participation in U.S. or non-U.S. government securities may be more volatile than other government securities.

ETFs. Clients are permitted to invest in exchange-traded funds ("**ETFs**"). ETFs are hybrid investment companies that may be registered as open-end investment companies or unit investment trusts ("**UITs**") but possess some of the characteristics of closed-end funds. Some of the ETFs in which a Client may invest typically hold a portfolio of common stocks that is intended to track the price and dividend performance of a particular index. Clients may also invest in actively-managed ETFs. Common examples of ETFs include S&P

Depository Receipts (“SPDRs”), Vanguard ETFs and iShares, which may be purchased from the UIT or investment company issuing the securities or in the secondary market (SPDRs, Vanguard ETFs and iShares are predominantly listed on the NYSE Arca). The market price for ETF shares could be higher or lower than the ETF’s net asset value. The sale and redemption prices of ETF shares purchased from the issuer are based on the issuer’s net asset value. Investments in ETFs entail certain additional risks. Investments in ETFs involve the risk that the ETF’s performance may not track the performance of the index (if any) the ETF is designed to track. Unlike an index, an ETF incurs administrative expenses and transaction costs in trading securities. In addition, the timing and magnitude of cash inflows and outflows from and to investors buying and redeeming shares in the ETF could create cash balances that cause the ETF’s performance to deviate from the index (which remains “fully invested” at all times). Performance of an ETF and the index it is designed to track also may diverge because the composition of the index and the securities held by the ETF may occasionally differ. In addition, ETFs often use derivatives to track the performance of the relevant index and, therefore, investments in those ETFs are subject to the same derivatives risks discussed above.

Non-U.S. Investments. Clients are permitted to invest in non-U.S. securities. Such investments may be subject to a greater risk than U.S. investments due to non-U.S. economic, political and legal developments, including favorable or unfavorable changes in currency exchange rates, exchange control regulations (including currency blockage), expropriation of assets or nationalization, imposition of taxes on dividends, interest payments, or capital gains, the need for approval by government or other authorities to make investments, and possible difficulty in obtaining and enforcing judgments against non-U.S. entities and other factors beyond the control of the Investment Manager. Furthermore, issuers of non-U.S. securities are subject to different, often less comprehensive accounting, reporting or disclosure requirements than U.S. issuers. The securities markets of some countries in which a Client could invest have substantially less volume than those in the United States, and securities of certain companies in these countries are less liquid and more volatile than securities of comparable U.S. companies. Accordingly, these markets may be subject to greater influence by adverse events generally affecting the market, and by large investors trading significant blocks of securities, than is usual in the United States. Brokerage commissions and other transaction costs on securities exchanges in non-U.S. countries are generally higher than in the United States. Non-U.S. securities settlements may in some instances be subject to delays and related administrative uncertainties. In some countries there are restrictions on investments or investors such that the only practicable way for a Client to invest in such markets is by entering into swaps or other derivative transactions with their prime brokers or others. Such transactions involve counterparty risks which are not present in the case of direct investments and which may not be controllable by the Investment Manager.

Emerging Markets Countries. Investments in emerging markets involve a greater degree of risk than investing in developed countries. Among other things, emerging market investments may be subject to the following risks: less publicly available information; more volatile markets and unstable market conditions, changes in interest rates, availability of credit and inflation rates; less liquidity or available credit; uncertainty in enforceability of documents; changes in local laws and regulations (including nationalization of industries); political or economic instability (including wars, terrorist

acts or security operations); the relatively small size of the securities markets in such countries and the low volume of trading and less strict securities market regulation; less favorable tax or legal provisions; price controls and other restrictive governmental actions; changes in or non-approval of tariffs or other fees or rates charged; potential severe inflation or other serious adverse economic developments; unstable currency; expropriation of property; confiscatory taxation; imposition of withholding and other taxes on income or gross sales proceeds or dispositions; fluctuations in the rate of exchange between currencies, non-convertibility of currencies which can result in the inability to repatriate funds, costs associated with currency conversion; and certain government policies that could restrict a Client's investment opportunities.

Custodial Risk. A Client's brokers or custodians will have custody of such Client's securities, cash, distributions and rights accruing to such Client's securities accounts. SEC rules require the brokers to maintain physical possession and control of fully paid securities held in a Client's account and to establish certain reserves for the benefit of customers. However, subject to these limitations, the brokers generally have the ability to loan, pledge, and rehypothecate the securities in a Client's account, as is typical market practice, and may have insufficient assets to meet all of its obligations to customers in the event of an insolvency of the brokers. In such an event, the Client would typically not have a right to recover their securities held by the brokers, but would rather have only an unsecured claim against the brokers and participate pro rata with other customers of the brokers in the proceeds of the sale of customer securities. Also, even if the brokers do have sufficient assets to meet all customer claims, there could be a delay before a Client receives assets to satisfy its claims. In order to manage the risks associated with broker insolvency, a Client may establish relationships with multiple brokers. However, there can be no assurance that a Client will be able to establish or maintain such relationships. In addition, a Client may not be able to identify potential solvency concerns with respect to a Client's brokers or to transfer assets from one broker to another broker in a timely manner. The brokers may hold a Client's securities through third parties such as clearing corporations, other brokers or banks. In addition, a Client may hold securities, cash and other assets directly with banks or other third parties not associated with the brokers. As a result, a Client may be subject to credit risk with respect to such third parties as well as with respect to the brokers. In addition, certain assets of a Client may be held by non-U.S. affiliates of such Client's brokers and entities other than the brokers. Assets held by such non-U.S. affiliates may be subject to legal regimes that provide fewer or different investment protections than the U.S. If a Client has over-collateralized derivative contracts, it is likely to be an unsecured creditor of any such counterparty in the event of its insolvency. In the event of a counterparty's (or its affiliate's) insolvency, the possibility exists that a Client's ability to exercise remedies, such as the termination of transactions, netting of obligations and realization on collateral, could be stayed or eliminated under special resolution regimes adopted in the United States, the EU and various other jurisdictions. Such regimes provide government authorities with broad authority to intervene when a financial institution is experiencing financial difficulty. The insolvency of a counterparty can result in uncertainty as to the amount that a Client will be able to recover in respect of its derivative transactions with such counterparty, as well as the time when the relevant funds or assets will be available to the Funds. In addition, even if a Client's broker or such other third parties do have sufficient assets to meet all claims, there could be a delay before such Client receives assets to satisfy its claims. A Client may change the brokerage or custodial arrangements at any time without notice

to its Investors. There may be operational and other delays associated with changes in brokerage or custodial arrangements.

