

ITEM 1 – COVER PAGE

CLEAR SKY ADVISERS, LLC

1700 Broadway, Suite 1601
New York, NY 10019

September 2021

**PART 2A OF FORM ADV
(THE “BROCHURE”)**

This Brochure provides information about the qualifications and business practices of Clear Sky Advisers, LLC (the “Adviser”). If you have any questions about the contents of this Brochure, please contact us at (212) 424-2800 or (713) 263-3300. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Clear Sky Advisers, LLC is a registered investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended. However, such registration does not imply a certain level of skill or training.

Additional information about Clear Sky Advisers, LLC will be available on the SEC’s website at: www.adviserinfo.sec.gov.

ITEM 2 – MATERIAL CHANGES

The rules promulgated under the Investment Advisers Act of 1940, as amended (the “Advisers Act”) require the Adviser to identify and discuss any material changes made to its Brochure since the last annual update. This Brochure, dated September 2021, updates the Adviser’s brochure dated March 2021.

Material Changes since last update:

Item 4 of the Brochure now distinguishes between investment advisory services provided to Private Funds and the Registered Fund with additional amendments being made to:

- *Item 5 – Fees and Compensation* – See disclosures under subheadings, *Private Funds* and *The Registered Fund*;
- *Item 6 – Performance Based Fees and Side-by-Side Management* – See disclosures under subheading, *Performance Based Fees*;
- *Item 7 – Types of Clients*, and
- *Item 10 – Other Financial Industry Activities and Affiliations* – See disclosures under subheading, *Conflicts of Interest*.

In addition, material changes were made to the risk disclosures applicable to all Clients (as defined below) (see *Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss*).

We urge you to carefully review all material changes, as they contain important information about any significant changes to our advisory services, fee structure, business practices, conflicts of interest and risk factors.

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ITEM 4 – ADVISORY BUSINESS

Clear Sky Advisers, LLC provides investment advisory services to (1) certain pooled investment vehicles that are not registered under the Investment Company Act of 1940, as amended (the “Investment Company Act”) and whose securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”) (the “Private Funds”) and (2) an open-end investment company registered under the Investment Company Act (the “Registered Fund” and together, with the “Private Funds,” the “Funds” or “Clients”).

In providing services to Clients, the Adviser is affiliated with entities that serve as the general partners and/or managing members to certain of its Clients (collectively, such entities together with the Adviser, “Clear Sky”).

Investment in the Private Funds is limited to investors that meet certain financial sophistication requirements. Investors in the Private Funds must be (i) “accredited investors” within the meaning of Regulation D under the Securities Act; and (ii) “qualified purchasers” within the meaning of the Investment Company Act. Prospective investors may be required to meet additional suitability requirements. Investors considering investment in the Private Funds should consult with their own investment, tax and/or legal consultants prior to investing.

The Adviser does not provide investment advice to individual investors in the Funds, who will not be able to impose restrictions on the Funds investing in certain types of securities, derivatives or other instruments. Rather, the Adviser provides investment advice to the Funds. The Adviser does not participate in wrap-fee programs.

The Adviser may advise other types of clients (other than the Clients) in the future, and may provide both discretionary and non-discretionary advisory services to such clients.

Clear Sky’s investment strategies will generally focus on, California Carbon Credits, additional carbon offsets in other geographic markets and environmental, social, and corporate governance (“ESG”), including but not limited to, public companies within the power, energy, utilities and related industries and sectors, and capture investment opportunities in the broader energy ecosystem. The Funds’ advisory agreements (or sub-advisory agreement, where applicable) provide Clear Sky with discretionary investment authority and, as such, Clear Sky utilizes a wide range of securities and related instruments to express its investment views. Investments utilized in the management of the Funds’ portfolios include without limitation long or short positions in public equities, bonds, notes, convertible securities, debt participations, options, warrants, derivatives, and private equities, among others.

Clear Sky was founded in November 2020 and is wholly owned by its principals—Ankur Sood, Derek Rogers, John Segrich, Marisa Chuliver, Omar Khawaja and Shawn R. Singh.

Please refer to the applicable Private Funds’ private placement memoranda and the Registered Fund’s prospectus for more detailed information regarding the topics discussed in this Brochure.

ITEM 5 – FEES AND COMPENSATION

Private Funds

Clear Sky's compensation for advisory services to the Private Funds generally includes a performance-based fee, charge or allocation (e.g., carried interest) and an asset-based fee (i.e., management fee), the terms of which are set forth in the applicable Private Fund's governing documents. Such fees paid by Private Funds are indirectly borne by the Private Fund's investors.

Performance fee arrangements may create an incentive for Clear Sky to make investments on behalf of the Private Funds that are riskier or more speculative than would be the case in the absence of such compensation. Certain of the assets held in the Private Funds' portfolios are fair valued by Clear Sky. Fair valued securities create an inherent conflict of interests since Clear Sky's fees are based on the value of such assets. In addition, calculation of performance fees earned is, in part, based on unrealized gains that may never materialize. Clear Sky seeks to mitigate the conflicts created by performance fee arrangements and fair value practices through disclosure in this Brochure.

Further, each Private Fund will bear its own costs and expenses. The Private Funds are responsible for fees and out of pocket expenses of their respective third-party administrators, consultants, service providers and prime brokers. In addition, each of the Private Funds will be responsible for its initial and ongoing costs and expenses associated with their operations including, but not limited to, organizational expenses, brokerage commissions, research expenses, quotation and valuation expenses, general legal expenses and legal expenses incurred for the negotiation and/or review of side letters, accounting, investment and auditing expenses, interest and borrowing charges on margin accounts and other indebtedness and investment-related consultants and other service provider expenses, investment-related travel costs, expenses incurred with respect to the preparation, duplication and distribution of governing documents, annual reports and other financial information, other offering expenses, other operational expenses, extraordinary expenses and the remuneration of the board of directors and/or advisory board, as applicable. The Private Funds may invest in money market funds and index-based investment vehicles (e.g., exchange traded funds ("ETFs"), iShares, Standard & Poor's Depository Receipts ("SPDRs")). In such cases, the Private Funds pay a separate layer of management, trading, and administrative expenses. For a more detailed description of brokerage fees and expenses, please refer to Item 12 – Brokerage Practices.

The Private Funds will also bear their own legal expenses, compliance expenses, finance, operations and accounting professionals, risk management expenses and certain other back-office expenses by making payments to various third-parties affiliated with Clear Sky who have been engaged to perform such services.

Fees and expenses are generally paid directly from the Private Funds' brokerage/custodial accounts.

Notwithstanding the general fee structure described above, Clear Sky has negotiated different fee structures with certain investors in the Private Funds. Such negotiations and agreements are governed by separate agreements commonly referred to as "side letters". The side letter provisions, which are not found in the Private Funds' organizational or governing documents, entitle certain investors to different terms and conditions related to fees, reporting, liquidity, and notifications, among other terms. Clear Sky reserves the right, but does not have the obligation, to negotiate or waive fees as well as other investor terms and conditions.

If for any reason an investor wishes to redeem from the Private Funds, the investor must provide prior written notice in accordance with the terms of governing documents of the relevant Private Fund.

The Private Funds do not pay Clear Sky's overhead costs, such as rent, salaries and bonuses of the Adviser's employees. These costs are borne by Clear Sky. However, the Private Funds pay certain similar costs and expenses of third-parties affiliated with Clear Sky that provide such services to the Private Funds.

Clear Sky and/or the Private Funds it advises maintains various middle and back-office functions (including, e.g., accounting, operations, IT, risk and compliance) through Luan Consulting ("Luan"), an advisory affiliate in which a principal of Clear Sky owns a majority stake. Luan will charge a fee for such services such that the Private Funds will incur expenses related to this arrangement. Clear Sky believes that expenses related to this arrangement are reasonable, generally at market rates for the relevant services provided and in the best interests of the Private Funds. For more information, please see Risk Factors – Outsourced Back Office below.

The Registered Fund

The Registered Fund's governing documents will include information about the fees and expenses paid by the Registered Fund, including the advisory fees from which the Adviser is compensated for sub-advisory services provided to the Registered Fund.

ITEM 6 – PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Performance Based Fees

The Private Funds generally allocate a portion of their investment profits to their general partners as a performance fee (i.e., carried interest), as set forth in each Private Fund's governing and offering documents.

Performance fee arrangements may create an incentive for Clear Sky to make investments on behalf of the Clients subject to such arrangements that are riskier or more speculative than would be the case in the absence of such compensation. In addition, calculation of performance fees earned is, in part, based on unrealized gains that may never materialize.

The allocation of performance fees at different rates, or subject to different hurdle rates, may create an incentive for Clear Sky or its affiliates to disproportionately allocate time, services or functions to Clients allocating performance fees at a higher rate (or subject to a lower hurdle rate), or to allocate investment opportunities to such Clients.

Clear Sky has adopted policies and procedures that, among other things, seek to ensure that investment opportunities are allocated in a manner that it believes is consistent with the relevant governing documents and otherwise fair and reasonable under the circumstances, considering such factors as it deems relevant, but in its sole discretion.

Side-by-Side Management

Clear Sky will manage accounts for Clients that invest in the same or similar securities. Clear Sky's aggregation and allocation policies and procedures are designed to identify and mitigate potential conflicts of interest among and between Clients during the trade execution process. Clear Sky seeks to ensure that no Client will be favored over any other Client on an overall, long-term basis.

