



Spider Management Company, LLC

Form ADV Part 2A

September 28, 2021

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This brochure ("Brochure") provides information about the qualifications and business practices of Spider Management Company, LLC ("Spider Management"). To request a copy of our Brochure or if you have any additional questions about the contents of this Brochure, please contact us at (804)289-6010. You may also obtain a copy of our Brochure by e-mailing your request to SMCinvest@richmond.edu. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about Spider Management is available on the SEC's website at www.adviserinfo.sec.gov. The SEC's web site also provides information about any of our affiliated persons who are registered, or are required to be registered, as investment adviser representatives of Spider Management.

Any reference to or use of the terms "registered investment adviser" or "registered," does not imply that Spider Management or any person associated with it has achieved a certain level of skill or training.

Item 2- Material Changes

This brochure dated September 28, 2021 has been prepared according to the requirements and rules promulgated by the SEC. Pursuant to SEC Rules, we are required to deliver to Clients a summary of any material changes to this Brochure within 120 days of the close of our fiscal year. We may also elect to include a summary of material changes to this Brochure as part of other-than annual amendments filed by Spider Management. This Item discusses specific material changes that are made to the brochure and our business and provides a summary of such changes.

Material Changes:

This current Form ADV Part 2A Brochure reflects the following material changes since the previous filing on January 8, 2021:

1. Spider Management revised Item 4 of the Brochure to reflect updated figures for Spider Management's assets under management.
2. Spider Management revised Item 5 of the Brochure to reflect changes made to investment advisory fees.
3. Spider Management revised Item 6 of the Brochure to reflect the elimination of performance-based fees and modifications to Partnership Expenses.
4. Spider Management revised Item 8 of the Brochure to reflect modifications made to the investment objective, investment strategies, asset allocation, and investment risks.

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Item 4- Advisory Business

Investment Advisory Services and Fees

Spider Management has been a registered investment adviser since January 2010 and has been in business since November 2007. Spider Management is a single-member Virginia limited liability company of which the University of Richmond (the “University”) serves as the sole member. As the sole member, the University controls Spider Management. Spider Management is managed by a Board of Managers and officers who are elected and appointed by the University’s Board of Trustees.

Spider Management provides investment advisory services in the form of portfolio management to pooled vehicles and charitable organizations. Specifically, Spider Management currently serves as the investment adviser to the University of Richmond’s endowment (the “Endowment”¹) and to The Richmond Fund, LP (“The Richmond Fund”). Additionally, the Endowment and The Richmond Fund are controlling partners of a special purpose vehicle, Spider Buyout Holdings, LP, a Delaware limited partnership (“Spider Buyout Holdings” and together with the Endowment and The Richmond Fund, “Clients”)² in which Spider Management also serves as the investment adviser.

Spider Management invests Clients’ assets in private investment funds (“Underlying Funds”) or separate account vehicles (together with the Underlying Funds, the “Investment Vehicles”) managed by third party investment managers (each, a “Third Party Investment Manager”).

The Richmond Fund, which is a collective investment vehicle sponsored and advised by Spider Management, is not registered under the Securities Act of 1933, as amended (the “Securities Act”), or the Investment Company Act of 1940, as amended (the “Investment Company Act”). Accordingly, interests in The Richmond Fund are offered and sold exclusively through the means of a confidential offering memorandum to investors satisfying the applicable eligibility and suitability requirements either in private transactions within the United States or in offshore transactions.

Spider Buyout Holdings is a special purpose vehicle intended to hold certain illiquid Underlying Funds and provide advanced liquidity opportunities with respect to the portfolio of such Underlying Funds. Spider Management does not charge additional fees for assets under management held in Spider Buyout Holdings.

The investment advice provided by Spider Management is tailored to meet the requirements of the Endowment’s investment policy statement. Currently, Clients of Spider Management and investors in The Richmond Fund adopt the Endowment’s investment policy statement which sets out the specific requirements and any restrictions. Such restrictions may include limitations on the types of securities to be held, or the amount of exposure to any particular asset class.

¹ The University of Richmond endowment also includes an immaterial amount of other assets that are not managed by Spider Management. When referencing “the Endowment” in this Brochure, such assets are not included.

² The term Clients does not include the investors or limited partners in The Richmond Fund. Spider Management’s current Clients are limited to the Endowment, The Richmond Fund, and Spider Buyout Holdings.

An agreement is in place between the Endowment and The Richmond Fund (the “Rate of Return Agreement”) which requires those two Clients to make payments to one another in order to ensure that the rate of return achieved by each of the two Clients is equal to a blended rate of return as set forth in the Rate of Return Agreement (the “Blended Return”). These payments will be made from the Client with the higher rate of return to the Client with the lower rate of return so that the Endowment and The Richmond Fund’s rate of return equals the Blended Return. Additional details concerning the Blended Return are set forth in The Richmond Fund’s offering memorandum and offering materials.

Assets Under Management

As of June 30, 2021, Spider Management had approximately \$6,159,256,706 in discretionary regulatory assets under management and \$0 in non-discretionary regulatory assets under management.

Item 5- Fees and Compensation

General

Spider Management charges investors in The Richmond Fund (each, a “Limited Partner”) an investment management fee based on assets under management, as set forth below. Such fees do not include any fees payable to Third Party Investment Managers or that are payable as a result of any investment in any Investment Vehicle. These fees may include fees, charges and expenses levied by the Underlying Funds, costs associated with the purchase and sale of such Underlying Funds or other securities held in a Client’s account, clearing or custody costs, fees or commissions for securities transactions, costs associated with the temporary investment of funds in a cash management account, other charges charged by the Underlying Funds, and/or performance-based fees charged by the Third Party Investment Managers.

Spider Management may invest in securities that are difficult to value and have no active trading market. Spider Management attempts to determine a fair valuation using procedures designed to value such securities; however, the value derived from any such determination may differ substantially from the ultimate price a Client may realize in a transaction. The fees assessed on a Client’s account may be based, at least in part, on such valuations.

Limited Partners should refer to The Richmond Fund’s offering documents for additional/supplementary information regarding the various fees and charges associated with investments in The Richmond Fund.

Investment Advisory Fees

The fees payable to Spider Management are charged quarterly, in arrears, and are equal to 0.60% per annum of the first \$100,000,000 of the net asset value of each Limited Partner’s capital account, 0.50% of the next \$200,000,000 of the net asset value of each Limited Partner’s capital account, 0.35% of over the next \$200,000,000 of the net asset value of each Limited Partner’s capital account, 0.25% of the next \$200,000,000 of the net asset value of each Limited Partner’s

capital account, and 0.20% of any amount in excess of \$700,000,000 of the net asset value of each Limited Partner's capital account. Spider Management automatically deducts the fees from the Limited Partners' accounts on the last day of each fiscal quarter. Spider Management may negotiate fees on a case-by-case basis with its Clients or Limited Partners and will be set forth in a written investment management agreement or side letter with each such Client or Limited Partner, respectively. In addition, Spider Management may waive its fees, in Spider Management's sole discretion depending on the characteristics, complexities and needs of a Client or Limited Partner and its account. Spider Management has agreed to waive the fees payable by the Endowment and the University has agreed to pay certain operational and administrative costs of Spider Management. Spider Management does not charge additional fees for assets under management held in Spider Buyout Holdings.

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

Spider Management does not charge a performance-based fee.

The General Partner is responsible for and shall pay its general overhead expenses, including salaries, rent, utilities, office equipment and similar expenses.

Consistent with The Richmond Fund's purpose, the General Partner shall have the power on behalf and in the name of The Richmond Fund to carry out any and all of the objects and purposes as set forth in the Limited Partnership Agreement, and to perform all acts and enter into and perform all contracts and other undertakings that it may deem necessary or advisable or incidental thereto, including, without limitation, the power to pay or cause to be paid out of The Richmond Fund, the following expenses (the "Partnership Expenses")

(a) fees and expenses imposed directly on The Richmond Fund as a result of The Richmond Fund's investments including taxes imposed on The Richmond Fund or paid by The Richmond Fund on behalf of the Limited Partners;

(b) legal, accounting, bookkeeping, tax compliance, auditing, consulting and other professional expenses and expenses of other service providers, including valuation firms, appraisers and prime brokers (if any), and operational due diligence providers, in all cases, either ordinary or extraordinary (and in all cases including related indemnities);

(c) administration fees and other expenses charged by or relating to the services of third-party providers of administration services (including related indemnities);

(d) fees payable to third-party advisors, including, without limitation, through investments in pooled investment vehicles and separately managed accounts;

(e) [RESERVED];

(f) bank service, custodial, collateral servicing and similar fees;

(g) third-party and out-of-pocket fees and expenses relating to systems and software used in connection with the operation of The Richmond Fund;

(h) expenses relating to regulatory matters (including the preparation and filing of Form PF, Form ADV, Form D, and all amendments thereto);

(i) legal expenses (including, without limitation settlement costs and costs arising in connection with a litigation or regulatory investigation instituted against The Richmond Fund or the General Partner in its capacity as such), governmental, regulatory, licensing, filing or registration fees and expenses;

(j) costs and expenses incurred in connection with the dissolution, winding up, termination and liquidation of The Richmond Fund;

(k) [RESERVED];

(l) costs and expenses related to the admission of any Limited Partner to The Richmond Fund, including in connection with negotiation of and entry into side letters, modifications of subscription documentation or similar arrangements;

(m) expenses related to The Richmond Fund's indemnification obligations hereunder; and

(n) all premiums and other reasonable costs relating to any directors and officers' liability insurance policies or professional liability insurance policies related to The Richmond Fund;

The Richmond Fund shall pay for all Partnership Expenses, subject to a cap for such Partnership Expenses, other than the expenses set forth above in (d), (j), (l), and (m), equal to .05% of the aggregate Net Asset Value of The Richmond Fund at the beginning of such Fiscal Quarter.