Leverage. The Investment Manager utilizes leverage in investing Client assets, including through engaging in trading on margin by borrowing funds and pledging securities as collateral. While such use of borrowed funds increases returns if a Client earns a greater return on the incremental investments purchased with borrowed funds than it pays for such funds, the use of leverage decreases returns if a Client fails to earn as much on such incremental investments as it pays for such funds. The effect of leverage may therefore result in wider fluctuations and a greater decrease in the net asset value of a Client than if such Client were not so leveraged. Any use by a Client of short-term margin borrowings will result in certain additional risks to such Client. For example, the securities pledged to brokers to secure a Client's margin accounts could be subject to a "margin call," pursuant to which such Client would be required to either deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. A sudden, precipitous drop in value of a Client's assets accompanied by corresponding margin calls could force such Client to liquidate assets quickly, and not for what the Investment Manager perceives to be their fair value, in order to pay off its margin debt. In addition, Clients may engage in certain derivative transactions which implicitly contain leverage and subject Clients to the same risks discussed above, including a risk that losses will be substantially greater than the amount invested in the derivative itself. Derivative instruments may also contain terms to the effect that, if a Client's net asset value falls below a certain level, such Client would be required to post additional collateral and/or the counterparty would have the ability to terminate the derivative transactions. Such posting of additional collateral or a termination of transactions would amplify a decrease in the net asset value of such Client, which, in turn, could necessitate the posting of additional collateral and/or a termination of transactions and lead to a further decrease in the net asset value of such Client.

Liquidity Risk. Clients make investments in assets, including derivative instruments, which they may not be able to readily sell or dispose of, including securities whose disposition is restricted by securities laws. A Client's ability to sell assets or derivatives may be adversely affected by various factors, including limited trading volume, lack of a market maker, or legal restrictions. Other instruments, and in particular, caps, floors, collars and certain other derivatives, may also have varying liquidity and/or pricing availability. Short sales are particularly subject to liquidity risk because a Client's purchase of securities or currencies to close out a short position can itself cause the price of the securities or currencies to rise further, thereby exacerbating the loss. It is also possible that an exchange or governmental authority may suspend or restrict trading on an exchange or in particular securities or other instruments traded on the exchange. In addition, it may not always be possible to execute a buy or sell order at the desired price or to liquidate an open position, either due to market conditions on exchanges or due to the operation of daily price fluctuation limits (the maximum permitted fluctuation in the price of a futures or options contract during any trading day) or "circuit breakers." This lack of liquidity and market depth, and the other risks described above, could disadvantage a Client, both in the realization of the prices which are quoted and in the execution of orders at desired prices or in desired quantities. Assets and liabilities for which no market prices are available will generally be carried on the books of a Client at fair value in accordance with GAAP, unless otherwise determined by the Investment Manager. There is no guarantee that such valuation will represent the value that will be realized by a Client

on the eventual disposition of the investment or that would, in fact, be realized upon an immediate disposition of the investment, including sales of investments as necessary to meet withdrawal requests.

Portfolio Turnover. Clients have not placed any limit on the rate of portfolio turnover, and portfolio securities are permitted to be sold without regard to the time they have been held when, in the opinion of the Investment Manager, investment considerations warrant such action. A high rate of portfolio turnover involves correspondingly greater expenses than a lower rate, could act to reduce a Client's investment gains, or create a loss for Investors and could result in taxable costs for Investors depending on the tax provisions applicable to such Investors.

Hedging Transactions. Clients are permitted to but are not required to enter into certain hedging strategies. The success of the Investment Manager's hedging strategy is subject to the Investment Manager's ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolios being hedged. Furthermore, the Investment Manager may not accurately anticipate a particular risk so as to hedge against it. Since the characteristics of many securities change as markets change or time passes, the success of the instances when the Investment Manager hedges portfolio positions in a Client is also subject to the Investment Manager's ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. While a Client may enter into certain hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for such Client than if they had not engaged in any such hedging transactions. For a variety of reasons, the Investment Manager may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent a Client from achieving the intended hedge or expose such Client to risk of loss.

Lending of Securities. Clients are permitted to lend portfolio securities to broker-dealers and other financial institutions. The advantage of such loans is that a Client continues to receive the interest or dividends on the loaned securities, while at the same time earning interest on the collateral which is invested in short-term obligations. If the borrower fails to maintain the requisite amount of collateral, the loan automatically terminates, and a Client could use the collateral to replace the securities while holding the borrower liable for any excess of replacement cost over collateral. On termination of the loan, the borrower is required to return the securities to a Client; any gains or loss in the market price during the loan would inure to such Client. In the event of the bankruptcy of the other party to a securities loan, a Client could experience delays in recovering the securities they lent, and may miss investment opportunities or fail to perform its obligations to others. To the extent that the value of the securities a Client has lent has increased, the Client could experience a loss if such securities are not recovered.

Small and Medium Capitalization Companies. Although Clients are permitted to invest in companies of all sizes, they invest a portion of their assets in the securities of companies with small to medium-sized market capitalizations, including growth-stage companies. While the Investment Manager believes they often provide significant potential for appreciation, such securities, particularly of companies having small-capitalization, involve higher risks in some respects than do investments in securities of larger companies. For example, prices of securities of small-capitalization and even medium-

capitalization companies are often more volatile than prices of securities of large-capitalization companies, and the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) is higher than for larger, “blue-chip” companies. In addition, due to thin trading in the securities of some small-capitalization companies, an investment in those companies may be illiquid. Some small companies in which a Client could invest may also lack management depth or the ability to generate internally or obtain externally the funds necessary for growth. Companies with new products or services could sustain significant losses if projected markets do not materialize. Further, such companies could have, or may develop, only a regional market for products or services and may be adversely affected by purely local events. Such companies may be small players in their industries and may face intense competition from larger companies and entail a greater risk than investment in larger companies.