Clear Sky's order allocation policies and procedures seek to allocate investment opportunities among Clients over time in the fairest possible way, considering the best interests and account-specific mandates of each Client. Performance and management fees, and the status of performance hurdles will not influence allocation decisions. Each investment will be appropriate for the particular Client in light of the characteristics of the specific investment opportunity, the overall portfolio composition of such Client, and the strategy of the Client.

Order Aggregation

Clear Sky may or may not aggregate multiple orders, and certain Clients may be excluded from aggregated orders. When determining whether to aggregate orders on behalf of Clients, Clear Sky will consider factors applicable to each possible participant, including without limitation:

- Investment objectives and strategies
- Client-specific investment targets
- Client-specific limitations or requirements
- Timing of orders
- Status of pending orders
- Availability of securities

If orders are aggregated, the respective Clients will participate at the average share price of all trades in the aggregated order. In addition, each account participating in an aggregated order will share commissions and other trade related costs based on its level of participation.

Order Allocation

Clear Sky will allocate to participating accounts in specified ratios based on various factors, including without limitation:

- Investment objectives and strategies
- Client-specific investment targets
- Client-specific limitations or requirements
- Client-specific risk profiles
- Timing of orders

- Status of pending orders
- Availability of securities
- Whether a Client is in its investment or ramp-up phase
- Whether a Client has recently received a capital infusion or withdrawal request
- Client cash balances and liquidity requirements
- Client risk tolerances and concentration limits
- Existing position of a Client in an investment

Investment professionals and the Chief Compliance Officer (“CCO”) (or their designees) will conduct or arrange for a third-party to conduct periodic reviews of a sample of trade allocations from aggregated orders. In addition, with respect to certain of the Funds, the CCO or its designee may receive and review daily trade blotter reports directly from Clear Sky’s order management system provider.

ITEM 7 – TYPES OF CLIENTS

Clear Sky’s clients are the Private Funds which are unregistered pooled investment vehicles and the Registered Fund, which is a registered investment company, for which Clear Sky acts as sub-adviser, pursuant to a sub-advisory agreement.

The Private Funds are structured as limited partnerships, limited liability companies or similar legal entities which Clear Sky and its related parties control. Although Clear Sky is registered with the SEC as an investment adviser, the Private Funds rely on rules promulgated under the United States federal securities laws that exempt privately offered vehicles from registering as investment companies.

Investment in the Private Funds is limited to investors that meet certain financial sophistication requirements. Minimum investment requirements, if any, are set forth in the offering memoranda of the applicable Private Fund. Investors in the Private Funds must be (i) “accredited investors” within the meaning of Regulation D under the Securities Act; and (ii) “qualified purchasers” within the meaning of the Investment Company Act, as amended. Prospective investors may be required to meet additional suitability requirements. Investors considering investment in the Private Funds should consult with their own investment, tax and/or legal consultants prior to investing.

The Adviser does not currently manage any separate accounts, but the Adviser may, without notice, elect to manage separate accounts for institutional clients.

ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Clear Sky’s investment professionals utilize fundamental as well as technical analysis to formulate investment decisions.

Clear Sky’s core strategy is broken down into either the California Carbon Credit Strategy mandate

or environmental, social and governance (“ESG”). ESG will focus on investments across the capital structure of publicly traded power, energy, utilities and related companies. Clear Sky also implements opportunistic investments via ESG in private investments within the power, energy, and related industries and sectors.

Certain derivative instruments utilized in the investment strategy may increase leverage, returns, risk and possibilities of rapid gains or losses as well as expose Clients to counterparty risk. As with any investment, there is the possibility of loss, including the loss of principal.

Clients’ investments in the ESG strategy may be in securities or investments that are considered illiquid or semi-illiquid or could become illiquid or semi-illiquid in a difficult market environment. Illiquid securities may be difficult to price and/or sell in an orderly manner at prices estimated to be fair market value.

Clients utilize leverage to attempt to enhance returns. The use of leverage may also magnify the possibility of loss and may cause Clear Sky to sell positions collateralizing leveraged positions.

Risk Factors

A summary of the risk factors applicable to the Clients is set forth below.

An investment in the Funds will involve significant risks, including loss of the entire investment. Investors should have the financial ability and willingness to accept the risk characteristics of the Funds’ investments. Such risks include, without limitation:

Past Performance of Affiliated Funds

Past performance is no assurance of future returns. Accordingly, an investment in the Funds entails a high degree of risk. In addition, the past investment performance of any other fund or account managed by the Adviser or its investment personnel at other investment advisers, which has or has had an investment program which is similar to, or different from, the investment program of the Funds is not indicative of the results that the Funds may achieve. The Funds will have a different investment portfolio and generally will employ different investment strategies and techniques from such other funds and accounts. Accordingly, the results of the Funds are likely to be different from and are independent of the results obtained by such other funds and accounts.

Dependence on the Adviser; Investors Do Not Participate in the Management of the Funds

The ability of the Funds to meet their investment objective is directly related to the Adviser’s investment management of the Funds’ respective portfolios. The value of an investor’s investment in the Funds may vary with the effectiveness of the Adviser’s research, analysis and asset allocation among portfolio securities and assets. If the Adviser’s investment strategies do not produce the expected results, an investor’s investment could be diminished or even lost. There can be no assurance that the investment professionals associated with the Adviser will continue to be associated with the Adviser throughout the life of the Funds. In addition, these professionals likely will have demands on their time for the investment, monitoring and other functions of other funds and accounts managed or advised by the Adviser or its affiliates.

Investors have no authority to make decisions or to participate in the Funds’ management, to review, select or evaluate actual or potential investments, or to act for or bind the Funds. The authority for

all such decisions of the Funds is delegated to Clear Sky, and investors must rely on Clear Sky to manage and conduct the affairs of the Funds. The Funds may issue new interests at any time. The investors should expect to have no right to participate in the decisions of Clear Sky. If the investors become dissatisfied with the operation of the Funds in which they invest or the investment of their assets, their only recourse will be to redeem from the Funds, if applicable.

Reliance on Key Personnel

All decisions with respect to the investment of the Funds' assets will be made by the Adviser, which relies on the services of one or more key members of the investment team. As a result, the success of the Funds for the foreseeable future will depend largely upon the abilities and retention of such key member(s). In the event that such a key member terminates his or her relationship with the Adviser, dies or becomes incapacitated for any period of time, profitability of the Funds' investments may suffer. While the investment team consists of several members, it is possible that the loss of a particular member may have a more significant impact on the Funds than would the loss of other members of the investment team. Notwithstanding the foregoing, the composition of the investment team may change over time without notice to the investors.

Competition

Certain markets in which the Funds may invest are extremely competitive for attractive investment opportunities and, as a result, there may be reduced expected investment returns. There can be no assurance that the Adviser will be able to identify or successfully pursue attractive investment opportunities in such environments. Among other factors, competition for suitable investments from pooled investment vehicles, registered investment companies or separately managed accounts, the public equity markets and other investors may reduce the availability of investment opportunities. There has been significant growth in the number of firms organized to make such investments, which may result in increased competition to the Funds in obtaining suitable investments.

Performance Fees

With respect to certain of the Private Funds, the Private Funds' right to performance fees may create an incentive for Clear Sky to make investments that are riskier or more speculative than would be the case in the absence of a performance fee. In addition, since the performance fee is calculated on a basis that includes unrealized appreciation of the Private Funds' assets, such compensation may be greater than if it were based solely on realized gains and losses.

Moreover, the allocation of performance fees at different rates, or subject to different hurdle rates, may create an incentive for Clear Sky or its affiliates to disproportionately allocate time, services or functions to vehicles allocating performance fees at a higher rate (or subject to a lower hurdle rate), or to allocate investment opportunities to such vehicles.

Master-Feeder Structure

Certain of the Funds are organized as a part of "master-feeder" structures. A master-feeder structure, and in particular the existence of multiple investment vehicles investing in the same portfolio, presents certain unique risks to investors and such Funds may be materially affected by the actions of another entity investing in the master fund.

No Operating History

Certain of the Private Funds are newly organized entities and may not have an operating history upon which prospective investors can evaluate their potential performance.

The past performance of the Adviser's personnel is not necessarily indicative of the future results of the Funds or of an investment in the Funds. There can be no assurance that any of the Funds will achieve their investment objectives.

Continuous Offering

The Private Funds will generally accept additional subscriptions on a continuous basis, as is determined by their respective general partners in their sole discretion. Such additional subscriptions may dilute the indirect interests of existing investors in the Private Funds' investment portfolio prior to any such subscriptions, which could have an adverse impact on the existing investors' interests in the Private Funds if future Private Fund investments underperform prior Private Fund investments.

Contingency Reserves

A Private Fund may, at the Private Fund general partner's sole discretion, establish reserves payable for contingencies and liabilities (including reserves for unspecified contingencies and liabilities, as well as any required tax withholdings) of the Private Fund. The Adviser may also cause the Private Fund to establish similar reserves in connection with the calculation of the net asset value of the Private Fund. The establishment of such reserves will not insulate any portion of the Private Fund's assets from being at risk, and such assets may still be traded by the Private Fund. A pro rata portion of any reserve may be withheld from distribution to a withdrawing investor of the Private Fund.