Spider Management has adopted policies designed to ensure that its side-by-side management of accounts with different types of fees is at all times consistent with its fiduciary responsibilities to its Clients, and that no Client account is favored over another or managed in a manner which places the generation of performance-based fees over the needs of the Client. These policies include requirements that all accounts in the same strategy generally be managed the same way.

To avoid any potential conflict of interest, the Rate of Return Agreement requires The Richmond Fund and the Endowment to make payments to one another in order to ensure that the gross rate of return achieved by each is equal to a blended rate of return as set forth in the Rate of Return Agreement. These payments are made from the Client with the higher rate of return to the Client with the lower rate of return so that the Endowment and The Richmond Fund's gross rate of return equals the Blended Return. This eliminates the incentive to favor any account that produces higher fees.

Item 7- Types of Clients

Spider Management provides its services to pooled investment vehicles and charitable organizations. Spider Management currently serves as the investment adviser to the Endowment, The Richmond Fund and Spider Buyout Holdings. Interests in The Richmond Fund will be sold only to entities that represent and warrant that they are exempt from federal income tax because they are organizations described in Internal Revenue Code ("IRC") Section 501(c) to which contributions may be made that are deductible under IRC Section 170, "accredited investors" within the

meaning set forth in Rule 501(a) of Regulation D under the Securities Act, and “qualified clients” within the meaning of Rule 205-3 under the Investment Advisers Act of 1940.

The Endowment and The Richmond Fund are controlling partners of Spider Buyout Holdings, LP, a Delaware limited partnership (“Spider Buyout Holdings”). The purpose of Spider Buyout Holdings is to hold certain illiquid Underlying Funds and provide advanced liquidity opportunities with respect to the portfolio of such Underlying Funds.

While Spider Management has no minimum requirements to open or maintain a Client account, The Richmond Fund has minimums related to the required capital commitments of potential (and existing) Limited Partners, subject to the right of the General Partner to waive such minimums. Such information is set forth in the offering memorandum for The Richmond Fund.

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

Methods of Analysis

Spider Management uses a variety of resources to identify Investment Vehicles. These resources may include, but are not limited to, the experience of Spider Management’s personnel and their contacts with Third Party Investment Managers, Spider Management’s Board of Managers, University of Richmond’s Investment Committee, academics and prime-broker groups, conferences and seminars, contacts with family offices and investment manager databases. When researching Investment Vehicles, Spider Management analyzes the investment management organization, ownership structure, assets under management, investment strategy, client base, capacity issues, the backgrounds of key investment professionals, the firm’s investment philosophy, investment process, style, performance, and risk management. On-site due diligence, when possible, is a key component of this analysis. Quantitative analysis includes reviewing performance against objectives, historical and expected performance, benchmarks and peers, analyzing risk/return ratios, understanding key drivers of performance returns, alpha generations versus style or benchmark contributions and correlations with other funds in the portfolio.

The Third Party Investment Managers employ different absolute and relative return investment strategies across diverse sectors and asset classes in pursuit of attractive risk-adjusted returns consistent with the preservation of capital. Such Third Party Investment Managers, in turn, invest and trade primarily in securities and other financial instruments. In addition to allocating capital to Third Party Investment Managers, Spider Management may engage in a variety of hedging transactions.

Investing in securities involves risk of loss that Clients must be prepared to bear. Additional important information relating to risk is set forth below.

Investment Objective

The investment objective of the Endowment and The Richmond Fund is to maximize long-term, inflation-adjusted returns within a prudent risk and liquidity framework in order to maintain and grow the endowment, net of spending needs. Spider aims to do so through several means:

- Constructing a policy portfolio that generates returns in excess of a traditional passive portfolio (such as a 70/30 equity/bond portfolio);
- Adding value relative to the policy portfolio; and
- Investing primarily with exceptional managers who outperform their appropriate benchmarks.

Through the above actions, the University aims to generate investment returns that outperform the Policy Benchmark (defined below, over a rolling three-year period) and are competitive with its peer universe.

The assets of The Richmond Fund, when combined with the Endowment on a pro forma basis, will generally be invested in accordance with the University's Investment Policy Statement, as it may be amended from time to time.

Spider Management intends to invest in Investment Vehicles managed by Third Party Investment Managers who employ a variety of absolute and relative return investment strategies in pursuit of attractive risk-adjusted returns consistent with the preservation of capital. "Absolute return strategies," which refer to a broad class of investment strategies that are managed without reference to the performance of equity, debt and other markets, can be contrasted with "relative return strategies," which generally seek to outperform a corresponding benchmark equity or fixed income index. Spider Management seeks attractive risk-adjusted returns, which are returns adjusted to take into account the volatility of those returns. There can be no guarantee, however, that Spider Management will achieve its objective or that it will not incur loss of principal.

Investment Strategy

The Investment Vehicles that Spider Management intends to invest in may employ a variety of investment strategies, generally including investments in Underlying Funds which may be unregistered investment funds and registered investment companies. These Investment Vehicles employ, among others, the following strategies:

PUBLIC EQUITY: The Public Equity asset class primarily includes long-only funds and separately managed accounts (SMAs) managed by external active managers that provide exposure to publicly-traded companies globally. The asset class may also include very long-biased hedge fund strategies along with directly held positions. Public equity investments provide an opportunity to participate both in the earnings growth of publicly-traded companies and from the economic growth of a diversified set of economies around the world. Through broad exposure to a diverse set of companies across different geographies, the role of the asset class is to provide growth, serve as a source of liquidity, and generate an excess return over public market indices through both asset allocation and manager selection. The asset class may also contain passive strategies to provide liquid, low-cost, and flexible exposure to complement external managers through the use of, but not limited to ETFs, futures, swaps, and options.

The Public Equity asset class is benchmarked to a geographic composite that reflects the long-term policy allocation of the asset class: 60% US, 15% International Developed Markets, 25%

Emerging Markets. The asset class includes four geographic-focused sub-asset classes: US, International Developed, Emerging Markets, and Global, which are each benchmarked to geography-specific benchmarks (S&P 500, MSCI World ex-US, MSCI Emerging Markets, and MSCI All Country World, respectively).

ABSOLUTE RETURN: The role of the Absolute Return asset class is to provide attractive absolute returns with lower correlation to traditional equity and fixed income markets while serving as a source of both downside protection and a potential source of liquidity. The Absolute Return asset class is comprised of the following sub-asset classes: Directional Hedge Funds, Lower Correlation Strategies, and Credit. The Absolute Return asset class is expected to produce returns between equities and fixed income over the long term with less volatility and a lower correlation to public markets. The Directional Hedge Funds sub-asset class, including long/short equity, adds value by investing in securities expected to outperform the broader market while also by shorting securities likely to underperform. The Lower Correlation Strategies sub-asset class provides diversification through core strategies such as market neutral, relative value, and global macro. The Credit sub-asset class is expected to outperform the broader high yield market through investments in a range of conservative public and private credit strategies including, but not limited to stressed/distressed securities, collateralized securities, and private direct loans. The Absolute Return asset class is primarily invested through external managers that invest across geographies and asset types. The asset class may utilize ETFs, futures, swaps, options, or other instruments in order to manage risk.

The Absolute Return asset class is benchmarked to 30% S&P 500 + 300 bps to reflect its intended overall risk/return profile. The sub-asset class benchmarks are as follows: Directional Hedge Funds: 50% S&P 500 + 300 bps; Lower Correlation Hedge Funds: 20% S&P 500 + 300 bps; and Credit: ICE BofAML US High Yield.

PRIVATE EQUITY: The Private Equity asset class includes Buyout and Venture Capital sub-asset classes, providing exposure to private corporations ranging from early-stage venture investments to later-stage growth equity investments and leveraged buyouts. The Private Equity asset class is largely invested in domestic-focused strategies, but also includes exposure to both international developed and emerging markets. The primary objective of the asset class is to serve as a source of growth and earn higher returns than the public equity markets over a long time horizon. A secondary objective is to provide diversification and access to a broader set of companies than accessible through the public markets. The asset class seeks to invest in managers that have proprietary deal flow and whose experience enables them to create value through growing and transforming portfolio companies. The asset class has limited liquidity, as it is invested primarily through long-term limited partnership structures. It may also include, but not limited to, investments in operating companies, special purpose vehicles, co-investments, or direct investments alongside select managers.

The Private Equity asset class is benchmarked to a 50%/50% blend of the Burgiss Buyout/Expansion Capital and Venture Capital benchmarks. The Buyout sub-asset class uses the

Burgiss Buyout/Expansion Capital benchmark and the Venture Capital sub-asset class uses the Burgiss Venture Capital benchmark.