Market Disruption and Geopolitical Risk. General fluctuations in the market prices of securities may affect the value of the investments held by a Client. Instability in the securities markets will also likely increase the risks inherent in a Client’s investments. Clients are subject to the risk that geopolitical and other events (e.g., wars and terrorism) will disrupt securities markets and adversely affect global economies and markets, thereby decreasing the value of their investments. Sudden or significant changes in the supply or prices of commodities or other economic inputs (e.g., the marked decline in oil prices that began in late 2014) may have material and unexpected effects on both global securities markets and individual countries, regions, sectors, companies, or industries, which could significantly reduce the value of a Client’s investments. Terrorism in the United States and around the world has increased geopolitical risk. In addition, securities markets may be susceptible to market manipulation or other fraudulent trading practices, which could disrupt the orderly functioning of markets or reduce the value of investments traded in them, including investments of a Client. Instances of fraud and other deceptive practices committed by senior management of certain companies in which a Client invests may negatively affect the value of such Client’s investments. In addition, when discovered, financial fraud may contribute to overall market volatility, which can negatively impact a Client’s investment program. Financial fraud may also impact the rates or indices underlying a Client’s investments.

While the U.S. government has always honored its credit obligations, a default by the U.S. government would be highly disruptive to the U.S. and other securities markets. Uncertainty surrounding the sovereign debt of several EU countries, as well as the continued existence of the EU itself, has disrupted and may continue to disrupt markets in the United States and around the world. If a country changes its currency or leaves the EU or if the EU dissolves, the world’s securities markets likely will be significantly disrupted. Substantial government interventions (e.g., currency controls) could also impact a Client’s investments.

The United Kingdom’s Relationship with the European Union. The United Kingdom (the “UK”) left the European Union (the “EU”) on January 31, 2020 (“Brexit”). During an 11 month transition period, the UK and the EU agreed to a Trade and Cooperation Agreement which sets out the agreement for certain parts of the future relationship between the EU and the UK from January 1, 2021. The Trade and Cooperation Agreement does not provide the UK with the same level of rights or access to all goods and services in the EU as the UK previously maintained as a member of the EU and during the transition period. In particular, the Trade and Cooperation Agreement does not include

an agreement on financial services which is yet to be agreed. Accordingly, uncertainty remains in certain areas as to the future relationship between the UK and the EU.

From January 1, 2021, EU laws ceased to apply in the UK . . . However, many EU laws have been transposed into English law and these transposed laws will continue to apply until such time that they are repealed, replaced or amended. Depending on the terms of any future agreement between the EU and the UK on financial services, substantial amendments to English law may occur, and it is impossible to predict the consequences on a Client and its investments. Such changes could be materially detrimental to investors.

The uncertainty caused by the UK's departure from the EU could lead to prolonged political, legal, regulatory, tax and economic uncertainty and wider instability and volatility in the financial markets of the UK and more broadly across Europe. It may also lead to weakening corporate and financial confidence in such markets as the UK renegotiates the regulation of the provision of financial services within and to persons in the EU. Brexit could lead to market dislocation, heightened counterparty risk, an adverse effect on the management of market risk and, in particular, asset and liability management due in part to redenomination of financial assets and liabilities, an adverse effect on the ability of the general partner of each Client, the Investment Manager and their affiliates to manage, operate and invest in each Client and increased legal, regulatory or compliance burden for such general partners, the Investment Manager, their affiliates and/or each Client, each of which may have a negative impact on the operations, financial condition, returns or prospects of each Client.

The UK's exit from the EU and the terms of the future relationship (if any) could also create significant uncertainty in the UK (and potentially global) financial markets. This includes, but is not limited to, trade within Europe, foreign direct investment in Europe, the scope and functioning of European regulatory frameworks (including with respect to the regulation of alternative investment fund managers and the distribution and marketing of alternative investment funds), industrial policy pursued within European countries, immigration policy pursued within EU countries, the regulation of the provision of financial services within and to persons in Europe and trade policy within European countries and internationally. The volatility and uncertainty caused by the withdrawal may adversely affect the value of each Client's investments and the ability to achieve the investment objective of each Client.

Risks Related to the Sustainable Finance Disclosure Regulation. The European Union's Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (as amended from time to time, the "**SFDR**") sets out certain environmental, social, governance ("**ESG**") and sustainability disclosure requirements for alternative investment fund managers. Whilst it is not yet clear how the SFDR will impact non-European Union managers such as the Investment Manager, it will likely impact non-European Union managers marketing funds to investors in the European Union.

The SFDR, along with other sustainability and ESG requirements that may, in the future, be imposed by other jurisdictions or regions in which the Investment Manager does business and/or in which the Clients are marketed, may result in additional compliance costs, disclosure obligations or other implications or restrictions on the Clients or for the Investment Manager, including the requirement to capture information or data about

each Client or its investments and undertake a periodic assessment of the principal adverse impacts of each Client's impact on sustainability factors. Additionally, the Investment Manager may be required to classify itself or a Client against certain ESG criteria, some of which can be open to subjective interpretation. The Investment Manager's view on the appropriate classification may develop over time, including in response to statutory or regulatory guidance or changes in industry approach to classification. A change to the relevant classification may require further actions to be taken, for example it may require further disclosures by the Investment Manager or a Client or it may require new processes to be set up to capture data about a Client or its investments, which may lead to additional cost to be borne by the Client. Additionally, the classification of a Client into a certain ESG category may make it more difficult for such Client to raise its targeted amount of capital commitments as such classification may not reflect the beliefs or values of a particular investor in the manner of which another classification otherwise would.