Illiquidity of Interests

An investment in the Private Funds is of limited liquidity since transfers of interests or shares, as applicable, are restricted and subject to the relevant Private Fund general partner's consent, which consent may be withheld in such general partner's sole discretion. Subject to limited withdrawal or redemption rights, each investor must be prepared to bear the economic risk of its investment in the Private Funds for an indefinite period. Interests and Shares will not be registered under the Securities Act and, therefore, cannot be sold unless they are subsequently registered under the Securities Act or an exemption from such registration is available.

An investor generally may only make a partial or total withdrawal or redemption from the Private Fund upon prior written notice to the relevant general partner and the Private Funds' administrator, and subject to an early withdrawal or redemption adjustment on withdrawals and certain minimum withdrawal or redemption requirements, holdbacks, delays and the ability of the relevant general partner to suspend or limit withdrawals or redemptions. Withdrawals may also be subject to a fund-level gate and holdback as outlined in the Private Funds' governing documents.

For purposes of withdrawals or redemptions, the Private Funds will endeavor to complete their valuation with the administrator promptly and to make full payment within 30 calendar days after the date on which withdrawal or redemption is effective, subject to holdback. As a result, there may be a substantial period of time between the date as of which investors must submit withdrawal or redemption requests in respect of any particular withdrawal or redemption date and the date as of which they can expect to receive full withdrawal/redemption proceeds in respect of

withdrawals/redemptions effected as of such date. Investors whose withdrawal/redemption requests in respect of any particular withdrawal/redemption date are accepted will bear the risk that the relevant Private Fund's net asset value may fluctuate significantly during the period between the date as of which the withdrawal/redemption requests were submitted and the applicable withdrawal/redemption date. This risk will be exacerbated in the event that the relevant general partner suspends or limits withdrawals or redemptions. Accordingly, investors will have to decide whether to submit withdrawal/redemption requests without the benefit of having current information regarding the value of their investment on a date proximate to the applicable withdrawal/redemption date.

Any withdrawal/redemption proceeds that have not yet been paid following the applicable withdrawal/redemption date, including amounts held back as reserves or the payment of which is otherwise delayed, will not accrue interest and will remain assets of the Private Funds (even though the same will not participate in the profits and losses of the Private Funds) until they are paid and, as such, will remain subject to claims of creditors of the Private Funds. In addition, certain of the Private Funds are not required to distribute cash or other property to investors, and such Private Funds generally do not intend to make distributions (other than in respect of withdrawals/redemptions).

As a result of the foregoing, an investment in the Private Funds is suitable only for certain sophisticated investors that can bear the risks associated with the limited liquidity of their investment and will not be materially impacted by postponements of the Private Funds' normal withdrawal/redemption dates or the payment of withdrawal/redemption proceeds.

General Economic and Market Conditions.

The success of the Adviser's activities will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, trade barriers, currency exchange controls, and national and international political circumstances (including wars or security operations). The Funds' performance may also be adversely affected by market fluctuations resulting from certain risks which are unprecedented in nature or magnitude and therefore not amenable to existing risk management techniques which are based on modeling past events and assigning probabilities to the recurrence of those events. Such events include, without limitation, catastrophic acts of terror resulting in mass casualties and associated destruction and subsequent abandonment of large areas in urban locales; imposition or declaration of martial law in jurisdictions with a long history of civil rule of law; mass disruption of telecommunications facilities due to terrorist acts; pandemics resulting from bio-terror attacks or outbreaks of fatal disease for which there is no cure or treatment; urban terror using nerve gas or other toxins; terrorist use of nuclear weapons, radiation dispersal weapons or other weapons of mass destruction; cyber-terror and terrorist attacks on financial markets, exchanges and payments systems; and acts of God. In no case will the Adviser be held responsible for such acts which are beyond their control or the consequential effects thereof such as computer failure, market distortion or other extraordinary results. These factors may affect the level and volatility of securities or other asset prices and the liquidity of the Funds' investments. Volatility or illiquidity could impair the Funds' profitability or result in losses. Certain of the Funds may maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets; the larger the positions, the greater the potential for loss.

Since late 2019, the COVID-19 health epidemic has led to significant restrictions on travel and business activities globally. It is unknown how, and to what extent, the Adviser and the Funds will

be affected if such epidemic continues to persist for an extended period of time. The Adviser may incur interruption of critical business functions and significant losses as a result such events. Such events may also adversely affect the financial markets and global economy in unpredictable ways. These events could have a material adverse impact on the performance of the Funds.

In-Kind Distributions

The Private Funds generally expect to pay withdrawal/redemption proceeds and other distributions, if any, in U.S. dollars unless otherwise agreed by the Private Funds. However, the Private Funds have the right, in their sole discretion, to cause any distributions, including, without limitation, distributions with respect to withdrawals/redemptions, to be made in part or wholly in kind (or the Private Funds may create one or more special purpose vehicles or liquidating trusts to hold such securities, commodities and other financial instruments until they can be sold).

In the event that the Private Funds make such a distribution of securities, commodities and other financial instruments, investors will bear any of the risks of the distributed assets and may be required to pay brokerage commissions or other costs in order to dispose of such assets. Moreover, assets distributed by the Private Funds may not be readily marketable or saleable and may have to be held by investors (or any special purpose vehicle or liquidating trust created to hold such assets) for an indefinite period of time. The risk of loss and delay and any expenses incurred in connection with liquidating such assets (including any expenses involved in the organization and maintenance of any applicable special purpose vehicle or liquidating trust and any brokerage commissions or other costs) will be borne by the applicable investors, which may result in such investors ultimately receiving less cash than they would have received if such distribution had been made in cash. While assets distributed in kind will ordinarily be valued as of the applicable withdrawal or distribution date, the value of such assets will fluctuate and the value assigned thereto for purposes of such distribution may not reflect the actual amount that will be realized in connection with a disposition (or, on the eventual liquidation) of such assets.

Designated Investments

Certain of the Private Funds may, from time to time, invest their capital in securities or other instruments/assets that are illiquid, restricted on sale, not susceptible to valuation prior to disposition or maturity, or that the Adviser otherwise determines should be held until the occurrence of certain events or for an extended period, and which are designated by the Adviser as “Designated Investments.” Such Designated Investments have to be held for a substantial period of time before they can be liquidated, if at all. Market prices for such Designated Investments are often volatile and may not be ascertainable. The resale of restricted and illiquid Designated Investments often may have higher brokerage charges. Illiquid and restricted investments that are designated as Designated Investments will represent capital that is not available for investors upon a withdrawal or redemption. Designated Investments may be difficult to value.

Investor Loss

With respect to any given fiscal year, investors and former investors will share all losses, liabilities and expenses of the Private Funds up to the limit of their respective interests in the Private Funds during such fiscal year. As such, each investor and former investor may be required, for purposes of meeting these obligations, to make additional contributions or payments, respectively, up to, but not in excess of, the aggregate amount of returns of capital and other amounts actually received from

the Private Funds during or after the fiscal year to which any such obligation is attributable.

Valuation; Assets That Lack a Readily Ascertainable Market Value

The net asset value of the Private Funds as of a particular date may be materially greater than or less than the net asset value that would be determined if the Private Funds' assets were to be liquidated as of such date. For example, if the Private Funds were required to sell a certain asset or all of a substantial portion of their assets on a particular date, the actual price that the Private Funds would realize upon the disposition of such asset or assets could be materially less than the value of such asset or assets as reflected in the net asset value of the Private Funds. Volatile market conditions could also cause reduced liquidity in the market for certain assets, which could result in liquidation values that are materially less than the values of such assets as reflected in the net asset value of the Private Funds.

In addition, to the extent that the Private Funds hold assets that lack a readily ascertainable market value, the Private Funds' net asset value will be affected by the valuations of any such assets. In valuing assets that lack a readily ascertainable market value, the Private Funds (or their independent agents, as applicable) may utilize dealer supplied quotations or pricing models developed by third parties or, to the extent permitted by applicable law, the Adviser and/or its affiliates. Such methodologies may be based upon assumptions and estimates. The uncertainty inherent in the valuation of assets that lack a readily ascertainable market value may significantly increase the risk that the value of such assets as reflected in the Private Funds' net asset value will differ materially from the prices at which the Private Funds would be able to liquidate such assets. The value of assets that lack a readily ascertainable market value may be subject to later adjustment based on valuation information available to the Private Funds at that time including, for example, as a result of year-end audits. Any adjustment to the value of such assets may result in an adjustment to the net asset value of the Private Funds (and, as a result, in certain circumstances, investors or former investors may be required to return distributions to the Private Funds).

Notwithstanding the risks of potential inaccuracies in the valuations of certain investments, such valuations will affect the determination of the net asset value of the Private Funds and each investor's capital account, including, without limitation, in connection with calculation of the management fee and performance fee. The Adviser or any other party involved in the valuation of the Private Funds' assets, including assets that lack a readily ascertainable market value, will face a conflict of interest in valuing such assets, to the extent that the value of such assets will affect such party's compensation.

Substantial Withdrawals

Substantial withdrawal/redemption requests by investors in a concentrated period of time could require the Adviser to liquidate certain investments more rapidly than might otherwise be desirable in order to raise cash to fund the withdrawal/redemption requests and achieve a portfolio appropriately reflecting a smaller asset base. This may limit the ability of the Adviser to successfully implement the Private Funds' investment program and could negatively impact the value of the withdrawal/redemption proceeds and the value of the investor capital accounts that remain outstanding. In addition, following receipt of a withdrawal/redemption request, the Private Funds may be required to liquidate assets in advance of the applicable request date, which may result in the Private Funds holding cash or highly liquid investments pending such date. During any such period, the ability of the Adviser to successfully implement the investment program of the Private

Funds may be impaired, and the Private Funds' returns may be adversely affected as a result.