REAL ASSETS: The Real Assets asset class is comprised of Natural Resources, Real Estate, and Other Inflation-Hedging Assets sub-asset classes. The role of the asset class is to provide both diversified sources of growth and protection against unanticipated inflation. The Natural Resources sub-asset class includes traditional and alternative energy, metals, commodities, along with other resource investments. The Real Estate sub-asset class includes investments across a range of property types and geographic markets. In addition, the asset class may include other diversifying, inflation-hedging assets such as infrastructure and agriculture. While the asset class is largely invested in less liquid private equity-style limited partnerships, it may also include, but not limited to operating companies, co-investments, and more liquid strategies in publicly-traded securities or other instruments.

The Real Assets asset class is benchmarked to a 50%/50% blend of the Burgiss Natural Resources and Burgiss Real Estate benchmarks. The Real Assets sub-asset class uses the Burgiss Natural Resources benchmark and the Real Estate sub-asset class uses the Burgiss Real Estate benchmark.

CASH/FIXED INCOME: Cash and high-quality fixed income play a small, but important role in the portfolio as sources of downside protection in deflationary periods and liquidity in order to meet spending needs, rebalance the portfolio, and fund private asset class capital requirements. The asset class may be comprised of money market investments, US Treasury securities (including inflation-linked bonds), Agency debentures, and Agency mortgages. The Cash/Fixed Income asset class is benchmarked to the Barclays 1-3 Year Treasury Index.

In addition to the above asset classes, Spider Management may invest in any other asset or derivative (*e.g.*, futures, options, etc.) towards achieving its investment objectives.

Spider Management utilizes the following asset allocation policy:

<u>Asset Class</u>	<u>Long Term Desired Range</u>
PUBLIC EQUITY	20% - 40%
ABSOLUTE RETURN	20% - 35%
PRIVATE EQUITY	15% - 35%
REAL ASSETS	5% - 20%
CASH/FIXED INCOME	2% - 10%

Risk of Loss

Investing in securities and other financial instruments involves risks, including the potential loss of Client's principal. Although Spider Management endeavors to preserve Clients' capital and achieve real growth, investing in securities and other financial instruments involves the risk of loss that each Client should be prepared to bear. While certain strategies may offer the potential for greater growth, these same strategies may have greater potential volatility. While it is Spider Management's intent to minimize risk when possible, certain strategies may impose more risk than others.

Some of the principal risks of the identified investment strategies are identified below. Depending on economic and market conditions, other risks may be present. Additional details concerning risks of loss related to an investment in The Richmond Fund are also set forth in The Richmond Fund's offering materials.

Risks Associated with Third Party Investment Managers

Multiple Third Party Investment Managers: Because Spider Management invests on behalf of Clients with Third Party Investment Managers who make their trading decisions independently, it is theoretically possible that one or more of such Third Party Investment Managers may, at any time, take positions that may be opposite of positions taken by other Third Party Investment Managers. It is also possible that the Third Party Investment Managers may on occasion be competing with each other for similar positions at the same time. Also, a particular Fund Manager may take positions for its other clients that may be opposite to positions taken for Spider Management's Clients.

Diversification: Although Spider Management seeks to obtain diversification by investing with a number of different Third Party Investment Managers with different strategies or styles, it is possible that several Third Party Investment Managers may take substantial positions in the same security or group of securities at the same time. This possible lack of diversification may subject the investments of Clients to more rapid change in value than would be the case if the assets of the Clients were more widely diversified.

Performance-Based Compensation Arrangements with Third Party Investment Managers: Spider Management typically enters into arrangements on behalf of Clients with Third Party Investment Managers which provide that Third Party Investment Managers be compensated, in whole or in part, based on the appreciation in value (including unrealized appreciation) of the account during specific measuring periods. In certain infrequent cases, Third Party Investment Managers may be paid a fee based on appreciation during the specific measuring period without taking into account losses occurring in prior measuring periods, although the Investment Manager anticipates that most, if not all, Third Party Investment Managers who charge such fees will take into account prior losses. Such performance fee arrangements may create an incentive for such Third Party Investment Managers to make investments that are riskier or more speculative than would be the case in the absence of such performance-based compensation arrangements. Many Third Party Investment Managers will typically charge Clients a management fee up to 2.5% annually of net assets and performance incentive fees up to 50% of net profits earned over any applicable preferred return.

Clients may be required to pay an incentive fee to the Third Party Investment Managers who make a profit for Spider Management's Clients in a particular fiscal year even though a Client may in the aggregate incur a net loss for such fiscal year.

Activities of Third Party Investment Managers: Although Spider Management seeks to select only Third Party Investment Managers which will invest Clients' assets with the highest level of integrity, Spider Management will have no control over the day-to-day operations of any of the selected Third Party Investment Managers. As a result, there can be no assurance that the conduct of every Third Party Investment Manager engaged by Spider Management on behalf of Clients will conform to these standards.

Limits on Information: Spider Management selects Third Party Investment Managers based upon the factors described above. Spider Management will request detailed information from each Third Party Investment Manager regarding their historical performance and investment strategy. However, Spider Management may not always be provided with detailed information regarding all the investments made by the Third Party Investment Managers because certain of this information may be considered proprietary information by Third Party Investment Managers.

Lack of Operating History of Third Party Investment Managers: The Third Party Investment Managers retained by Spider Management's Clients may be new Third Party Investment Managers with a limited performance history (although such Third Party Investment Managers typically will have significant prior experience in the securities industry). Therefore, such investments may involve greater risks than investment with more established Third Party Investment Managers.

Dependence on Third Party Investment Managers: Spider Management's Clients are highly dependent upon the expertise and abilities of the underlying Third Party Investment Managers who will have investment discretion over Client assets and, therefore, the death, incapacity or retirement of any portfolio manager or its principals may adversely affect investment results.

Risks Generally

Potential for Loss: An investment entails a high degree of risk and requires a long-term commitment, with no certainty of return and the risk of loss of capital. There can be no assurance that Spider Management's Clients will not incur material or total loss in respect of the capital invested.

Market Risks: The profitability of a significant portion of the Spider Management's investment program depends to a great extent upon correctly assessing the future course of the price movements of securities and other investments. There can be no assurance that Spider Management and the Third Party Investment Managers will be able to predict accurately these price movements. Although the Third Party Investment Managers may attempt to mitigate market risk through the use of long and short positions or other methods, there may be a significant degree of market risk.

Economic Conditions: Changes in economic conditions, including, for example, interest rates, inflation rates, industry conditions, competition, technological developments, trade relationships, political and diplomatic events and trends, tax laws and innumerable other factors, can affect substantially and adversely the business and prospects of Spider Management's investments on

behalf of Clients. None of these conditions is or will be within the control of Spider Management, and no assurances can be given that Spider Management will anticipate these developments. In addition, the economies of non-U.S. countries may differ favorably or unfavorably from the U.S. economy with respect to the rate of growth of gross domestic product, the rate of inflation, capital reinvestment, resource self-sufficiency and balance payments. Changes in policy with regard to taxation, fiscal and monetary policies and other economic regulations are possible, any of which could have an adverse impact on Clients.

Non-U.S. Securities: Investing in securities of non-U.S. governments and companies which are generally denominated in non-U.S. currencies, and utilization of currency forward contracts and options on currencies involve certain considerations comprising both risks and opportunities not typically associated with investing in securities of United States issuers. These considerations include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of non-U.S. taxes, less liquid markets and less available information than are generally the case in the United States, higher transaction costs, less government supervision of exchanges, brokers and issuers, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

Currency Risks: Investments in securities or other instruments that are denominated in a foreign currency are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. Third Party Investment Managers may try to hedge these risks by investing in foreign currencies, foreign currency futures contracts and options thereon, forward foreign currency exchange contracts or similar instruments, or any combination thereof, but there can be no assurance that such strategies will be implemented, or if implemented, will be effective.

Debt Securities: Third Party Investment Managers may invest in unrated or low-grade debt securities which are subject to greater risk of loss of principal and interest than higher-rated debt securities. The Third Party Investment Managers may invest in debt securities which rank junior to other outstanding securities and obligations of the issuer, all or a significant portion of which may be secured on substantially all of that issuer's assets. The Third Party Investment Managers may invest in debt securities which are not protected by financial covenants or limitations on additional indebtedness. In addition, evaluating credit risk for foreign debt securities involves greater uncertainty because credit rating agencies throughout the world have different standards, making comparison across countries difficult.

High-Yield Securities: The Third Party Investment Managers may invest in "high-yield" bonds and preferred securities which are rated in the lower rating categories by the various credit rating agencies (or in comparable non-rated securities). Securities in the lower rating categories are subject to greater risk of loss of principal and interest than higher-rated securities and are generally considered to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings in the case of deterioration of general economic conditions. Because investors generally perceive that there are greater risks associated with the lower rated securities,

the yields and prices of such securities may tend to fluctuate more than those for higher-rated securities. The market for lower-rated securities is thinner and less active than that for higher-rated securities, which can adversely affect the prices at which these securities can be sold. In addition, adverse publicity and investor perceptions about lower-rated securities, whether or not based on fundamental analysis, may be a contributing factor in a decrease in the value and liquidity of such lower-rated securities.