Risks Related to COVID-19. The international transmission of COVID-19 has fundamentally changed the way humans experience life worldwide. From an economic perspective, efforts to contain the spread of COVID-19 have resulted in border closings and other major travel restrictions, significant disruptions to business operations, supply chains and customer activity, lower consumer demand for certain goods and services, in person event cancellations and restrictions, school closures, service cancellations, reductions and other changes, significant challenges in healthcare service, preparation and delivery, and prolonged and/or reoccurring lockdowns and stay at home orders, as well as general concern and uncertainty. Additionally, COVID-19 has wreaked havoc on certain industries and specific businesses. Even as restrictions have been lifted in certain jurisdictions, they have been reimposed in others, and this pattern is expected to continue for the foreseeable future. The protracted implementation of the COVID-19 vaccine and the spread of new variations of the virus have hampered recovery efforts and created further uncertainty. Although the long-term economic fallout of COVID-19 is difficult to predict, it has and is likely to continue to contribute to market volatility and systemic economic weakness. It is also likely to lead to future economic slowdown given unprecedented levels of government spending and fundamental disruption to the operation and existence of certain industries. Health crises caused by the outbreak of COVID-19 and its disproportionate impact of the pandemic on certain communities and industries has exacerbated pre-existing political, social, economic, market and financial risks. The COVID-19 pandemic and its effects are expected to continue through 2021 and beyond, and therefore the future economic outlook is inherently uncertain.

The foregoing could affect the level and volatility of prices and the liquidity of Clients' investments. Additionally, the foregoing could impair a Client's ability to maintain operational standards (such as with respect to satisfying redemption requests), disrupt the operations of a Client's service providers, adversely affect the value and liquidity of a Client's investments, prevent a Client from making certain short sales and negatively impact a Client's performance and Investors' investment in such Client. Negative performance, and general economic distress across markets, could spur significant redemptions from Clients, and in particular, the Funds. In such a scenario, a Fund could have difficulty liquidating assets to fulfill such requests at desirable prices or be unable to fulfill requests entirely, requiring a suspension of redemptions. Similarly, large redemptions from a Fund, even when fulfilled, could make it difficult for the Investment Manager to execute its investment strategy or could cause breaches of various trading

agreements, causing further distress and performance decline.

Since COVID-19 is present in jurisdictions in which the Investment Manager has offices or other operations or investments, it could affect the ability of the Investment Manager to operate effectively, including the ability of personnel to function, communicate and travel to the extent necessary to carry out the Clients' investment strategies and objectives including, for example, conducting in-person due diligence on potential investments. In addition, in response to the COVID-19 outbreak, several industry conference sponsors and venues have suspended or cancelled events due to concerns over the spread of COVID-19. Events continue to be curtailed by the implementation of U.S. federal and state and non-U.S. governmental limitations on public gatherings, as well as voluntary and involuntary travel restrictions, lockdowns, and self-quarantine requirements. Attendance by the Investment Manager, its employees and affiliates at industry conferences and events is a component of the Investment Manager's investment-sourcing and monitoring strategy and for Clients in fundraising for raising capital. Restrictions on travel and the cancellation or suspension of industry events may adversely affect the Investment Manager's ability to source potential investment opportunities for the Clients and to gain meaningful insights in order to properly evaluate the risk/reward potential of investing or continuing to hold an investment in a particular industry sector or market and to raise additional funds.

Master-Feeder Structure. The Funds have a master fund in a "master-feeder" structure. While the "master-feeder" structure is intended to reduce cost and administrative complexity, it may not do so, and the Funds might encounter operational or other complications. For example, large-scale redemption by Investors in a Fund that is a feeder could have an adverse effect on other Funds in the structure, such as requiring the liquidation of a substantial portion of such Fund's holdings at the time when it could be disadvantageous to do so. In addition, to the extent a feeder vehicle's assets are invested in a master fund, certain conflicts of interest may exist due to different considerations applicable to the feeder vehicle, the master fund, and their respective investors, including tax, regulatory and other issues.

Cross-Liability. The Funds are permitted to issue one or more series, sub-series, classes or sub-classes thereof or reclassify existing series of interests. The Funds shall not require the consent of, and are not required to give notice to, any Investor to establish series, sub-series, classes or sub-classes from time to time, or additional feeder funds, including those with terms different from those described herein. Further, a Fund may issue one or more series, sub-series, classes or sub-classes denominated in currencies other than U.S. dollars, or additional feeder funds may be formed that accept currencies other than U.S. dollars, and that engage in certain currency-hedging activities by investing in, among other things, derivative instruments.

All of the assets of a Fund are available to meet all of the liabilities of every class of such Fund, regardless of the separate classes to which such assets or liabilities are attributable (if any). Due to the pursuit of currency hedging the risks and liabilities of a series may be materially different from some or all of such other series and future classes or sub-classes thereof. While a Fund will seek to contractually allocate the profits and losses associated with any such currency hedging activities and the pledging of assets related thereto, to the applicable Fund associated with such currency hedging according to proportionate interests, all of the assets of the Fund are available to be pledged for such arrangements

and there is no guarantee that such liabilities would not exceed the assets of the applicable Fund.

Certain Tax Consequences. Clients' activities could cause adverse tax consequences to Investors, including liability for interest and penalties. The Investment Manager may refrain from making certain investments on a Client's behalf because those transactions could have significant adverse tax effects for some Investors but could be profitable for others. The Investment Manager also may consider the potential tax impact on some Investors of the timing of transactions (for example, whether disposing of an investment or closing a position at a particular time could have different tax effects than disposing or closing somewhat sooner or later). The tax implications of timing may benefit certain Investors, including a General Partner and its affiliates, and not others, and in some cases could adversely affect the Investors.