Moreover, regardless of the time period over which substantial withdrawal/redemption requests by investors are made, the resulting reduction in the Private Funds' net asset value could make it more difficult for the Private Funds to generate profits or recover losses. Because investors are generally not subject to limitations on the amount that may be requested for withdrawal/redemption, substantial withdrawals/redemptions may occur with respect to any withdrawal/redemption date. Investors will not generally receive notification of substantial withdrawal/redemption requests with respect to any particular withdrawal/redemption date from the Private Funds and, therefore, may not have the opportunity to make withdrawals/redemptions from their capital accounts prior to or at the same time as the withdrawing/redeeming investors. Substantial withdrawals/redemptions may also cause the Private Funds to suspend or limit withdrawals/redemptions or delay distributions in respect thereof.

Side Letters

The Private Funds may, without any further act, vote, or approval of or notice to any investor, enter into, amend or terminate side letters or other similar agreements with one or more investors which have the effect of altering or supplementing terms on which the relevant investor invests in the Private Funds, including without limitation, the terms attaching to the interests as described in the relevant Private Fund's private placement memorandum, subscription documents or other Private Fund documents, or of establishing rights not described therein with respect to an investor that has entered into such side letter or other written agreements, including, without limitation, varying fee structures or economic arrangements, providing for more favorable redemption terms or transfer terms, or providing for more favorable transparency about the Private Funds. In addition, side letters entered by the Private Funds into with one or more investors may have an indirect adverse effect on other investors. Investors are not entitled by the relevant Private Fund's offering memorandum, subscription documents or other Private Fund documents to receive the benefit of any more-favorable terms contained in such side letters. The Private Funds may issue additional classes of shares or interests to effectuate the terms of such side letters or similar agreements, or as otherwise determined by the Private Fund, without notice to or approval by existing Investors.

No Current Income

The Funds' investment policies should be considered speculative, as there can be no assurance that the Adviser's assessments of the short-term or long-term prospects of investments will generate a profit.

In view of the fact that certain of the Private Funds do not intend to pay dividends or make distributions, other than the proceeds of withdrawals, an investment in the relevant Private Funds is not suitable for investors seeking current income for financial or tax planning purposes.

Investment and Trading Risks

An investment in the Funds involves a high degree of risk, including the risk that the entire amount invested may be lost. The Funds invest in and actively trade securities and other financial instruments using strategies and investment techniques with significant risk characteristics, including those described in each Fund's offering memorandum. All investments made by the Funds risk the loss of capital. No assurance is given, nor is any representation made, that the investment

program of the Funds will be successful or that the various trading strategies utilized or investments made by the Funds will have low correlation with each other or with the financial markets in which the Funds invest. The investment results of the Funds may vary substantially over time. The possibility of partial or total loss of capital exists, and prospective investors should not invest unless they can readily bear the consequences of such loss.

Limited Investment Opportunities

The Funds will be focused on a small universe of investments, which may result in limited investment opportunities and no assurance can be given that the Adviser will be able to locate suitable investment opportunities in which to deploy all of the Funds' capital. In addition, the success of the Funds' investment activities will depend on, among other things, the Adviser's ability to identify and exploit price discrepancies. Identification and exploitation of such opportunities involves uncertainty. In the event that the perceived mispricings underlying the Funds' positions were to fail to converge toward, or were to diverge further from, relationships expected by the Adviser, the Funds may incur a loss.

Concentration of Investments

Equity markets (particularly in the United States) and/or the other markets in which the Funds invest may become subject to adverse financial conditions, the Funds' capital will not be afforded the protection otherwise available through greater diversification of their investments. Additionally, the Funds may at certain times hold large positions in a relatively limited number of investments. The Funds could be subject to significant losses if they hold a relatively large position that declines in value, and the losses could increase even further if the investments cannot be liquidated without adverse market reaction or are otherwise adversely affected by changes in market conditions or circumstances.

Issuer Risks

The issuers of securities acquired by the Funds may sometimes involve a high degree of business and financial risk. Certain issuers in which the Funds invest may be in early stages of development, may not have proven operating histories, may lack management depth, may be operating at a loss or have significant variations in operating results, may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence, may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position, may lack the ability to generate internally or obtain externally the funds necessary for growth, or may otherwise have weak financial conditions. Issuers with new products or services could sustain significant losses if projected markets do not materialize. Such issuers may have, or may develop, only a regional market for products or services and may be adversely affected by purely local events. Moreover, such issuers may face intense competition, including competition from issuers with greater financial resources, more extensive development, manufacturing, marketing, and other capabilities, and a larger number of qualified managerial and technical personnel.

Short Sales

Some of the Funds may engage in short selling as part of their investment strategy. Short selling involves selling securities which may or may not be owned and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short

selling allows the relevant Funds to profit from declines in securities. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost of buying those securities to cover the short position. Moreover, there can be no assurance that the securities necessary to cover a short position will be available for purchase. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

In 2010, the SEC adopted a short sale price test rule which limited short selling an issuer following a 10% decline in its trading price. Other jurisdictions have imposed similar restrictions, as well as, reporting requirements. The imposition of such restrictions and reporting requirements may prevent the relevant Funds from successfully implementing their investment strategies and achieving their investment objectives. In addition, reporting requirements relating to short selling may provide transparency to such Funds' competitors as to its short positions, which may have a detrimental impact on the Funds' returns.

Cash, Cash Equivalents and Short-Term Investments

For cash management purposes, pending allocation of capital to one or more investments, for defensive purposes, to meet operational needs, to maintain liquidity, to fund anticipated withdrawals/redemptions or expenses of the Private Funds or otherwise, in the Adviser's sole discretion, the Private Funds may hold up to 100% of their assets in cash, cash equivalents and short-term investments. The Private Funds may be prevented from achieving their objectives during any period in which the Private Funds' assets are not substantially invested in accordance with their principal investment strategies.

Purchasing Initial Public Offerings

Some of the Funds may acquire new issue securities. Special risks associated with these securities may include a limited number of interests available for trading, unseasoned trading, lack of investor knowledge of the issuer, and limited operating history. These factors may contribute to substantial price volatility for the interests of these issuers and, thus, the relevant Funds' interests. The limited number of interests available for trading in some initial public offerings may make it more difficult for the relevant Funds to buy or sell significant amounts of interests without an unfavorable impact on prevailing market prices. In addition, some issuers in initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these issuers may be undercapitalized or regarded as developmental-stage issuers, without revenues or operating income, or the near-term prospects of achieving them.

In addition, securities sold in initial public offerings in the past have on occasion experienced initial, sometimes rapid, increases in market value following such offerings. Because investors that are "restricted persons" and, in certain circumstances, company insiders generally do not participate in new issues, such investors will not share in any such increases. Investors participating in new issues may have returns on their investment that are materially different from the returns on investment obtained by investors that do not participate in new issues.

Investments in Non-U.S. Securities; Currency Hedging

Some of the Funds may make investments in non-U.S. securities that may be subject to greater risks than purely U.S. investment due to a variety of factors, including currency controls and the

fluctuation of currency exchange rates, changes in governmental administration or economic or monetary policy (in the United States and abroad) or changed circumstances in dealings between nations. Dividends paid by non-U.S. issuers may be subject to withholding and other non-U.S. taxes that may decrease the net return on these investments as compared to dividends paid to the Funds by U.S. corporations.

There may be less publicly available information about non-U.S. issuers than about U.S. issuers and non-U.S. issuers may not be subject to uniform accounting, auditing and financial reporting standards and requirements comparable to those of U.S. issuers. Securities of some non-U.S. issuers are less liquid and non-U.S. brokerage commissions are generally higher than in the United States. Non-U.S. securities markets may also be less liquid, more volatile and less subject to governmental supervision than those in the United States. Investments in non-U.S. countries could be affected by other factors not necessarily present in the United States, including expropriation, exchange controls, confiscatory taxation and potential difficulties in enforcing contractual obligations.

The prices of non-U.S. securities will generally be determined with reference to currencies other than the U.S. dollar. The Funds, however, value their securities and other assets in U.S. dollars. The Adviser may or may not seek to hedge all or any portion of such Funds' non-U.S. currency exposure. However, even if the Adviser attempts such hedging techniques, it is not possible to hedge fully or perfectly against currency fluctuations affecting the value of securities denominated in non-U.S. currencies because the value of those securities is likely to fluctuate as a result of independent factors not related to currency fluctuations. To the extent unhedged, the value of such Funds' assets will fluctuate with U.S. dollar exchange rates as well as the price changes of such Funds' investments in the various local markets and currencies. Thus, an increase in the value of the U.S. dollar compared to the other currencies in which such Funds make their investments will reduce the effect of increases and magnify the effect of decreases in the prices of such Funds' securities in their local markets. Conversely, a decrease in the value of the U.S. dollar will have the opposite effect on such Funds' non-U.S. securities. To hedge against currency fluctuations, the Adviser may conduct currency exchange transactions on a spot (i.e., cash) basis at the spot rate prevailing in the currency exchange market or by utilizing options, forward contracts or swaps, but there can be no assurance that such hedging transactions will be effective, and such techniques entail costs and additional risks.