Foreign Government Securities: Third Party Investment Managers may invest in foreign government (sovereign) debt securities. With respect to investment in debt issues of foreign governments, the ability of a foreign government or government-related issuer to make timely and ultimate payments on its external debt obligations will also be strongly influenced by the issuer's balance of payments, including export performance, its access to international credits and investments, fluctuations in interest rates, and the extent of its foreign reserves. A country whose exports are concentrated in a few commodities or whose economy depends on certain strategic imports could be vulnerable to fluctuations in international prices of these commodities or imports. To the extent that a country receives payment for its exports in currencies other than dollars, its ability to make debt payments denominated in dollars could be adversely affected. If a foreign government or government-related issuer cannot generate sufficient earnings from foreign trade to service its external debt, it may need to depend on continuing loans and aid from foreign governments, commercial banks and multilateral organizations, and inflows of foreign investment. The commitment on the part of these foreign governments, multilateral organizations and others to make such disbursements may be conditioned on the government's implementation of economic reforms and/or economic performance and the timely service of its obligations. Failure to implement such reforms, achieve such levels of economic performance or repay principal or interest when due may curtail the willingness of such third parties to lend funds, which may further impair the issuer's ability or willingness to service its debts in a timely manner. The cost of servicing external debt will also generally be adversely affected by rising international interest rates because many external debt obligations bear interest at rates which are adjusted based upon international interest rates. The ability to service external debt will also depend on the level of the relevant government's international currency reserves and its access to foreign exchange. Currency devaluations may affect the ability of a government issuer to obtain sufficient foreign exchange to service its external debt. As a result of the foregoing, a foreign governmental issuer may default on its obligations. If such a default occurs, the Third Party Investment Managers and Clients may have limited effective legal recourse against the issuer and/or guarantor. Remedies must, in some cases, be pursued in the courts of the defaulting party itself, and the ability of the holder of foreign government and government-related debt securities to obtain recourse may be subject to the political climate in the relevant country. In addition, no assurance can be given that the holders of commercial bank debt will not contest payments to the holders of other foreign government and government-related debt obligations in the event of default under their commercial bank loan agreements.

Small to Medium Cap Stocks: At any given time, the Third Party Investment Managers may have significant investments in smaller-to-medium sized companies with market capitalizations of less than \$1 billion. These securities often involve greater risks than the securities of larger, better-

known companies because smaller-to-medium sized companies typically have limited financial resources or demand on narrow product lines.

Special Situations: The Third Party Investment Managers may invest in companies involved in (or the target of) acquisition attempts or tender offers or companies involved in work-outs, liquidations, spin-offs, reorganizations, bankruptcies and similar transactions. In any investment opportunity involving any such type of business enterprise, there exists the risk that the transaction in which such business enterprise is involved either will be unsuccessful, take considerable time or will result in a distribution of cash or a new security the value of which will be less than the purchase price of the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, the Fund Manager may be required to sell its investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which the Third Party Investment Managers may invest, there is a potential risk of loss by the investment fund of its entire investment in such companies.

Emerging Markets: The Third Party Investment Managers may invest in emerging market securities. Investing in emerging market securities involves certain risks and special considerations not typically associated with investing in other more established economies or securities markets. Such risks may include (a) less liquidity of securities markets; (b) currency exchange rate fluctuations; (c) potentially higher rates of inflation (including hyper-inflation); (d) a higher degree of governmental involvement in and control over the economies; (e) differences in auditing and financial reporting standards which may result in the unavailability of material information about economics and issuers; (f) less extensive regulatory oversight of securities markets; (g) longer settlement periods for securities transactions; (h) less stringent laws regarding the fiduciary duties of officers and directors and protection of investors; and (i) certain consequences regarding the maintenance of portfolio securities and cash with sub-custodians and securities depositories in emerging market countries.

Options: The Third Party Investment Managers may purchase or write options on securities. The purchase or sale of an option involves the payment or receipt of a premium by the investor and the corresponding right or obligation, as the case may be, either to purchase or sell the underlying security, commodity or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so that the investor loses its premium. Selling options, on the other hand, involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security rather than only the premium payment received (which could result in a potentially unlimited loss). Over-the-counter options also involve counterparty solvency risk.

Convertible Securities: Third Party Investment Managers may invest in convertible securities. Convertible securities typically pay current income as either interest (debt security convertibles) or dividends (preferred stocks). A convertible's value usually reflects both the stream of current income payments and the value of the underlying common stock. The market value of a convertible security performs like that of a regular debt security; that is, if market interest rates rise, the value of a convertible usually falls. Convertible securities with longer maturities tend to

be more sensitive to changes in interest rates, usually making them more volatile than convertible securities with shorter maturities. Value also tends to change whenever the market value of the underlying common or preferred stock fluctuates. The Third Party Investment Managers investments in convertible securities could lose money if the issuer of a convertible security is unable to meet its financial obligations or goes bankrupt.

Private Placements: The Third Party Investment Managers may acquire investments that include privately placed securities (including private equity and venture capital investments), which are sold directly to a small number of investors, usually institutions. Unlike public offerings, such securities are not registered under the applicable securities laws. Although certain of these securities may be readily sold, for example, under Rule 144A of the Securities Act, others may be illiquid, and their sale may involve substantial delays and additional costs. Private placements are subject to legal or contractual restrictions on resale.

Special Purpose Acquisition Companies: The Third Party Investment Managers may invest in units of, shares of, warrants to purchase stock of, and other interests in special purpose acquisition companies or similar special purpose entities that pool funds to seek potential acquisition opportunities (collectively, "SPACs"). Because SPACs and similar entities have no operating history or ongoing business other than seeking to complete a business combination with one or more companies, the value of each of their securities is particularly dependent on the ability of the entity's management to identify and complete a successful business combination. Some SPACs may pursue acquisitions only within certain industries or regions, which may increase the volatility of their prices. An investment in a SPAC is subject to a variety of risks, including, among others, that (i) as a newly formed company with no operating history, there is no basis on which to evaluate the ability to achieve the SPAC's business objective; (ii) an attractive business combination target may not be identified at all and the SPAC may be required to liquidate and return any remaining monies to shareholders; (iii) shareholders may not be afforded an opportunity to vote on the proposed business combination; (iv) a business combination, if effected, may prove unsuccessful and an investment in the SPAC may lose value; (v) the warrants or other rights with respect to the SPAC held by a Client account may expire worthless or may be repurchased or retired by the SPAC at an unfavorable price; (vi) investors may be delayed in receiving any redemption or liquidation proceeds from a SPAC to which they are entitled; (vii) an investment in a SPAC may be diluted in connection with the business combination or by additional financings; (viii) no or only a thinly traded market for shares of or interests in a SPAC may develop, leaving the Third Party Investment Managers unable to sell interests in a SPAC or to sell interests only at a price below what the Third Party Investment Managers believe is the SPAC interest's intrinsic value; and (ix) the values of investments in SPACs may be highly volatile and may depreciate significantly over time.

In addition, the Third Party Investment Managers may invest in the at-risk capital of a SPAC, which may be in the form of equity interests in such SPAC's sponsor, private placement warrants of the SPAC, units of the SPAC or shares of the SPAC. An investment in the at-risk capital of a SPAC is subject to complete loss if the SPAC does not complete a business combination. Investments in a SPAC sponsor consist of securities issued on a private placement basis, which are subject to legal and contractual lock-ups and transfer restrictions and are illiquid. In connection with a business

combination, a SPAC sponsor may agree to forfeitures, earn outs, additional lock ups, or other agreements that may have the effect of reducing the value of any such investments.

Merger Arbitrage Strategies: A Third Party Investment Manager may purchase securities at prices slightly below their anticipated value in a proposed merger, tender offer or other similar transaction. If the proposed transaction is not consummated or if the proposed transaction is not well received by the market, then the value of such securities held by the Investment Vehicle may decline significantly. Furthermore, the difference between the price paid by the Investment Vehicle for the securities of a company involved in an announced deal and the anticipated value to be received for such securities upon consummation of the proposed transaction will often be very small. If the proposed transaction appears likely not to be consummated or in fact is not consummated or is delayed, the market price of the securities usually will decline sharply. In addition, where the Third Party Investment Manager has sold short the securities it anticipates receiving in an exchange or merger, if the proposed transaction is not consummated, Third Party Investment Manager may be forced to cover its short position at a higher price than its short sale, with a resulting loss. If the Third Party Investment Manager has sold short securities which are the subject of a proposed cash tender offer or merger and the transaction is consummated, the Third Party Investment Manager also may be forced to cover its short position at a loss.

Distressed Securities Strategies: Some Investment Vehicles may invest in debt and equity securities, credit paper, accounts and notes payable, loans and other financial instruments and obligations of financially troubled companies, including U.S. and non-U.S. issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems, or that are involved in bankruptcy or reorganization proceedings. The debt securities likely will include so-called “junk bonds.” Investments of this type should be considered speculative, as they involve substantial financial and business risks that can result in substantial or, at times, even total losses. These securities may involve a substantial risk of default or may be in default. Adverse changes in economic conditions or developments regarding the individual company are more likely to cause price volatility and weaken the capacity of issuers of junk bonds to make principal and interest payments than is the case for higher grade securities. In addition, the market for these securities may be thinner and less liquid than for higher grade securities.