Cash and Other Investments. Clients are permitted to invest all or a portion of their assets in cash or cash items for investment purposes, pending other investments or as provision of margin for futures or forward contracts. These cash items must be of high quality at the time of investment and may include a number of money market instruments such as negotiable or non-negotiable securities issued by or short-term deposits with the U.S. and non-U.S. governments and agencies or instrumentalities thereof, bankers' acceptances, high quality commercial paper, repurchase agreements, bank certificates of deposit, and short-term debt securities of U.S. or non-U.S. issuers deemed to be creditworthy by the Investment Manager. Clients are also permitted to hold interests in investment vehicles that hold cash or cash items. While investments in cash items generally involve relatively low risk levels, they could produce lower than expected returns, and could result in losses. Investments in cash items and money market funds could also provide less liquidity than anticipated by the Investment Manager at the time of investment.

Other Instruments and Future Developments. Clients are permitted to take advantage of opportunities in the area of swaps, options on various underlying instruments and swaptions and certain other customized "synthetic" or derivative investments in the future. In addition, Clients are permitted to take advantage of opportunities with respect to certain other "synthetic" or derivative instruments which are not presently contemplated for use by Clients or which are currently not available, but which may be developed to the extent such opportunities are both consistent with a Client's investment objective and legally permissible for such Client. Special risks may apply to Clients' investments in the future. Furthermore, the Investment Manager, on behalf of Clients, has the discretion to supplement Clients' principal investment strategy by making investments in any other securities or assets that the Investment Manager believes may offer attractive trading or investment opportunities. In implementing Clients' investment programs, the Investment Manager is permitted to utilize whatever techniques it deems to be advisable, regardless of whether any such technique is specifically described herein, is currently in existence or is hereafter created.

Item 9: Disciplinary Information

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Item 10: Other Financial Industry Activities and Affiliations

Neither we nor our management persons are registered as broker-dealers, and neither of us has any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer, respectively.

As noted in Item 4, Athanor has a relationship with the Strategic Investor which has agreed to provide significant capital contributions to certain Funds. In consideration for this initial capital contribution, the Strategic Investor is entitled to receive additional revenue and allocations calculated by reference to the Management Fees and Performance Allocation and has received certain additional rights, including, without limitation, consent rights over certain actions related to the Funds, the General Partners or Investment Manager and their affiliates, advance notice with respect to certain events or actions related to the Funds, the General Partners or Investment Manager and their affiliates, preferential reporting, information and transparency rights, capacity rights, co-investment rights, and other rights that are in addition to, and are more favorable than, the rights of other investors in the Funds.

Although Athanor and the Strategic Investor have a strategic relationship, Athanor is operated independently from the management of the Strategic Investor. The Strategic Investor is not a sponsor or promoter of any Client and has no duties to the other Investors and will not be liable to other Investors for exercising or not exercising any rights that it may have. The Strategic Investor will not have any management responsibilities with respect to the General Partner, the Investment Manager, their respective affiliates or the Funds, and does not have control over the day-to-day investment decisions of the Funds.

We do not recommend or select other investment advisers for our clients.

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

Code of Ethics

Athanor has adopted a “**Code of Ethics**” that establishes the high standard of conduct that we expect of our employees, and procedures regarding our employees’ personal trading of securities. Employees are required to certify their adherence to the terms set forth in the Code of Ethics upon commencement of employment and annually thereafter. Employees also are required to provide quarterly certifications of compliance with certain Code of Ethics provisions.

The foundation of our Code of Ethics is based upon the following underlying fiduciary principles:

- Employees must at all times place the interests of Clients first;
- Employees must ensure that all personal securities transactions are conducted consistent with the Code of Ethics’ Employee Investment Policy (described below); and
- Employees should not take advantage of their position at the Firm.

Firm personnel who violate the Code of Ethics may be subject to remedial actions, including, but not limited to, profit disgorgement, fines, censure, demotion, suspension or dismissal. Firm personnel are also required to promptly report any violation of the Code of Ethics of which they become aware. Firm personnel are required to annually certify compliance with the Code of Ethics.

Personal Securities Trading

The Firm has adopted an **“Employee Investment Policy”** that includes accounts maintained by or for:

- employees;
- their spouse or domestic partner (except a spouse or partner with a valid separation/divorce decree);
- their minor children;
- immediate family members sharing the same household;
- any persons to whom the employee provides primary financial support and either:
(i) whose financial affairs are managed by the employee, or (ii) for whom the employee holds discretionary authority over financial accounts; and
- any accounts for entities in which the employee has a 25% or greater beneficial interest or exercises effective control.

Employees are required to provide copies of all personal discretionary brokerage account statements to the CCO to monitor compliance with the Employee Investment Policy.

Under the Employee Investment Policy, employees are prohibited from trading single name securities, futures and options on futures, provided that, with approval from the CCO, employees may sell such securities held prior to becoming an employee.

Employees also must obtain pre-approval from the CCO before engaging in any outside business activities that may present a conflict with the employees’ duties at the Firm or making any private investments.

We will provide a copy of our Code of Ethics to our Clients, or any prospective investor or client, to be reviewed at our offices, upon request by contacting the CCO by email at michael.shaw@athanorcapital.com.

Conflicts of Interest

The Investment Manager and its affiliates sponsor, advise and sub-advise Clients that trade substantially the same strategy as certain other Clients as well as Clients that trade different strategies, either in whole or in part from such other Clients, and may sponsor, advise and sub-advise additional such Clients in the future. Such Clients may use more or less leverage, and may have different withdrawal terms and risk profiles, among other attributes, from one another. In addition, the Investment Manager, the General Partners and their affiliates and the principals thereof may have investments in certain Clients, or interests in the performance of certain Clients, which pose conflicts of interest. Conflicts of interest among Clients may exist, which include, but are not limited to, those described herein.