Reliance on Certain Information

The Adviser, on behalf of relevant Funds, is likely to invest in securities on the basis of information and data filed by the issuers of such securities with the SEC or made directly available to the Adviser by the issuers of the securities and other instruments or through sources other than the issuers. Although the Adviser evaluates all such information and data and seeks independent corroboration when it considers it appropriate and when it is reasonably available, the Adviser is not in a position to confirm the completeness, genuineness or accuracy of such information and data.

Frequent Trading and Turnover

The Adviser may, on behalf of relevant Funds, make frequent trades in securities and other investments. The turnover rate within the relevant Funds may be significant, potentially involving substantial brokerage commissions, fees and other transaction costs, which could have an adverse effect on the performance of such Funds.

Leverage

Certain of the Funds may typically utilize leverage as part of their investment programs, and such leverage may be substantial. Such Funds also may borrow to fund withdrawals/redemptions or otherwise to meet their operational needs. Leverage creates an opportunity for greater yield and total return, but at the same time increases exposure to capital risk and higher current expenses (which expenses will generally increase as interest rates rise). If such Funds purchase securities on margin and the value of those securities falls, the Funds may be obligated to pay down the margin loans to avoid liquidation of the securities. If loans to such Funds are collateralized with portfolio securities that decrease in value, the Funds may be obligated to provide additional collateral to the lender in the form of cash or securities to avoid liquidation of the pledged securities. Any such liquidation could result in substantial losses. In addition, the rights of any lenders to such Funds to receive payments of interest or repayments of principal will generally be senior to those of investors, and the terms of any such borrowings may restrict certain activities of such Funds, including the ability to make distributions. Moreover, counterparties of such Funds, in their sole discretion, may change the leverage limits that they extend to such Funds. The use of leverage by such Funds can substantially increase the adverse impact to which such Fund's investment portfolio may be subject.

Hedging Transactions

Certain of the Funds may utilize a variety of financial instruments, including, without limitation, stocks, fixed income instruments, options, index options, convertible bonds, and various derivative and interest rate transactions, both for investment purposes and for risk management purposes ("Hedging Instruments"). Hedging techniques involve risks different than those of underlying investments. In particular, the variable degree of correlation between price movements of Hedging Instruments and price movements in the position being hedged creates the possibility that losses on the hedge may be greater than gains in the value of such Funds' positions. In addition, certain Hedging Instruments and markets may not be liquid in all circumstances. As a result, in volatile markets, such Fund may not be able to close out a transaction in certain of these instruments without incurring losses substantially greater than the initial deposit. Although the contemplated use of Hedging Instruments is intended to minimize the risk of loss due to a decline in the value of the hedged position, at the same time they tend to limit any potential gain which might result from an increase in the value of such position. The ability of such Funds to hedge successfully will depend on the ability of the Adviser to predict pertinent market movements, which cannot be assured.

Highly Volatile Markets; Economic and Business Conditions

The prices of the Funds' investments, including without limitation, equity securities and derivative instruments, as applicable, can be highly volatile. Price movements of the common stocks, derivatives and other securities and instruments in which the Funds invest may be influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies and financial instruments. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations.

The Funds may be adversely affected by economic or financial market disruptions that occur during the term of the Funds. Economic and financial market disruptions may magnify the risks described

herein and have other adverse effects, including increased volatility and illiquidity in the global credit, debt and equity markets generally, significantly tightened availability of credit, increased risk of failure of brokers, counterparties, exchanges and other systemically important institutions, and declines in the market values of Fund investments and/or market values generally. Such conditions could lead to losses and diminished investment opportunities for the Funds, could prevent the Funds from successfully meeting their investment objectives or could require the Funds to dispose of investments at a loss while such unfavorable market conditions prevail. In addition, market disruptions could result in sudden changes to regulatory requirements or other government intervention implemented on an “emergency” basis, which may suddenly prevent the Adviser from implementing certain investment strategies or from managing the risk of the Funds’ outstanding positions. Any of the foregoing could have a material adverse effect on the Funds and their investments.

Institutional Risk and Custodial Risks

The institutions, including brokerage firms and banks, with which the Funds (directly or indirectly) do business, or to which securities or assets have been entrusted for custodial and brokerage purposes, may encounter financial difficulties that impair the operational capabilities or the capital position of the Funds. Brokers may trade with an exchange as a principal on behalf of the Funds, in a “debtor- creditor” relationship, unlike other clearing broker relationships where the broker is merely a facilitator of the transaction. Such broker could, therefore, have title to all of the assets of the Funds. In the event of such broker’s insolvency, the transactions which the broker has entered into as principal could default and the Funds’ assets could become part of the insolvent broker’s estate, to the detriment of the Funds. In this regard, Fund assets may be held in “street name” such that a default by the broker may cause Funds’ rights to be limited to that of an unsecured creditor.

Prime Brokers

The Funds will rank as one of each prime broker’s unsecured creditors in relation to assets which such prime broker borrows, lends, pledges or re-hypothecates and, in the event of the insolvency of any of the prime brokers, the Funds might not be able to recover equivalent assets in full.

Loans of Securities

To the extent permitted by applicable law, certain of the Funds may lend their securities, directly or indirectly, to brokers, dealers, U.S. and non-U.S. banks, financial institutions and other counterparties for the purpose of increasing its net investment income, including, to the extent permitted by applicable law, entities that are affiliated with the Adviser. These loans may be secured by cash or other collateral. There may be risks of delay in recovery of the securities or even loss of rights in the collateral should the borrower of the securities fail financially.

Limited Liquidity of Certain Fund Investments

The Funds may invest a portion of their assets in certain securities or other instruments that are, or may become, illiquid and/or not publicly traded. Such investments may not be readily disposable and, in some cases, may be subject to contractual, statutory or regulatory prohibitions on disposition for a specified period of time. During periods of limited liquidity and higher price volatility, the Funds’ ability to dispose of investments at a price and time that the Adviser deems advantageous may be impaired, and the Funds may be subject to substantial losses as a result. In addition, such

circumstances may impair the Funds' ability to meet withdrawal requests and may cause the Funds to suspend or limit withdrawals or delay distributions in respect thereof.

Non-Publicly Traded Securities, Private Placements and Restricted Securities

Certain of the Funds may invest in certain securities that are neither listed on a stock exchange nor traded over-the-counter, including privately placed and restricted securities. These unlisted securities may involve a higher degree of business and financial risk that can result in substantial losses. As a result of the absence of a public trading market for these securities, they will be less liquid than publicly traded securities. Although these securities generally may be resold in privately negotiated transactions, the prices realized from these sales could be less than those originally paid by the relevant Funds or less than what may be considered the fair value of such securities. Further, issuers whose securities are not publicly traded may not be subject to the disclosure and other investor protection requirements which might be applicable if their securities were publicly traded. If such securities are required to be registered under the securities laws of one or more jurisdictions before being resold, such Funds may be required to bear the expenses of registration and may incur additional liability in connection with such sale.

Exchange Rules

Securities exchanges typically have the right to suspend or limit trading in all securities that they list. Such a suspension would render it impossible for the Funds to liquidate positions and, accordingly, could expose the Funds to losses and/or cause the Adviser to suspend or limit withdrawals or delay distributions in respect thereof.

Electronic Trading

The Funds may trade on electronic trading and order routing systems, which differ from traditional open outcry trading and manual order routing methods. Transactions using an electronic system are subject to the rules and regulations of the exchanges offering the system or listing the instrument. Characteristics of electronic trading and order routing systems vary widely among the different electronic systems with respect to order matching procedures, opening and closing procedures and prices, trade error policies and trading limitations or requirements. There are also differences regarding qualifications for access and grounds for termination and limitations on the types of orders that may be entered into the system. Each of these matters may present different risk factors with respect to trading on or using a particular system. Each system may also present risks related to system access, varying response times and security. In the case of internet-based systems, there may be additional risks related to service providers and the receipt and monitoring of electronic mail.

Trading through an electronic trading or order routing system is also subject to risks associated with system or component failure. In the event of system or component failure, it is possible that for a certain time period, it might not be possible to enter new orders, execute existing orders or modify or cancel orders that were previously entered. System or component failure may also result in loss of orders or order priority. Some investments offered on an electronic trading system may be traded electronically and through open outcry during the same trading hours. Exchanges offering an electronic trading or order routing system and listing the instrument may have adopted rules to limit their liability, the liability of brokers and software and communication system vendors and the amount that may be collected for system failures and delays. The limitation of liability provisions varies among the exchanges.

Effect of Speculative Position Limits

The U.S. Commodity Futures Trading Commission (“CFTC”) and various exchanges have rules limiting the maximum long or short positions which any person or group may own, hold or control in any given futures contract or option on such futures contract. Any such limits may prevent the Funds from acquiring positions that might otherwise have been desirable or profitable. In addition, in applying such limits, the CFTC and some exchanges require aggregation of the positions owned, held or controlled by certain related entities. The activities of the Adviser on behalf of the Funds are, and will continue to be, conducted separately from the activities of the Adviser and its affiliates. However, in applying such limits, the CFTC and some exchanges will require aggregation of the Funds’ positions in futures and options on futures with positions held by other entities managed by the Adviser. In addition, it is possible that, in applying such limits, the CFTC and some exchanges will require aggregation of the Funds’ positions in futures or options on futures with positions held or controlled by other entities affiliated with the Adviser. Under such circumstances, the Funds could be required to limit its use of futures or options on futures or liquidate its positions.