An Investment Vehicle may acquire privately held loans from banks, insurance companies, financial institutions or other lenders, as well as claims held by trade or other creditors. These investments are subject to both interest rate risk and credit risk. These investments also are subject to the risk of non-payment of scheduled interest or principal. Non-payment would result in a reduction of income to an Investment Vehicle and a reduction in the value of the investments experiencing non-payment. In addition, because these investments are not registered and no public market for them exists, they typically are less liquid than publicly traded securities.

Some of these investments may be difficult for a Third Party Investment Manager to value because market quotations are not available. In these circumstances, investments may be valued based on procedures designed to ascertain their fair value; however, these determinations may not reflect the actual value of the investments.

Long/Short Equity Strategies: As part of this strategy, a Third Party Investment Manager seeks to purchase undervalued securities and sell overvalued securities to generate returns and to hedge out some portion of the general market risk. These long and short positions may be completely unrelated. If the Third Party Investment Manager's analysis is incorrect or based on inaccurate information, these investments may result in significant losses to the Investment Vehicle. Since long/short equity strategies generally involve identifying securities that are undervalued (and, in the case of short positions, overvalued) by the marketplace, the success of the strategy necessarily depends upon the market eventually recognizing such value in the price of the security, which may not necessarily occur, or may occur over extended time frames that limit profitability. Positions may undergo significant short-term declines and experience considerable price volatility during these periods. In addition, long and short positions may or may not be correlated to each other. If the long and short positions are not correlated, it is possible to have investment losses in both the long and short sides of an Investment Vehicle's portfolio.

Convertible Arbitrage Strategies: Third Party Investment Managers may employ convertible arbitrage strategies. Convertible securities are bonds, debentures, notes, preferred stock or other securities that may be converted into or exchanged for a specified amount of common stock of the same or different issuer within a particular period of time at a specified price or formula. A convertible security entitles the holder to receive interest that generally is paid or accrued on debt or a dividend that is paid or accrued on preferred stock until the convertible security matures or is redeemed, converted or exchanged. The value of a convertible security is a function of its "investment value" (determined by its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion privilege) and its "conversion value" (the security's worth, at market value, if converted into the underlying common stock). The investment value of a convertible security is influenced by changes in interest rates, with investment value declining as interest rates increase and increasing as interest rates decline. The credit standing of the issuer and other factors also may have an effect on the convertible security's investment value. The conversion value of a convertible security is determined by the market price of the underlying common stock. If the conversion value is low relative to the investment value, the price of the convertible security is governed principally by its investment value. Generally, the conversion value decreases as the convertible security approaches maturity. To the extent the market price of the underlying common stock approaches or exceeds the conversion price, the price of the convertible security will be increasingly influenced by its conversion value. A convertible security generally will sell at a premium over its conversion value when investors place value on the right to acquire the underlying common stock while holding a fixed-income security.

Global Macro Strategies: Third Party Investment Managers utilizing global macro strategies typically seek to generate income and/or capital appreciation through a portfolio of investments focused on macro-economic opportunities across numerous markets and instruments. These strategies may include positions in the cash, currencies, futures and forward markets. These managers employ such approaches as long/short strategies, warrant and option arbitrage, hedging strategies, inter- and intra-market equity spread trading, futures, options and currency trading, and emerging markets (debt and equity) and other special situation investing. Trading positions are generally held both long and/or short in both U.S. and non-U.S. markets. Global macro

strategies are generally categorized as either discretionary or systematic in nature and may assume aggressive investment postures with respect to position concentrations, use of leverage, portfolio turnover, and the various investment instruments used. Global macro strategies require assumptions about global macro-economic trends. There can be no assurance that such macro-economic assumptions will prove to be correct. With a broader global scope, returns to the global macro strategy generally exhibit little to no correlation with the broader domestic equity and bond markets. There can be no assurance that any such hedging techniques will be successful or that the hedging employed by the Third Party Investment Manager will not have the negative effect of lowering overall returns, or creating losses, in the portfolio or with respect to the applicable position.

Equity Securities: A Third Party Investment Manager's investment portfolio may include long and short positions in common stocks, preferred stocks and convertible securities. Third Party Investment Managers may focus on investments within specific sectors, countries or regions. Third Party Investment Managers also may invest in depository receipts relating to foreign securities. Equity securities fluctuate in value in response to many factors, including the activities and financial condition of individual companies, the business market in which individual companies compete and general market and economic conditions. Generally, Third Party Investment Managers may invest in equity securities without restriction as to market capitalization, such as those issued by smaller capitalization companies, including micro-cap companies. The prices of the securities of some of these smaller companies may be subject to more abrupt or erratic market movements than larger, more established companies, because they typically are traded in lower volume and the issuers typically are more subject to changes in earnings and prospects. The Third Party Investment Managers may purchase securities in all available securities trading markets, including initial public offerings and the aftermarket. Third Party Investment Managers' investments in equity securities may include securities that are listed on securities exchanges as well as unlisted securities that are traded over-the-counter. Equity securities of companies traded over-the-counter may not be traded in the volumes typically found on a national securities exchange. Consequently, a Third Party Investment Manager may be required to dispose of such securities over a longer (and potentially less favorable) period of time than is required to dispose of the securities of listed companies. A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument. If a convertible security held by an Investment Vehicle is called for redemption, the Investment Vehicle will be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third party. Any of these actions could have an adverse effect on the Spider Management's ability to achieve its investment objective.

Short Sales: Third Party Investment Managers may use short sales for hedging or non-hedging purposes in an effort to profit from anticipated declines in prices of securities which in the view of the Third Party Investment Managers are overvalued or are likely to be adversely affected by particular trends or events relating to the issuer of those securities, the sector in which the issuer is engaged or the general markets or economy. Third Party Investment Managers also may attempt to limit exposure to a possible market decline in the value of their portfolio securities through short sales of securities that the Third Party Investment Manager believes possess volatility characteristics similar to those being hedged. To effect a short sale, a Third Party

Investment Manager will borrow a security from a brokerage firm, or other permissible financial intermediary, to make delivery to the buyer. The Third Party Investment Manager then is obligated to replace the borrowed security by purchasing it at the market price at the time of replacement. The price at such time may be more or less than the price at which the security was sold by the Third Party Investment Manager, which would result in a loss or gain, respectively. In certain circumstances, these techniques can substantially increase the impact of adverse price movements on an Investment Vehicle's portfolio. A short sale of a security involves the theoretical risk of an unlimited increase in the market price of the security which could result in an inability to cover the short position and thus a theoretically unlimited loss. There can be no assurance that securities necessary to cover the short position will be available for purchase.

Foreign Investments: One or more Third Party Investment Managers may invest in equity and fixed-income securities of foreign issuers and in depositary receipts, such as American Depositary Receipts, which represent indirect interests in securities of foreign issuers. Foreign securities in which a Third Party Investment Manager may invest may be listed on foreign securities exchanges or traded in foreign over-the-counter markets. Apart from risks specific to emerging markets (which Spider Management is also subject to), foreign investments generally face specific risks, which include:

- unfavorable changes in currency rates and exchange control regulations;
- restrictions on, and costs associated with, the exchange of currencies and the repatriation of capital;
- reduced availability of information regarding foreign companies;
- different accounting, auditing and financial standards and possibly less stringent reporting standards and requirements;
- reduced liquidity and greater volatility;
- difficulty in obtaining or enforcing a judgment;
- increased market risk due to regional economic and political instability;
- increased brokerage commissions and custody fees;
- securities markets which are less developed than in the U.S. may suffer from periods of relative illiquidity, and may be subject to a lesser degree of supervision and regulation than securities markets in the U.S.;
- foreign withholding taxes;
- delays in settling securities transactions;
- threat of nationalization and expropriation;
- increased potential for corrupt business practices in certain foreign countries;
- failure to receive government approval prior to investments in a particular issuer by foreign persons;
- terrorism;
- limits on the amounts of investment by foreign persons in particular issuers; and
- limits on the investment by foreign persons to specific classes of securities with less advantageous rights.

Fixed Income Securities: Third Party Investment Managers may invest in fixed-income securities, typically when their yield and potential for capital appreciation are considered sufficiently

attractive or in connection with convertible arbitrage strategies. Third Party Investment Managers also may invest in these securities for defensive purposes and to maintain liquidity. These securities may pay fixed, variable or floating rates of interest, and may include zero coupon obligations. Fixed-income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (*i.e.*, credit risk) and are subject to the risk of price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness or financial condition of the issuer and general market liquidity (*i.e.*, market risk). The Third Party Investment Managers may invest in both investment grade and non-investment grade debt securities. Non-investment grade debt securities are considered to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal. Non-investment grade debt securities in the lowest rating categories may involve a substantial risk of default or may be in default. Adverse changes in economic conditions or developments regarding the individual issuer are more likely to cause price volatility and weaken the capacity of the issuers of non-investment grade debt securities to make principal and interest payments than is the case for higher grade debt securities. In addition, the market for lower grade debt securities may be thinner and less liquid than for higher grade debt securities.