Clients are expected to hold overlapping investments, except as set forth in a Client's Governing Documents. To the extent that the Investment Manager determines that an investment opportunity is appropriate for more than one Client, the allocation of such investment opportunity generally will be made on a fair and equitable basis over time which generally will be on a pro rata basis in proportion to the available capital of each Client participating in the investment opportunity or such other fair and equitable manner, subject to various considerations including but not limited to its investment strategy, investment guidelines, portfolio composition, expected opportunity set, risk limits and profiles, liquidity terms, inflows and outflows of capital, tax and regulatory concerns, availability of brokers, minimum order size, and fractional-contract restrictions. The Investment Manager and its affiliates may use other allocation methodologies such that there can be no assurances that an investment opportunity which comes to the attention of the Investment Manager or its affiliates, including investment opportunities that may be appropriate for certain Clients, will not be allocated wholly or primarily to other Clients, with Clients for which the investment opportunity is also appropriate being unable to participate in such investment opportunity or participating only on a limited basis. If, in the discretion of the Investment Manager, a Client should not participate in a particular investment opportunity due to one or more other such considerations, such investment opportunity will be allocated only to Clients not affected by such considerations. To the extent an investment is not allocated pro rata, a Client could incur a disproportionate amount of income or loss related to such investment relative to other Clients.

Clients could be disadvantaged because of activities conducted by the Investment Manager or its affiliates for other Clients, as a result of, among other things: legal restrictions on the combined size of positions which may be taken for all accounts managed by the Investment Manager or its affiliates, thereby limiting the size of such Client's position; and the difficulty of liquidating an investment for more than one Client account where the market cannot absorb the sale of the combined positions or where liquidating an investment or investments in one Client account causes a diminution of value in the same assets in another Client account. This risk is especially acute in situations where Clients hold overlapping positions and there is a large redemption in one or more Client accounts but not in other Client accounts and where certain Clients (or Investors in Clients) have different information, liquidity, and redemption notice periods. In addition, there may be circumstances under which the Investment Manager or its affiliates will consider participation by one Client in investment opportunities in which the Investment

Manager does not intend to invest, or intends to invest only on a limited basis, on behalf of certain other Clients. The Investment Manager and its affiliates will evaluate a variety of factors which may be relevant in determining whether a particular situation or strategy is appropriate and feasible for a Client at a particular time, including the nature of the investment opportunity taken in the context of the other investments at the time, the liquidity of the investment relative to the needs of the particular entity, the investment or regulatory limitations on the particular entity and the transaction costs involved. Because these considerations may differ for one Client and one or more other Clients, in the context of any particular investment opportunity, each Client's investment activities may differ considerably from time to time.

Investment opportunities may be appropriate for Clients at different or overlapping levels of a portfolio company's capital structure. The involvement of Clients at both the equity and debt levels, or in different levels of the debt structure of an issuer, could cause conflicts of interest. In certain circumstances, decisions made with respect to investments held by one Client could adversely affect the investments of another Client.

Investments by Clients. There may be a conflict of interest in the allocation of investment opportunities among certain Clients, and in particular, such Clients that trade substantially similar strategies. The Investment Manager intends to allocate investment opportunities in a manner which is believed to be fair and equitable over time to all the entities involved.

Transactions with Affiliates. Clients are permitted to participate in, to the extent permitted by applicable securities laws, transactions in which a General Partner or the Investment Manager (or any of their employees, members and/or principals or any Investor), or one or more other Clients is directly or indirectly interested. In connection with such transactions, Clients, on the one hand, and the General Partner, Investment Manager, their employees, members and/or principals or Investors, on the other hand, may have conflicting interests. The General Partners and the Investment Manager may also face conflicts of interest in connection with purchase or sale transactions (involving an investment by Clients) with an affiliate of a Client, including with respect to the consideration offered by, and the obligation of, the General Partners or Investment Manager and such other affiliate.

Co-Investments. If the Investment Manager, in its sole discretion, determines that the amount of an investment opportunity exceeds the amount that it determines would be appropriate for Clients, or is otherwise inappropriate for Clients, the Investment Manager is permitted to offer any such excess to one or more co-investors (or co-investment vehicles, including vehicles in which an affiliate of the Investment Manager may serve as general partner or the equivalent or may contribute capital) on such terms and conditions as the Investment Manager determines in its sole discretion. In general, (i) no Client or Investor should expect to have a right to participate in any co-investment opportunity, even if such investor has expressed an interest in co-investment opportunities, (ii) decisions regarding whether and to whom to offer co-investment opportunities, as well as the applicable terms on which a co-investment is made, are made in the sole discretion of the Investment Manager considering such factors as the Investment Manager may consider relevant, which could include such persons' strategic relationships, existing or future investments with or in any Clients or other relationships

with the Investment Manager, and (iii) co-investment opportunities may be offered to some and not other Investors or Clients, in the sole discretion of the Investment Manager, and certain Investors or Clients could be offered a smaller amount of co-investment opportunities than originally requested. Additionally, the Investment Manager is permitted to enter into certain agreements to provide co-investment rights, including preferential rights, to receive offers of co-investment opportunities, to certain third parties. The existence of such priority or other contractual co-investment access rights could affect the Investment Manager's decision to offer certain opportunities for co-investment and could limit the ability of Clients or Investors to be offered certain co-investment opportunities. In addition, co-investment vehicles may be formed to make investments alongside a Client. In such cases, the co-investment vehicle will have a priority right to make co-investments in some or all of the investments made by such Client. The existence of such a priority right will also significantly reduce or eliminate co-investment opportunities available to Investors.

Each co-investment opportunity (should any exist) is likely to be different and allocation of each such opportunity will be dependent upon the facts and circumstances specific to that unique situation (e.g., timing, industry, size, geography, asset class, projected holding period, exit strategy and counterparty). In the event the Investment Manager determines to offer an investment opportunity to co-investors, there can be no assurance that the Investment Manager will be successful in offering a co-investment opportunity to a potential co-investor, in whole or in part, that the closing of such co-investment will be consummated in a timely manner, that the co-investment will take place on the terms and conditions that will be preferable for a Client or that expenses incurred by a Client with respect to the syndication of the co-investment will not be substantial, and Clients bear the risk that any or all excess portion of an investment is not sold or is sold on unattractive terms. An investment that is not syndicated to co-investors as originally anticipated could significantly reduce a Client's overall investment returns.