In addition, pursuant to the Dodd-Frank Act, the CFTC recently (i) adopted position limit rules for futures, options on futures contracts and swaps with respect to 25 agricultural, energy and metal commodities, along with economically equivalent futures, options on futures contracts and swaps, and (ii) established aggregation criteria which are more restrictive in some respects than current rules. These new rules, which go into effect in various stages ending on January 1, 2023, may restrict the activities in which the Adviser may engage on behalf of the Funds. Any additional rules or rule amendments adopted by the CFTC in the future may hinder the Adviser’s ability to trade such contracts or other instruments and could have an adverse effect on the operations and profitability of the Funds.

Cap-and-Trade Beyond 2030

The California Air Resources Board (“CARB”) implemented the California cap-and-trade regulations to meet the State of California’s regulations issued to address greenhouse gas and other emissions. A mandatory program that began in 2013, the California cap-and-trade program (the “Program”) is a market-based system intended to reduce greenhouse gas emissions over time from multiple sources by setting a declining cap on greenhouse gas emissions. The Program has been extended to 2030. To comply, large greenhouse gas emitters must submit Compliance instruments to the CARB based on their annual emissions. Compliance instruments include emission allowances purchased at auction or in private sales, emission allowances distributed to certain industry participants, and limited proportions of offset credits.

AB 398, which was passed by the California Legislature in 2017, extends California’s Program through 2030, but does not provide for the Program’s existence past 2030. Prior to AB 398’s passage, CARB took the view that it had the authority to continue the Program through 2050, but CARB’s authority to do so was unclear, and could be challenged in court. If the California Legislature does not extend the Program again prior to 2030, the Program could expire, along with the obligation on compliance entities to surrender California Carbon Allowances (“CCA”). If the Program is extended through a rulemaking by CARB rather than legislation, the extension could be subject to legal challenge. In addition, future legislation could materially change the design and features of the Program, which could impact the supply or demand and prices of CCAs.

Regulatory Risk Related to CCAs.

Political, judicial, and regulatory developments in California may adversely affect the value of CCAs, including without limitation due to the revocation of CCAs or due to changes to or termination of the cap-and-trade program under which CCAs are traded. Any disruptions to the market tracking system supporting the CCA market, CITSS, including without limitation disruptions resulting from cyberattacks or other cyber-security incidents, could negatively affect the value of CCAs. The trading, settlement, and safekeeping processes available in the CCA market are generally less developed than in equity markets and may create risks to the Fund.

Changes to Carbon Regulations

Carbon Regulations include a number of design features that will have a significant impact on carbon market prices, including the number of CCAs available in the marketplace, the allocation of CCAs for free distribution, banking or holding CCAs through different compliance periods, limits on the use of CCAs for compliance obligations, the Protocols pursuant to which CCAs are issued and the circumstances under which CCAs may be invalidated. Each of these design features would materially and adversely impact prices of CCAs and the ability of the Fund to meet its objectives.

Linked Cap-and-Trade Programs

California's Program was previously linked with the cap-and-trade programs established in the Canadian provinces of Ontario and Quebec. However, Ontario withdrew from the Program, which is expected to decrease the demand for CCAs through 2030 and therefore result in lower CCAs and Offset prices. As with Ontario, it is possible that Quebec may withdraw from the program at some point in the future, which could have a material and adverse effect on the price of CCAs and the performance of the applicable Funds with exposure to CCAs. In addition, California's Program may become linked with other jurisdictions in the future, for example Oregon, the Regional Greenhouse Gas Initiative ("RGGI"), and such other jurisdictions could subsequently withdraw from California's Program. Both the initial linkage and a potential subsequent withdrawal could have a significant and material impact on the supply and price of, and demand for CCAs.

Regulation of CCAs, CCA Transaction and CCA-Derivatives for Cap and Trade Programs

Although most market participants consider CCAs to be commodities largely unregulated in the U.S., this view has not been tested in the courts, and future litigation could result in a decision reaching a different conclusion. A change in the regulatory treatment of CCAs, for example, as securities, could have an adverse impact on the relevant Funds. Furthermore, CCA derivatives could also become subject to additional requirements and restrictions, such as a prohibition on CCA transactions outside of regulated exchanges or limiting CCA transactions to Compliance Entities only. If adopted, any such changes or requirements could significantly impede liquidity in the carbon market and potentially prevent the relevant Fund from conducting its business.

Legal Challenges to Cap-and-Trade

In 2012, the Cap-and-Trade Program was challenged in a lawsuit by the California Chamber of Commerce on the basis that the Program violates the California Constitution because it is a tax and because it was not passed by a 2/3 supermajority of the Legislature, which is required under the

California Constitution for the adoption of new taxes. The lawsuit was dismissed by the District Court in Sacramento, whose ruling was upheld by the California Court of Appeals on April 6, 2017. The California Supreme Court then declined to hear an appeal of the case, ending the litigation. AB 398, which extends the Program through 2030, was passed by a 2/3 supermajority, thereby insulating the program from challenges on this particular ground (at least until 2030). However, other legal challenges could be brought and elements of the Program, or the Program itself, could be struck down as a result of these challenges.

Governmental Regulation and Related Risks

The industry in which certain of the Funds will become active participants in is highly regulated at both state and federal levels. Some of these regulations, including those related to the trading of carbon credits and greenhouse gas emissions, are discussed in greater detail in the respective private placement memorandum of each such Fund. The relevant Funds or the relevant Funds' assets may be subject to governmental regulations in addition to those discussed herein, and new regulations or regulatory agencies may develop that affect such Fund's operations and ability to generate revenue. The relevant Fund will attempt to comply with all applicable regulations affecting the markets in which it operates. However, such regulation may become overly burdensome and therefore may have a negative effect on the Fund's ability to implement its trading strategies.

General Economic Risks for Cap and Trade Programs

General economic conditions may affect the Funds' activities. Interest rates, general levels of economic activity, the valuation of CCAs, and participation by other investments may affect the value and number of investments made on behalf of the Funds or considered for prospective investment. Investors of each relevant Fund should realize that the relevant general partner or manager of such Fund may delay disposition events as a result of general economic conditions, illiquidity of CCAs, contractual prohibitions or other reasons.

Risk Management for Cap and Trade Programs

There can be no assurance that the Adviser will successfully manage the risks relating to a relevant Fund's investment activities. Moreover, efforts to manage the volatility of the CCAs in which such Fund invests could become counterproductive. First, the Adviser could underestimate various market and regulatory risks, as a result of which such Fund's overall investment program may not be sufficiently hedged. For example, as the Fund may be long CCAs at any given time, a sudden and unexpected drop in CCA prices will directly affect the unhedged portion of the Fund investments and, depending on the extent of the position, could result in the Fund not being able to sell, profitably or at all, any such outstanding investments and could result in the failure to return some or all of the Fund's capital.

Second, certain transactions that could enhance returns to the relevant Fund, such as firm volume commitment forward sales relating to assets that are not acquired on a timely basis, could require the Fund to cover such transactions at materially adverse prices. If the Adviser over estimates the future delivery of CCAs from its projects, such Fund may not receive a sufficient volume of CCAs to meet its sales obligations, as a result of which such Fund may have to purchase CCAs OTC or on an exchange to cover firm sales. In an environment of rising CCA prices, such circumstances could result in a net loss on CCAs delivered pursuant to a binding sale agreement and could result in the

failure to return some or all of the Fund's capital. Note this would not apply to 'as-generated' forward volume sale, which the Fund may elect to pursue where possible.

Conversely, an ill-timed or overly conservative hedging strategy could materially reduce the proceeds to such Fund from the sale of CCAs, or other assets and could result in the failure to return some or all of such Fund's capital.

Macroeconomic Trends Impacting Carbon Market Prices

Macroeconomic trends may have significant impacts on carbon markets. For example, as a result of a global economic downturn, industrial and utility emissions may drop significantly in the U.S. and Europe which can negatively impact the demand for, and prices of, CCAs. Accordingly, although prices for CCAs in the U.S. are expected to continue to rise in the future, there is no such guarantee and a decreased level of general economic activity may adversely impact CCA prices.

Energy Complex Risks Impacting Market Prices

Certain of the Funds' performance may be affected by a number of risk factors impacting traditional commodities markets, such as weather patterns and the status of oil and gas reserves. In Europe, for example, the price of carbon credits has been found to correlate to a certain extent with the price of natural gas. When gas prices increase, electric utilities typically will burn more coal (which emits more CO₂ relative to natural gas), which then puts upward pressure on carbon credit prices. Similarly, when there is significant rain, the price of carbon credits could decrease because utilities can run hydroelectric facilities, which do not emit greenhouse gases ("GHG"). Based on the foregoing, there is a risk that the relevant Fund's returns based on the trading of CCAs will be affected by the overall movement in the energy complex.

Technology Breakthroughs and Construction of Nuclear Power Plants.

A number of technology breakthroughs could significantly impact the carbon intensity of the generation mix in the U.S. For example, a number of companies and agencies have invested significant capital in research and development necessary to commercialize large-scale carbon capture and storage ("CCS") technology at coal-fired power plants and other energy producing plants. CCS deployment, and associated use of the CO₂ for enhanced oil recovery ("EOR") recently has become more commercially feasible with the revamping of the U.S. tax credit 45Q. Extensive CCS deployment would significantly reduce the amount of GHG emissions associated with traditional energy production and could cause the price of CCAs to drop significantly. Additionally, the permitting and construction of a large number of nuclear power plants that could displace fossil-fuel generation would also significantly reduce GHG emissions from the energy industry. Such developments or other similar factors would reduce the demand for CCAs and limit the ability of the Adviser to sell CCAs at attractive prices.