Swap Agreements: Investment Vehicles may enter into equity, interest rate, index and currency rate swap agreements. These transactions will be undertaken in attempting to obtain a particular return when it is considered desirable to do so, possibly at a lower cost than if the Investment Vehicle had invested directly in the asset that yielded the desired return. Swap agreements are two-party contracts entered into primarily by institutional investors for periods ranging from a few weeks to more than a year. In a standard swap transaction, two parties agree to exchange the returns (or differentials in rates of return) earned or realized on particular predetermined investments or instruments, which may be adjusted for an interest factor. The gross returns to be exchanged or "swapped" between the parties are generally calculated with respect to a "notional amount," that is, the return on or increase in value of a particular dollar amount invested at a particular interest rate, in a particular non-U.S. currency, or in a "basket" of securities representing a particular index. Most swap agreements entered into by an Investment Vehicle would require the calculation of the obligations of the parties to the agreements on a "net basis." Consequently, current obligations (or rights) under a swap agreement generally will be equal only to the net amount to be paid or received under the agreement based on the relative values of the positions held by each party to the agreement (the "net amount"). The risk of loss with respect to swaps is limited to the net amount of interest payments that the Investment Vehicle is contractually obligated to make. If the other party to a swap defaults, the Investment Vehicle's risk of loss consists of the net amount of payments that the Investment Vehicle contractually is entitled to receive.

Commodities and Futures: Commodity futures prices can be highly volatile. Because of the low margin deposits normally required in futures trading, an extremely high degree of leverage is typical of a futures trading account. As a result, a relatively small price movement in a futures contract may result in substantial losses to the investor. Like other leveraged investments, a futures transaction may result in losses in excess of the amount invested. It is anticipated, however, that Spider Management will participate in the futures markets through investments in Underlying Funds, and its losses in those cases would be limited to its investment in those

Underlying Funds. Trading in futures involves risk of loss that could materially adversely affect the value of a Client's account. No assurance can be given that a liquid market will exist for any particular futures contract at any particular time. Commodity exchanges limit daily price fluctuations in certain commodity futures contracts. For contracts that have a price limit, no trades may be executed at prices beyond the "daily limit" during the trading day. Once the price of a futures contract for a particular commodity has increased or decreased by an amount equal to the daily limit, positions in the commodity can be neither initiated nor liquidated unless traders are willing to effect trades at or within the limit. Futures prices have occasionally moved the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent a Client's futures managers from promptly liquidating unfavorable positions and subject a Client to substantial losses.

Exchange Traded Funds (ETFs): An investment in an ETF generally presents the same primary risks as an investment in a conventional mutual fund that has the same investment objectives, strategies, and policies. Additionally, the risks of owning an ETF generally reflect the risks of owning the underlying securities they are designed to track although they may have different risks because of the pooled nature of the investment.

Illiquid and Privately Offered Securities: Privately offered investment vehicles are unregistered private investment funds or pools that invest and trade in many different markets, strategies, and instruments. Such funds generally are not subject to regulatory restrictions or oversight. Opportunities for redemptions and transferability of interests in these funds are restricted. The fees imposed, including management and incentive fees/allocations and expenses, may offset trading profits. Investments in private funds or restricted positions with limited withdrawal rights or lock-up periods may restrict a Client's ability to access the capital invested in such positions. Other risks associated with such investments are detailed in the offering memorandums for such investments.

Other Derivatives: Derivatives transactions, including those entered into for hedging purposes, may reduce returns or increase volatility. Forward currency contracts, over-the-counter options on securities and currencies and swap agreements as well as other derivatives, are subject to the risk of default by the counterparty, in addition to risks of changes in the value of the related currency, securities or other reference asset. Many derivatives also can be illiquid and highly sensitive to changes in the related currency, securities or other reference asset. As such, a small investment in certain derivatives could have a potentially large impact on performance.

Real Estate: Investments in real estate entail a variety of risks, any of which could cause a loss. Significant costs may be entailed in each stage of the various methods of real estate investment used by a Fund, including the costs of purchase, development, construction, renovation, operation, financing, and sale of real estate. Various government approvals may be required but may not necessarily be granted. Real estate is subject to various market forces, such as economic and population fluctuations on both a national and local level, that are beyond the control of any investor. Real estate typically is subject to taxation, and owners may be required to pay other significant fees or assessments.

Underlying Funds Risk: With respect to portfolios that invest in underlying funds, the risk that the value of a portfolio is based primarily on the performance of the underlying fund. Specifically with

respect to alternative investment funds, the process of redeeming from an underlying fund may be both lengthy and costly due to the use of “lock-up” periods, gates, redemption fees and suspension of redemptions by the underlying funds. All of these factors will restrict or limit the portfolio’s withdrawals under certain circumstances.

Key Individuals: Performance is largely dependent on the talents and efforts of certain individuals. There can be no assurance that Spider Management’s investment professionals will continue to be associated with Spider Management and the failure to retain such investment professionals could have an adverse effect on the value of an investment.

Force Majeure: Spider's activities, as well as its portfolio investments, could be affected by force majeure events (i.e., unforeseen circumstances beyond Spider’s control). Certain force majeure events (such as war or an outbreak of an infectious disease) could have a broader negative impact on the world economy and business activity in general. Force majeure events include, but are not limited to: acts of God, war, riots, fire, flood, hurricane, earthquake, explosion, outbreaks of an infectious disease, pandemic or any other serious public health concern, act or threat of terrorism, labor strikes, theft, cyber attacks, malicious damage, electricity line rupture, energy blackouts, failure of technology, social instability, etcetera.

Leverage: The Third Party Investment Managers and the Investment Manager may also employ leverage. The concept of leverage involves the use of debt to finance purchases of securities and manifests itself in different ways within Client accounts. Third Party Investment Managers and Spider Management, on behalf of Clients, have the ability to borrow funds “on margin” from brokers for the purchase of equity securities. These are transactions that involve an initial cash requirement representing a given percentage of the underlying security's value with respect to transactions in U.S. markets and varying (typically lower) percentages with respect to transactions in non-U.S. markets. Clients face risks due to leverage in the event that its equity instruments decline in value. In this event, Clients could be subject to a “margin call” or “collateral call,” pursuant to which the Client must either deposit additional funds with the lender, or suffer mandatory liquidation of the pledged securities to compensate for the decline in value.

To the extent that options, futures, options on futures, swaps, swaptions and other “synthetic” or derivative financial instruments are used, it should be noted that they inherently contain much greater leverage than a non-margined purchase of the underlying security, commodity or instrument. This is due to the fact that generally only a very small portion (and in some cases none) of the value of the underlying security, commodity or instrument is required to be paid in order to make such investments. In addition, many of these products are subject to variation or other interim margin requirements, which may force premature liquidation of investment positions.

In the current unsettled credit environment, the Third Party Investment Managers and the Investment Manager may find it difficult or impossible to obtain leverage. Since leveraging its assets may be a significant part of the investment strategy of the Third Party Investment Managers and Spider Management’s Clients, in such event the Third Party Investment Managers and Clients could find it difficult to implement their strategies. In addition, any leverage obtained, if terminated on short notice by the lender, could result in the Third Party Investment Managers and the Investment Manager being forced to unwind positions quickly and at prices below what the

Third Party Investment Managers and the Investment Manager deem to be fair value for such positions.

Lack of Liquidity of Client Assets; Valuation by Third Party Investment Managers: Client assets may, at any given time, include securities and other financial instruments or obligations which are thinly-traded or for which no market exists and/or which are restricted as to their transferability under applicable securities laws. The sale of any such investments may be possible only at substantial discounts, and it may be extremely difficult to value accurately any such investments. Further, certain securities in which the Third Party Investment Managers may invest may not have a readily ascertainable market price and will be valued by the Third Party Investment Managers. In this regard, a Fund Manager may face a conflict of interest in valuing the securities, as their value will affect the Fund Manager's compensation. Although the Investment Manager will review the valuation procedures used by all Third Party Investment Managers, the Investment Manager will not be able to confirm the accuracy of valuations provided by Third Party Investment Managers. In addition, the net asset values or other valuation information received by the Investment Manager from an investment fund will typically be estimates, subject to revision at the end of each investment fund's annual audit.

Counterparty Risk: To the extent the Third Party Investment Managers invest in swaps, swaptions, "synthetic" equivalents, derivative instruments, repurchase agreements, certain types of options or other customized financial instruments, Clients take the risk of non-performance by the other party to the contract. This risk may include credit risk of the counterparty and the risk of settlement default. This risk may differ materially from that 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 and expose the parties to the risk of counterparty default. It is expected that the Third Party Investment Managers will seek to mitigate these risks by engaging only highly-rated firms with substantial capital, credit and market expertise.

Custody and Prime Brokerage Risk: There are risks involved in dealing with the custodians or prime brokers who settle a Fund Manager's trades. Although the Investment Manager expects the Third Party Investment Managers to monitor their respective prime brokers, there is no guarantee that such prime brokers, or any other custodian that a Fund Manager may use from time to time, will not become bankrupt or insolvent. While both the U.S. Bankruptcy Code and the Securities Investor Protection Act of 1970 seek to protect customer property in the event of a bankruptcy, insolvency, failure, or liquidation of a broker-dealer, there is no certainty that, in the event of a failure of a broker-dealer that has custody of Client assets, the Client would not incur losses due to its assets being unavailable for a period of time, the ultimate receipt of less than full recovery of its assets, or both.