Co-investments may be committed and/or consummated before or after an investment made by a Client. In certain circumstances, including a post-closing sell down of an investment to a co-investor, a Client could bear the entire amount of any break-up fee, dead deal expenses, or other fees, costs and expenses related to a co-investment, including financing expenses related to holding such co-investment, hold a larger portion than expected in such investment if a co-investment is not consummated, or may realize lower-than-expected returns from such investment. A Client could incur fees and other expenses in connection with borrowing the portion of the acquisition price of an investment ultimately allocated to the co-investor(s), and those amounts may not be required to be reimbursed by the co-investor(s). In certain circumstances, the Investment Manager could receive compensation from a third party for a co-investment opportunity, including fees or performance compensation (which compensation may be greater than the compensation paid by a Client) or other benefits, which would create a conflict of interest. The Investment Manager or its affiliates or employees are permitted to participate in such co-investment vehicles.

Resolution of Conflicts. In the case of all conflicts of interest, the Investment Manager's determination as to which factors are relevant, and the resolution of such conflicts, will be made using the Investment Manager's reasonable judgment, but in its sole discretion. In resolving conflicts, the Investment Manager will consider various factors, including, for example, the interests of the applicable Clients with respect to the immediate issue and/or with respect to their longer-term courses of dealing. Certain procedures for resolving specific conflicts of interest are set forth below. When conflicts arise, the following factors may mitigate, but will not eliminate, conflicts of interest:

- Except as set forth in a Client's Governing Documents, such Client generally will not make an investment unless the Investment Manager believes that such investment is an appropriate investment considered from the viewpoint of such Client;
- Many important conflicts of interest will generally be resolved by set procedures, restrictions or other provisions set forth in a Client's Governing Documents and/or in the Investment Manager's compliance manual;
- Where the Investment Manager deems appropriate, unaffiliated third parties may be used to help resolve conflicts, such as the use of an investment banker to opine as to the fairness of a purchase or sale price; and
- Prior to subscribing for interests in a Fund, each Investor receives information relating to significant potential conflicts of interest arising from the proposed activities of the Fund.

In addition, certain provisions of a Client's Governing Documents are designed to protect the interests of Investors in situations where conflicts may exist, although these provisions do not eliminate such conflicts. While the Investment Manager endeavors to resolve all conflicts in a fair and impartial manner, there can be no assurance that its own interests will not influence its conduct and decisions. In certain instances, some of such conflicts of interest may be resolved in a manner adverse to a Client or an Investor and their ability to achieve their investment objectives.

Special Arrangements with Investors

With respect to the Funds, each General Partner and board of directors, as applicable, are permitted to enter into separate agreements with Investors setting forth the terms of investment by such Investor in the Funds. Among other things, such agreements could and do provide for Management Fees, Performance Allocations, liquidity terms, preferential reporting and notice rights, caps on expenses, information and/or transparency rights (including the receipt of information on a more frequent and advanced notice basis), special redemption rights, including in the case of the occurrence of certain events, capacity rights, co-investment rights, and/or other rights that are in addition to, and are more favorable than are available to other investors.

Item 12: Brokerage Practices

Selection of Broker/Dealers

The Investment Manager is solely responsible for choosing the broker or brokers used for each securities transaction for Clients. In negotiating commission rates and selecting broker/dealers, the Investment Manager will take into account the financial stability and reputation of the particular broker/dealer, the ability to achieve prompt and reliable executions at favorable prices, the operational efficiency and confidentiality with which transactions are effected and the brokerage and research services provided by such broker/dealer, and other services, such as invitations to conferences and similar events, introductions to potential portfolio companies or clients, and transportation to and from meetings, among other factors. It is noted that since commission rates are generally negotiable, selecting brokers on the basis of considerations which are not limited to applicable commission rates may at times result in higher transaction costs than would otherwise be obtainable.

The Investment Manager believes that valuable brokerage, research and other services can be provided to Clients by brokerage firms effecting transactions for Clients. Accordingly, the Investment Manager does not intend to seek lower brokerage commissions to the extent that doing so might detract from the provision of such brokerage, research and other services. Brokerage and research services may either be obtained from brokerage firms or obtained from third parties and paid for by the Investment Manager and subsequently charged to Clients pro rata based on their relative capital balances. Brokerage and research services may include, but are not limited to, written (including electronic) information and analyses concerning specific securities, companies or sectors; news, quotation, statistics and pricing services, as well as discussions with research personnel and consultants; and hardware, software, databases and other technical services and equipment utilized in the investment management process and consulting fees in connection with investigating and monitoring potential and existing investments. Research and other services, whether obtained by the use of commissions arising from a Client's portfolio transactions or paid for by the Investment Manager and charged to Clients as described above, may be used by the Investment Manager for the benefit of other Clients.

As of the date of this Brochure, in selecting broker/dealers for Client transactions, Athanor does not consider whether or not it receives Investor or Client referrals from the broker. Prime brokers who provide services to Clients from time to time provide Athanor with "capital introduction" opportunities. Athanor does not make a payment for these services. This creates a conflict of interest because these services that a prime broker provides to Athanor create an incentive for Athanor to select that prime broker in connection with activities of Clients. See Item 14, Client Referrals and Other Compensation.

Soft Dollars

Clients are permitted to receive products and services from any broker/dealer or other financial intermediary or counterparty with or through which they execute portfolio transactions, including derivatives transactions. When a Client does so, it is said to be

paying for those products and services with “soft dollars.” In formulating and implementing its policies with regard to the use of commissions or “soft dollars”, products and services received by the Investment Manager are expected, but are not required, to fall within the parameters of Section 28(e) of the Exchange Act.

Investors should understand that when the Investment Manager receives research or other products or services, as described above, the Investment Manager receives a benefit because it does not have to produce or pay for this research, products, or services. Therefore, the Investment Manager may have an incentive to select or recommend a broker based on its interest in receiving the research or other products or services, rather than on the Funds’ interest in receiving most favorable execution.

Furthermore, the Investment Manager is permitted to use products and services acquired with a Client’s soft dollars in managing other Clients, and vice versa, and may use those soft dollars to acquire products and services it uses primarily or even exclusively in managing such other Clients. Some of those other Clients could use a Client’s soft dollars even if they do not generate any commissions.