Ongoing Demand for CCAs and Market Terms for CCA Contracts.

Certain of the Funds' investment objectives and investment strategies are based on their understanding of and forecast of the carbon market going forward, including an expectation of robust demand for CCAs and the continued use of terms and conditions similar to those prevailing in the market today. However, neither the ongoing demand for CCAs nor the continued use of current contract terms is guaranteed. A significant drop in demand or change in the prevailing contract terms

and conditions for CCA purchases could have an adverse effect on CCA prices or the Fund's ability to carry out its investment strategy.

Legal, Tax and Regulatory Risks; Disclosure of Information Regarding Investors

Legal, tax and regulatory changes are expected to occur during the term of the Funds that may materially adversely affect the Funds (including the ability of the Funds to achieve their investment objective and pursue their investment strategies). Certain proposed rules and regulations may require material changes to the business and operations of, or have other adverse effects on the Funds, the Adviser and the general partners and managers of the Funds. Such requirement may increase the operating expenses of the Funds, as well as the administrative burden of managing Client assets, which could have a material adverse effect on the Funds.

In addition to the legal, tax and regulatory changes that are expected to occur during the term of the Funds, there may be unanticipated changes. The legal, tax and regulatory environment for hedge funds, registered investment companies, investment advisers, and the instruments that they utilize (including, without limitation, derivative instruments) is continuously evolving. In addition, there is significant uncertainty regarding potential legislation and, consequently, the full impact that such legislation will ultimately have on the Funds and the Adviser and the markets in which they trade and invest is not fully known.

Moreover, certain of the Funds, the Adviser or its affiliates and/or service providers or agents of such Funds or the Adviser may from time to time be required or may, in their sole discretion, determine that it is advisable to disclose certain information about such Funds and investors, including, but not limited to, investments held by such Funds and the names and level of beneficial ownership of investors, to (i) one or more regulatory and/or taxing authorities of certain jurisdictions which have or assert jurisdiction over the disclosing party or in which such Funds directly or indirectly invest and/or (ii) one or more counterparties of, or service providers to, the Adviser or such Funds. By virtue of entering into a subscription agreement, each investor will have consented to any such disclosure relating to such investor.

Absence of Regulatory Oversight

The Private Funds have not been or will not be registered as an investment company under the Investment Company Act in reliance upon an exemption available to privately offered investment companies. Accordingly, the provisions of the Investment Company Act intended to provide various protections to investors (which, among other things, require investment companies to have a majority of disinterested directors, provide limitations on leverage, limit transactions between investment companies and their affiliates, require securities of an investment company held in custody to be individually segregated at all times from the securities of any other person and marked to clearly identify such securities as the property of such investment company, and regulate the relationship between investment companies and their advisers) are not applicable. At any given time, a substantial portion of the Private Funds' securities and other assets may be maintained with brokerage firms which do not separately segregate such assets as would be required in the case of registered investment companies. Under the provisions of the U.S. Securities Investor Protection Act of 1970, as amended, the bankruptcy or failure of any such brokerage firm is likely to have a greater adverse impact on the Private Funds than would be the case if custody of such securities and other assets was maintained in accordance with the requirements applicable to registered investment companies. There is also the risk that a custodian could convert to its own use assets committed to

it by the Private Funds.

EU Alternative Investment Fund Managers Directive

The European Union Alternative Investment Fund Managers Directive (the “AIFMD”) regulates the activities of certain private fund managers undertaking fund management activities or marketing fund interests to investors within the European Economic Area (“EEA”). If any of the Private Funds are actively marketed to investors domiciled or having their registered office in the EEA in circumstances where no transitional relief is available: (i) the relevant Private Fund may be subject to certain reporting, disclosure and other compliance obligations under the AIFMD, which may result in such Private Fund incurring additional costs and expenses; (ii) the relevant Private Fund, the Adviser and/or such Private Fund’s general partner may become subject to additional regulatory or compliance obligations arising under national law in certain EEA jurisdictions, which may result in the relevant Private Fund incurring additional costs and expenses or otherwise affect the management and operation of such Private Fund; (iii) the Adviser and/or the general partner of the relevant Private Fund may be required to make detailed information relating to such Private Fund and its investments available to regulators and third parties; and (iv) the AIFMD may also restrict certain activities of the relevant Private Fund in relation to EEA portfolio companies (if any) including, in some circumstances, such Private Fund’s ability to recapitalize, refinance or potentially restructure an EEA portfolio company within the first two years of ownership. In addition, it is possible that some EEA jurisdictions will elect to restrict or prohibit the marketing of non-EEA private funds to investors based in those jurisdictions, which may make it more difficult for the relevant Private Fund to raise subscriptions.

Anti-Money Laundering

If the general partners of the Private Funds, the Adviser, the Private Funds’ administrator or any governmental agency believes that the Private Funds have accepted capital contributions from, or are otherwise holding assets of, any person or entity that is acting directly or indirectly, in violation of any U.S., international or other anti-money laundering laws, rules, regulations, treaties or other restrictions, or on behalf of any suspected terrorist or terrorist organization, suspected drug trafficker, senior foreign political figure(s) suspected in engaging in foreign corruptions or persons or entities subject to any trade, economic or other sanctions imposed by the United Nations or any other applicable governmental or regulatory authority, the relevant general partner, Adviser, the administrator or such governmental agency may freeze the assets of such person or entity invested in the relevant Private Fund or suspend their withdrawal/redemption rights. The Private Funds and/or their administrator may also be required to remit or transfer those assets to a governmental agency.

Certain ERISA Considerations

The assets of the Private Funds may constitute “plan assets” from time to time. At any time that the assets of the Private Funds constitute “plan assets,” the Private Funds may, among other things, be subject to certain restrictions on their abilities to carry out their activities as described herein. As a result, under certain circumstances, the Private Funds could be prohibited from purchasing or holding securities, notwithstanding that such securities might otherwise be appropriate investment opportunities for the Private Funds. Similarly, an entity’s ability to acquire interests in loans by participation may be limited at any time that its assets constitute “plan assets.”

Litigation and Claims

The Private Funds, the relevant general partners and the Adviser, as independent legal entities, may be subject to lawsuits or proceedings by government entities or private parties. Except in certain limited circumstances, expenses or liabilities of the Private Funds arising from any suit will be borne by the Private Funds.

Need for Independent Advice

Each prospective investor should consult its own legal, tax and financial advisers regarding the desirability of an investment in the Funds.

Cybersecurity Risks

Clear Sky has procedures and systems in place that it believes are reasonably designed to protect information and prevent data loss and security breaches. However, such measures cannot provide absolute security. The techniques used to obtain unauthorized access to data, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time. Hardware or software acquired from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security.

A cyber incident is considered to be any adverse event that threatens the confidentiality, integrity or availability of Clear Sky's information systems ("Systems"). These incidents may be an intentional attack or an unintentional event and could involve gaining unauthorized access to information systems for purposes of misappropriating assets, stealing confidential information, corrupting data or causing operational disruption. To the extent that the Systems are subject to cyber-attack or other unauthorized access is gained, the respective Fund may be subject to substantial losses in the form of stolen, lost or corrupted (i) investor data or payment information; (ii) investor or Fund financial information; (iii) Fund software, contact lists or other databases; (iv) Fund proprietary information or trade secrets; or (v) other items. In certain events, a failure or deemed failure to address and mitigate cybersecurity risks may be the subject of civil litigation or regulatory or other action. Any of these circumstances could subject a Fund to substantial losses. In addition, in the event that such a cyber-attack or other unauthorized access is directed at Clear Sky or one of its service providers holding its financial or investor data, Clear Sky, its affiliates or the Funds may also be at risk of loss, despite efforts to prevent and mitigate such risks under Clear Sky's policies.

Disaster Recovery

The Adviser has put in place safeguards designed to protect the interests of the Funds in case of disruption of information technology, including transmission failures. Such measures may include the use of parallel or back-up systems, emergency power and alternative data feeds. There can be no guarantee that such measures will be effective in all situations, and the Adviser and the Funds may be adversely affected by the occurrence of any such disruption.

Business Continuity and Disaster Recovery Risks

Clear Sky's business operations may be vulnerable to disruption in the case of catastrophic events such as fires, natural disasters, terrorist attacks, pandemics, or other circumstances resulting in

property damage, network disruption, and/or prolonged power outages. Although Clear Sky has implemented measures to manage risks relating to these types of events, there can be no assurances that all contingencies can be planned for. These risks of loss can be substantial and could have a material adverse effect on Clear Sky and the Funds' investments

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Funds. Prospective investors should read the Funds' governing documents in their entirety and consult their own counsel and advisors before deciding to invest in the Funds.

ITEM 9 – DISCIPLINARY INFORMATION

Clear Sky and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to an investor's evaluation of Clear Sky or its personnel.

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Generally, it is expected that certain Funds will be exempt commodity pools under CFTC Rule 4.7, and the Adviser is registered with the CFTC as a CPO and an NFA member. Additional information about the Adviser and the Funds is available at www.nfa.futures.org.

Conflicts of Interest

For purposes of this "Conflicts of Interest" section, the term "Clients" includes all current and future funds and accounts managed, advised or sub-advised by Clear Sky.