The Third Party Investment Managers may appoint sub-custodians in certain non-U.S. jurisdictions to hold the assets of Clients. A custodian may not be responsible for cash or assets which are held by sub-custodians in certain non-U.S. jurisdictions, nor for any losses suffered by a Fund Manager as a result of the bankruptcy or insolvency of any such sub-custodian. The Third Party Investment Managers may therefore have a potential exposure on the default of any sub-custodian and, as a

result, many of the protections that would normally be provided to a fund by a custodian may not be available to the Third Party Investment Managers. Under certain circumstances, including certain transactions where a Client's assets, through its investments with Third Party Investment Managers, are pledged as collateral for leverage from a non-broker-dealer custodian or a non-broker-dealer affiliate of the Prime Broker, or where a Client's assets are held at a non-U.S. custodian, the securities and other assets deposited with the custodian or broker may not be clearly identified as being assets of the Client and hence the Client could be exposed to a credit risk with regard to such parties. Custody services in certain non-U.S. jurisdictions remain undeveloped and, accordingly, there is a transaction and custody risk of dealing in certain non-U.S. jurisdictions. Given the undeveloped state of regulations on custodial activities and bankruptcy, insolvency, or mismanagement in certain non-U.S. jurisdictions, the ability of the Client to recover assets held by a sub-custodian in the event of the sub-custodian's bankruptcy or insolvency could be in doubt, as the Client may be subject to significantly less favorable laws than many of the protections that would be available under U.S. laws. In addition, there may be practical or time problems associated with enforcing the Client's rights to its assets in the case of a bankruptcy or insolvency of any such party.

Cybersecurity Risk: With the increased use of technologies such as the Internet to conduct business, Spider Management and its Clients are susceptible to operational, information security and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber attacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users). Cyber incidents affecting Spider Management and other service providers (including, but not limited to, accountants, custodians, transfer agents and financial intermediaries) have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, interference with a Client's ability to value its securities or other investments, impediments to trading, the inability of Client's to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. Similar adverse consequences could result from cyber incidents affecting issuers of securities in which Spider Management's Clients invest, counterparties with which Client's engage in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions (including financial intermediaries and service providers for limited partners) and other parties. In addition, substantial costs may be incurred in order to prevent any cyber incidents in the future. While Spider Management's service providers have established business continuity plans in the event of, and risk management systems to prevent, such cyber incidents, there are inherent limitations in such plans and systems including the possibility that certain risks have not been identified. Furthermore, Spider Management cannot control the cyber security plans and systems put in place by its service providers or any other third parties whose operations may affect Spider

Management's Clients. Spider Management and its Clients could be negatively impacted as a result.

Pandemic and COVID-19 Risk: Events such as health pandemics or outbreaks of disease may lead to increased market volatility and may have adverse short or long term effects on the U.S. and world economies and markets generally. For example, beginning in late 2019, China experienced an outbreak of a new and highly contagious form of coronavirus disease, COVID-19. In the ensuing months, COVID-19 spread to numerous countries, prompting precautionary government-imposed closures and restrictions of certain travel and businesses in many countries. Health pandemics or outbreaks could result in a general economic decline in a given region, or globally, particularly if the outbreak persists for an extended period of time or reoccurs. In particular, COVID-19, together with resulting voluntary and U.S. federal and state and non-U.S. governmental actions, including, without limitation, mandatory business closures, public gathering limitations, restrictions on travel and quarantines, has meaningfully disrupted the global economy and markets. Although the long-term economic fallout of COVID-19 is difficult to predict, it has and is expected to continue to have ongoing material adverse effects across many, if not all, aspects of the regional, national and global economy. This could have an adverse impact on Spider Management's investments on behalf of Clients or operations, or Spider Management's ability to source new investments or to realize their investments on behalf of Clients. Pandemics and similar events could also have an acute effect on individual issuers or related groups of issuers and could adversely affect securities markets, interest rates, auctions, secondary trading, ratings, credit risk, inflation, deflation and other factors relating to Client's investments or Spider Management's operations. Additionally, the risks related to health pandemics or outbreaks of disease are heightened due to uncertainty as to whether such an event would qualify as a force majeure event. If a force majeure event is determined to have occurred, a counterparty to a Client or a portfolio investment may be relieved of its obligations under certain contracts to which it is a party, or, if it has not, Spider Management and its investments on behalf of Clients may be required to meet their contractual obligations, despite potential constraints on their operations and/or financial stability. Either outcome could adversely impact investments and a Client's performance. It is impossible to determine the scope of the outbreak, or any future outbreaks, how long any such outbreak, market disruption or uncertainties may last, or the effect any governmental actions may have or the full potential impact on Clients. The uncertainty and unprecedented nature of COVID-19 make predictions or projections by Spider Management more unreliable than in more stable market conditions.

Spider Management's ability to operate effectively, including the ability of its personnel or its service providers and other contractors to function, communicate and travel to the extent necessary to carry out investment strategies on behalf of Client's and objectives and Spider Management's business and to satisfy its obligations to Clients, and pursuant to applicable law, has been, and could continue to be, impaired. The spread of COVID-19 among Spider Management's personnel or its service providers could also significantly affect Spider Management's ability to properly oversee the affairs of its Clients (particularly to the extent such impacted personnel include key investment professionals or other members of senior management), which could result in a temporary or permanent suspension of a Client's investment activities or operations. Although Spider Management has adopted business

continuity measures, in some circumstances such measures may not be effective. Furthermore, such measures are subject to U.S. federal and state and non-U.S. governmental actions.

Risks Resulting from the United Kingdom's Exit from the EU: The United Kingdom left the European Union on January 31, 2020 (commonly referred to as "Brexit"). During an 11 month transition period, the United Kingdom and the European Union agreed to a Trade and Cooperation Agreement which sets out the agreement for certain parts of the future relationship between the European Union and the United Kingdom from January 1, 2021. The Trade and Cooperation Agreement does not provide the United Kingdom with the same level of rights or access to all goods and services in the European Union as the United Kingdom previously maintained as a member of the European Union 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 United Kingdom and the European Union.

From January 1, 2021, European Union laws ceased to apply in the United Kingdom. However, many European Union 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 European Union and the United Kingdom on financial services, substantial amendments to English law may occur, and it is impossible to predict the consequences on Spider Management's Clients and its investments. Such changes could be materially detrimental to investors.

Although one cannot predict the full effect of Brexit, it could have a significant adverse impact on the United Kingdom, European and global macroeconomic conditions and could lead to prolonged political, legal, regulatory, tax and economic uncertainty. This uncertainty is likely to continue to impact the global economic climate and may impact opportunities, pricing, availability and cost of bank financing, regulation, values or exit opportunities of companies or assets based, doing business, or having service or other significant relationships in, the United Kingdom or the European Union, including companies or assets held or considered for prospective investment by Spider Management on behalf of Clients.

The future application of European Union-based legislation to the private fund industry in the United Kingdom and the European Union will ultimately depend on how the United Kingdom renegotiates the regulation of the provision of financial services within and to persons in the European Union. There can be no assurance that any renegotiated terms or regulations will not have an adverse impact on Spider Management's Clients and its portfolio investments, including the ability of Spider Management to achieve its investment objectives. Brexit may result in significant 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 Spider Management and its affiliates to manage, operate and invest on behalf of Clients and increased legal, regulatory or compliance burden for Spider Management, its affiliates and/or its Clients.

Areas where the uncertainty created by the United Kingdom's withdrawal from the European Union is relevant include, but are 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 Third Party Investment Managers and the distribution and marketing of alternative investment funds), industrial policy pursued within European countries, immigration policy pursued within European Union 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 a Client's portfolio investments and the ability to achieve the investment objective of Spider Management.

Item 9- Disciplinary Information

There are no material legal or disciplinary events to disclose related to Spider Management's business or its management.

Item 10- Other Financial Industry Activities and Affiliations

Spider Management is wholly owned by the University and is managed by a Board of Managers and officers who are elected and appointed by the University's Board of Trustees. Several members of the Board of Managers also provide investment management services to clients that are not affiliated with Spider Management or the University. Spider Management may place assets under the management of, or otherwise procure investment advisory or investment management services from a Third Party Investment Manager that is affiliated with a member of the Board of Managers for Spider Management or the Board of Trustees for the University. Consequently, Spider Management may face a conflict of interest when making investment decisions for Clients. Spider Management has a fiduciary duty to Clients and will act in good faith and with fairness in all its dealings, and will take such duties into account in dealing with all conflicts of interest. All Third Party Investment Managers including those affiliated with the Board of Managers or the Board of Trustees are subject to the same ongoing due diligence process as other non-affiliated Third Party Investment Managers.

An employee of Spider Management serves as a member and Investment Committee Chairman of the Board of the Virginia Commonwealth University ("VCU") Investment Management Company, which also acts as the Investment Committee. A second employee serves as a member of the CommonSpirit Health Investment Committee. A third employee serves on the 403(b) advisory board of the University of Richmond Investment Committee. Lastly, a fourth employee serves on the Board of Directors for TIFF Charitable Foundation, The Sherman Fairchild Foundation and Robert R. McCormick Foundation. Each are responsible for monitoring investment performance and recommending asset allocation ranges, and may make manager selections. Serving in such capacity may create a conflict between the fiduciary duties owed to Clients and the duties owed to non-affiliated third party Investment Committees, particularly if Spider Management and non-affiliated third parties are pursuing the same Investment Vehicles with limited capacity to satisfy demand. Spider Management maintains internal compliance policies that are intended to minimize the negative effects of such conflicts if they arise, and intends to prevent employees from taking such positions when, in Spider Management's determination, the potential risks to Clients outweigh the potential benefits.