Trade Errors

On occasion, errors may occur with respect to trades executed on behalf of one or more Clients. For example, a transaction may be executed in the wrong asset, for the wrong quantity or price, or as a buy rather than a sale (or vice versa), because of a programming error in a trading program, or because of a misallocation among Client accounts. Except to the extent otherwise required by law, a Client will bear the losses or costs of any such errors, unless we determine that the error breached the standard of care required by such Client. To the extent an error is caused by a third party, such as a broker, we may seek to recover any losses associated with such error from such third party, although there may be contractual limitations on a third party’s liability with respect to such errors.

Directed Brokerage

The Investment Manager does not have client-directed brokerage arrangements. In the event that the Investment Manager in the future enters into an investment management agreement with a Client that provides for directed brokerage arrangements, such arrangements may deprive such Client of benefits that might otherwise be obtained by “bunching” such Client’s order with orders for other Clients advised by the Investment Manager. This may result in such Client paying a higher commission rate or receiving less favorable execution than if the Investment Manager had discretion to select the broker or negotiate the commission rate, or orders being placed at different times and potentially after orders are placed for Clients who have not implemented directed brokerage arrangements.

Aggregation of Trades

Purchase and sale orders of the same securities generally are combined (or bunched) for Clients with each entity paying its pro rata share of the total commission and paying or receiving its pro rata share of the total cost or sales proceeds. Purchase and sale orders that are aggregated across one or more Clients will be allocated on an average price basis

among such Client accounts. From the standpoint of a Client, simultaneous identical portfolio transactions for multiple Clients may decrease the prices received and increase the prices required to be paid by such Client for its portfolio sales and purchases.

If an order for more than one Client for a publicly traded security cannot be fully executed, allocation shall be made based upon the Investment Manager's procedures for allocation of investment opportunities, as described in Item 11 above.

Item 13: Review of Accounts

Oversight and Monitoring

Athanor provides continuous advisory services for Clients. Athanor regularly monitors and analyzes the transactions, positions, and investment levels of Clients to ensure they conform to the investment objectives and guidelines stated in each Client's Governing Documents. The portfolio investments of each Client are primarily reviewed by a team of investment professionals, which currently include the Principal and the CCO. In these reviews, Athanor pays particular attention to any changes in investment fundamentals, overall risk management, and changes in the markets that may affect price levels.

Account Reporting

Athanor provides certain monthly and quarterly reports in accordance with each Client's Governing Documents, and as may be agreed with particular Investors pursuant to side letters or other agreements. With respect to its Funds, Athanor delivers annual audited financial statements to all Investors within 90 days of the relevant Client's fiscal year end (as described in Item 15) or as soon as reasonably practicable thereafter, unless otherwise set forth in a Fund's Governing Documents.

Where a Client has engaged an administrator, such reports will generally be made available via the administrator's online portal. Athanor may distribute other interim reports to Clients as applicable.

Item 14: Client Referrals and Other Compensation

For details regarding economic benefits provided to the Investment Manager by non-clients, including a description of related material conflicts of interest and how they are addressed, please see Item 11 above.

While not a client solicitation arrangement, the Investment Manager may from time to time in the future engage one or more persons to act as a placement agent for a Client in connection with the offer and sale of interests to certain potential investors. The Investment Manager may pay compensation to one or more persons for placement or referral services in connection with the offering of Client interests, provided that a Client will not bear such fees and expenses, except as otherwise set forth in such Client's Governing Documents. Please also see Item 12 above for information on capital introductions provided to Athanor by prime brokers of its Clients.

Item 15: Custody

Athanor is authorized to deduct advisory fees directly from the Funds. Athanor maintains Fund assets in accounts with a “qualified custodian,” as defined in Rule 206(4)-2 under the Advisers Act. Under the Rule, Athanor is required to provide Fund Investors with audited financial statements for the applicable Fund within one hundred twenty (120) days of such Fund’s fiscal year end. However, as a commodity pool operator registered with the CFTC, Athanor is required to make audited financial statements available within ninety (90) days of each Fund’s fiscal year end. Investors should carefully review such statements.

Item 16: Investment Discretion

Athanor has discretionary authority to manage securities accounts on behalf of the Funds and is authorized to enter into transactions for the Funds. Each Fund’s investment strategy is set forth in detail in such Fund’s offering memorandum. Athanor does not tailor its investing to the objectives of underlying Investors in the Funds.

Item 17: Voting Client Securities

In accordance with Rule 206(4)-6 of the Advisers Act, we have adopted written proxy voting policies and procedures. Athanor’s policy is to vote (or abstain from voting) proxy proposals, amendments, consents or resolutions (each, a “**Proxy**” and collectively, “**Proxies**”) in a manner which it reasonably believes is in the best interest of each Client. Athanor generally votes in accordance with the recommendation of the issuing company’s management on routine and administrative matters, unless we have a particular reason to vote to the contrary.

We may take into account all relevant factors, as determined by us in our discretion, including, without limitation:

- the impact on the value of the securities or instruments owned by the relevant Client and the returns on those securities;
- the anticipated associated costs and benefits;
- the continued or increased availability of portfolio information;
- industry and business practices;
- contractual obligations under the relevant Governing Documents; and
- any other relevant facts and circumstances the Investment Manager determines to be appropriate at the time of the vote.

Conflicts of interest may arise between the interests of Clients on the one hand and us or our affiliates on the other hand. If we determine that we may have, or be perceived to have, a conflict of interest when voting Proxies, we will either (i) vote in accordance with the issuing company’s management, or (ii) abstain from voting, as we determine in our reasonable discretion.

The Investment Manager does not currently use a proxy advisory service or a proxy voting service, however, in the future, it may determine to engage either or both such services. In such case, the Investment Manager will perform due diligence on such provider or providers in connection with the engagement and on a regular basis.

Clients may obtain a copy of our Proxy voting policies and our Proxy voting record upon request by contacting the CCO by email at michael.shaw@athanorcapital.com.

Item 18: Financial Information

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

Item 19: Requirements for State-Registered Advisers

Item 19 is not applicable to the Investment Manager.