The Richmond Fund Management Company, LLC is the General Partner of The Richmond Fund. Spider Buyout – GP, LLC is the General Partner of Spider Buyout Holdings. Spider Management is a controlling member of The Richmond Fund Management Company, LLC, as well as Spider Buyout – GP, LLC and Spider Management is wholly-owned by the University, which in turn owns the Endowment.

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

All employees and members of the Board of Managers (collectively, “access persons”) are subject to Spider Management’s Code of Ethics (the “Code”), which sets forth the general fiduciary principles and standards of business conduct to which all access persons are subject. Spider Management’s Code contains policies and procedures relating to conflicts of interest, insider trading, outside business activities, preferential treatment, borrowing, gifts and entertainment, political contributions, bribery, money laundering and personal trading. Unless prior permission from Spider Management’s Chief Compliance Officer (the “CCO”) is given, all access persons are prohibited from purchasing a security for a personal securities account in an initial public offering (IPO), initial coin offering (ICO) or in a private placement, and must comply with established preclearance policies and procedures in Spider Management’s Code.

Spider Management is a controlling member of The Richmond Fund’s General Partner as well as Spider Buyout Holdings’ General Partner, and Spider Management is wholly-owned by the University, which in turn owns the Endowment. Spider Management periodically arranges for transfers of cash between The Richmond Fund and the Endowment pursuant to the Rate of Return Agreement. Spider Management may arrange for a transfer of securities between Clients or otherwise arrange or engage in a principal or cross transaction with Clients. If Spider Management determines such transaction is necessary, it will obtain written consent from an independent party who has been appointed to represent all investors in The Richmond Fund. Spider Management receives no compensation (other than its advisory fee), directly or indirectly, for effecting such transactions. In addition, transactions of this nature are reviewed and approved by the CCO.

Spider Management may place assets under the management of a Third Party Investment Manager who is affiliated with a member of Spider Management’s Board of Managers or a member of the University’s Board of Trustees, resulting in that member benefitting from the receipt of compensation for the management services provided to Clients.

Spider Management permits its employees to engage in personal securities transactions. Employees, officers and directors of Spider Management may also invest in the Investment Vehicles that Spider Management purchases for Clients. To avoid any potential conflicts of interest involving personal trades, Spider Management adopted the Code, which includes formal insider trading, information barriers, and personal security transactions policies and procedures. The Code requires, among other things, that access persons:

1. Place Client interests ahead of Spider Management’s;
2. Engage in personal investing that is in full compliance with the Code;

3. Avoid taking advantage of their position; and
4. Maintain full compliance with applicable federal securities laws.

The Code also requires access persons to: (1) pre-clear personal securities transactions involving investments in IPOs, ICOs, and private placements, (2) report personal securities transactions in non-exempt securities on at least a quarterly basis, (3) provide Spider Management with a detailed summary of holdings (both initially upon commencement of employment/appointment and annually thereafter) over which the access person has a direct or indirect beneficial interest, and (4) submit to the CCO an acknowledgment that they have read and understood the Code both initially upon commencement of employment/appointment and annually thereafter. Spider Management will provide a copy of the Code to any Client or prospective Client upon request.

Item 12- Brokerage Practices

Spider Management is generally authorized to make the following determinations, subject to Clients' investment objectives and restrictions, without obtaining prior consent from the relevant Client or any of their investors: (1) which securities or other instruments to buy or sell; (2) the total amount of securities or other instruments to buy or sell; (3) the executing broker or dealer for any transaction; and (4) the commission rates or commission equivalents charged for transactions.

When investing in Investment Vehicles, Spider Management ordinarily contracts directly with Third Party Investment Managers without the involvement of any financial intermediary such as a broker-dealer, and commissions are not ordinarily payable in connection with such investments.

To the limited extent Spider Management engages in transactions other than investments in Underlying Funds, Spider Management has the authority to determine the financial intermediaries to be used in connection with such transactions and to negotiate the amount of commission or other compensation to be paid to such intermediaries in connection with such transactions. Spider Management negotiates such compensation on a case-by-case basis and does not seek to obtain products, research or services other than transactional services from such intermediaries.

In making its decisions regarding the allocation of brokerage transactions for Clients, Spider Management seeks to obtain best execution, taking into account the following factors: (i) the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); (ii) the operational efficiency with which transactions are effected (such as prompt and accurate confirmation and delivery), taking into account the size and order and difficulty of execution; (iii) the financial strength, integrity and stability of the broker-dealer or counter party; and (iv) the competitiveness of commission rates in comparison with other broker-dealers. Although Spider Management generally seeks competitive commission rates and commission equivalents, it will not necessarily pay the lowest commission or equivalent. Transactions may involve specialized services on the part of a broker-dealer, which may justify higher commissions and equivalents than would be the case for more routine services.

Item 13- Review of Accounts

Generally, Client accounts are reviewed on a continuous basis by Mr. William H. McLean, President and Chief Investment Officer. In addition, investment personnel perform ongoing monitoring of Investment Vehicles held in accounts by reviewing such factors as performance return, performance volatility, adherence to investment guidelines, and portfolio management changes. Mr. McLean has final authority over all investment decisions.

The Endowment, The Richmond Fund and Limited Partners receive written reports on a quarterly basis from Spider Management which include numerous performance metrics, asset allocations and detailed analysis of Underlying Funds within the account during the relevant time period. Limited Partners receive reports which include semi-annual audited financial statements prepared in accordance with United States generally accepted accounting principles and quarterly reports which include a statement of the net asset value of the investor's interest in The Richmond Fund. In addition, Spider Management may agree to provide certain investors more frequent or more detailed reports of The Richmond Fund's portfolio holdings or performance.

Item 14- Client Referrals and Other Compensation

Spider Management does not currently compensate any person for client referrals, however, it may in the future become party to certain written agreements pursuant to which it pays a fee to third party consulting firms, individuals and others based, directly or indirectly, upon the amount of funds received for management from clients in addition to reimbursement of certain expenses. Such agreements will specifically require compliance by the consultant with Rule 206(4)-3 of the Advisers Act and other regulations thereunder which require disclosure of certain details of the arrangements to Clients.

Spider Management may pay for, and use, various services and attend various forums and events that are supplied or sponsored by consultants and third party intermediaries. The receipt of payment for these services could be perceived to provide a benefit to such consultant or third party and, therefore, result in a conflict of interest. However, Spider Management believes that its receipt of such services offers genuine educational or other benefits to it and Clients.

Item 15- Custody

Spider Management may be deemed to have custody under the Advisers Act Rule 206(4)-2, as amended, in relation to The Richmond Fund and Spider Buyout Holdings because it has legal ownership of and thus potential access to limited partnerships or securities by virtue of its control of the General Partner. However, Spider Management complies with Rule 206(4)-2 in these instances by ensuring that fund of funds' investors are sent financial statements, audited by KPMG in accordance with United States generally accepted accounting principles, within 180 days of the fiscal year end of The Richmond Fund and Spider Buyout Holdings, respectively.

Item 16- Investment Discretion

Clients grant Spider Management complete discretion, through the execution of a limited power of attorney, to manage their accounts in accordance with their investment objectives, risk tolerance and investment time horizon, subject to reasonable restrictions that they have provided in writing to Spider Management. Pursuant to this grant of discretion, Clients authorize Spider Management to invest in securities and other investments of any nature, at the time and manner that Spider Management determines, and to act on Clients' behalf in all other matters necessary and incidental to the management of Client's account, without discussing these transactions or activities with the Clients in advance.

Item 17- Voting Client Securities

Due to the nature of its investments for Clients, Spider Management generally does not vote proxies in the traditional sense. Rather, Spider Management either delegates voting responsibility to third parties, as is the case in the separately managed accounts (SMAs) with various Third Party Investment Managers, or, Spider Management, is requested to vote, acting on behalf of its Clients as investors in private investment funds. In addition, from time to time, Clients receive in-kind distributions of public securities requiring Spider Management to sell positions in individual equities. The public securities are generally sold within days of receipt resulting in no proxy voting considerations related to the securities. In the event a security is held on a company's "record date", Spider will vote each proxy in accordance with its fiduciary duty to its Clients.

Spider Management has implemented a written policy regarding the voting of Client securities. In voting on issues relating to Investment Vehicles, Spider Management is guided by general fiduciary principles. Spider Management's goal is to act prudently, solely in the best interest of its Clients. Spider Management attempts to consider all factors of its vote that could affect the role of the Investment Vehicle or the value of an Underlying Fund. Spider Management votes in the manner that it believes is consistent with efforts to achieve the Client's stated objectives, including maximizing portfolio values.

Spider Management's written policy also addresses material conflicts of interest that could arise between Spider Management and Clients with respect to voting of Client securities. Clients may contact Spider Management for a copy of the policy or for information with respect to a specific Client vote by contacting Spider Management at (804) 289-6010 or e-mailing your request to SMCinvest@richmond.edu.

Item 18- Financial information

Spider Management has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to Clients, and has not been the subject of a bankruptcy proceeding.