Services of Clear Sky

Clear Sky and its members, officers, directors and employees are not under any obligation to devote their full time (or any material part of their time) to the business of Clients, but are required to devote only such time and attention to the affairs of any Client as shall be reasonably necessary, in the opinion of Clear Sky, to achieve the applicable Client's investment objectives. Clear Sky and its members, officers, directors and employees engage in other activities unrelated to the affairs of any particular Client, including, without limitation, managing or advising other Clients. These activities could be viewed as creating a conflict of interest in that the time and effort of such persons will not be devoted exclusively to the business of any particular Client but will be allocated between the business of such Client and the management of the monies of other Clients. Clear Sky strives to mitigate this potential conflict of interest by ensuring that its members, officers, directors and employees are devoting an appropriate of time and attention to the Clients' affairs and performing the services expected of them to the Clients on an ongoing basis.

Outsourced Back Office

Service arrangements with advisory affiliates such as Luan may present a number of actual or potential conflicts of interest, including the incentive to select the affiliate. For example, Luan provides a variety of services to certain Private Funds, for which such Private Fund will compensate Luan. As a result, Clear Sky and/or its affiliates such as Luan face conflicts of interest when balancing the incentive against the best interests of the relevant Private Fund. To the extent a Private Fund or Clear Sky requires certain middle and back-office functions, Clear Sky expects to select Luan, subject to the conditions that Clear Sky views such selection to be in the overall best interests

of the Private Fund, taking into consideration qualitative and quantitative factors, including without limitation that the fees be reasonable and generally at market rates for the relevant services provided. In addition, there is a potential risk that such middle or back-office expenses may be allocated inequitably among the Private Funds or between the Private Funds and Clear Sky. Clear Sky seeks to mitigate this potential conflict of interest by (i) ensuring that these expenses are allocated to each Private Fund equitably over time and in accordance with the Clear Sky's expense allocation policies and procedures or (ii) Clear Sky or Luan may only charge a Private Fund or a group of Private Funds a pro rata fee based upon the assets of each Private Fund relative to all of the Private Funds utilizing the services.

Allocation of Opportunities

Clear Sky has potential conflicts in connection with the allocation of investments or transaction decisions for Clients, including in situations in which Clear Sky (and its personnel) have interests in the same investments as its Clients. Clear Sky may manage or advise certain Clients that have investment objectives that are similar to those of other Clients and/or may seek to make investments in issuers and securities or other instruments in which other Clients may seek to invest. In particular, the investment strategies utilized by one Client may overlap with certain investment strategies utilized by another Client. This will create potential conflicts and potential differences among Clients, particularly where there is limited availability or limited liquidity for those investments. Clear Sky will allocate investment opportunities and make purchase and sale decisions among the Client accounts in a manner that it considers, in its sole discretion, to be reasonable and equitable over time.

Clear Sky will make allocations for Clients with reference to various factors that may include, without limitation, relative sizes and expected future sizes, investment objectives and guidelines, risk tolerance, availability of other investment opportunities, and available cash for investment. Although allocating orders among Clients creates potential conflicts of interest because of the interests of Clear Sky or because Clear Sky may receive greater fees or compensation from one of the Client's allocated orders, Clear Sky will not make allocation decisions based on such interests or greater fees or compensation.

Allocation decisions among Client accounts may be more or less advantageous to any one account or group of accounts. Clear Sky may determine that an investment opportunity or particular purchases or sales are appropriate for one or more Clients, but not for other Clients, or are appropriate for, or available to, several or all Clients but in different sizes, terms or timing. Therefore, the amount, timing, structuring or terms of an investment by certain Clients may differ from, and performance may be lower than, investments and performance of other Clients.

Advising Different Accounts

The results of the investment activities of certain Clients may differ significantly from the results achieved by other Clients. Clear Sky will manage Client accounts in accordance with their respective investment objectives and guidelines. However, Clear Sky may give advice, and take action, with respect to any current or future Client account that may compete or conflict with the actions taken by Clear Sky on behalf of other Clients or may involve a different timing or nature of action than with respect to other Clients.

Transactions undertaken on behalf of certain Clients may adversely impact other Clients. At times Clear Sky will buy or sell positions for one Client while another Client is undertaking the same or a

differing, including potentially opposite, strategy, which could disadvantage one Client as compared to another Client (e.g., one Client could take a short position in a security in which another Client holds a long position or vice versa). In addition, transactions in investments by Clear Sky on behalf of certain Clients may have the effect of diluting or otherwise disadvantaging the values, prices or investment strategies of other Clients, particularly, but not limited to, in small capitalization, emerging market or less liquid strategies. When Clear Sky implements a portfolio decision or strategy for one Client ahead of, or contemporaneously with, similar portfolio decisions or strategies for another Client, market impact, liquidity constraints, or other factors could result in such other Client receiving less favorable trading results, the costs of implementing such portfolio decisions or strategies could be increased and/or such other Client could otherwise be disadvantaged.

Further, Clear Sky at times will cause one Client to invest in issuers in which Clear Sky has previously invested on behalf of another Client. The terms of such investments may be different. Clear Sky at times also will cause several Clients to invest in issuers contemporaneously. The terms of such investments may also be different. No Client will benefit directly from independent investments made on behalf of other Clients in issuers in which such Client is invested.

In addition, Clear Sky at times may invest for one Client in debt securities or obligations of issuers in which another Client holds equity interests (or vice versa). In such event, potential conflicts of interest would arise insofar as the Client investing in the debt securities or other obligations would have an interest in structuring the financial and other terms (such as interest and repayment terms, covenants and events of default) to be more restrictive than the other Client, as equity owner, may desire. In addition, further conflicts could arise after the closing of such investments (e.g., in the event of a default).

Except as described in this paragraph, the directors, officers and employees of Clear Sky are permitted to buy and sell securities or other investments for their own accounts. As a result of differing trading and investment strategies or constraints, positions may be taken by directors, officers and employees that are the same, different from or made at different times than positions taken for a Client. To reduce the possibility that a Client will be materially adversely affected by the personal trading described above, Clear Sky has established policies and procedures that place certain restrictions on securities trading in the personal accounts of investment professionals and others who normally come into possession of information regarding the portfolio transactions of Clients. However, there can be no assurance that such policies will reduce potential conflicts and Clear Sky may modify such policies and procedures at any time without notice to investors.

Material Non-Public Information

From time to time, Clear Sky may come into possession of material non-public information concerning certain issuers. Under certain circumstances, the use of such information by Clear Sky for the benefit of Clients may constitute a violation of applicable securities laws and could expose Clients to additional risk of loss. Clients' investment flexibility may be constrained as a result (e.g., Clients may be forced to forgo certain potentially profitable investment opportunities or may be unable to dispose of an investment at an opportune time), which could have a material adverse effect on Clients' performance. Clear Sky has established policies and procedures preventing the misuse of material non-public information and the Adviser will handle all instances of the potential receipt of material non-public information accordingly.

Additional Potential Limitations and Restrictions on Investment Opportunities

From time to time, the activities of Clients may be restricted because of regulatory or other requirements applicable to Clear Sky and/or its internal policies designed to comply with, limit the applicability of, or otherwise relate to such requirements. A fund or account not advised by Clear Sky may not be subject to some of those considerations.

The investment activities of Clear Sky for certain Clients may also limit the investment strategies and rights of other Clients. For example, in regulated industries, in certain emerging or international markets, in corporate and regulatory ownership definitions, in the ownership of certain commodities and in certain derivative transactions, there may be limits on the aggregate amount of investment by affiliated investors that may not be exceeded without the grant of a license or other regulatory or corporate consent or, if exceeded, may cause Clear Sky or Clients to suffer disadvantages or business restrictions. If certain aggregate ownership thresholds are reached or certain transactions undertaken, the ability of Clear Sky on behalf of Clients to purchase or dispose of investments, or exercise rights or undertake business transactions, may be restricted by regulation or otherwise impaired. As a result, Clear Sky on behalf of Clients may limit purchases, sell existing investments, or otherwise restrict or limit the exercise of rights (including voting rights). In order to seek to avoid potential conflicts of interest, Clear Sky may preclude a Client from making an investment or selling its existing investment in, or taking other actions with respect to, securities of an issuer where Clear Sky is advising another Client that is making or selling an investment in the securities of the same issuer.

Performance-Based Compensation

As described in Item 6 above, the receipt of performance-based compensation creates a potential incentive for Clear Sky to make investments on behalf of Clients subject to such compensation arrangements that are riskier or more speculative than would be the case if such arrangement was not in effect.

Valuation

The valuation of Clients' assets by Clear Sky presents certain potential conflicts of interests because such valuations affect the calculation of the management and performance fees. Such potential conflicts are greater with respect to any Client assets that lack a readily ascertainable market value. However, Clear Sky will perform its valuation functions in good faith in accordance with internal valuation policies and procedures, without regard to the effect such valuations may have on the management and performance fees.

Brokerage Transactions

Clear Sky sometimes selects a broker-dealer that furnishes Clear Sky, directly or through correspondent relationships, with research (including third party research), access to company management market data services, meetings arranged by broker-dealers with corporate management teams, and other reports, meetings and services that assist in the investment decision-making process or other services which provide, in the Clear Sky's view, appropriate assistance in the investment decision-making process. Research or other services obtained in this manner may be used in servicing any or all Client accounts, including in connection with accounts other than those that pay commissions to the broker relating to the research or other service arrangements. Such products and

services may disproportionately benefit certain Client accounts relative to other Client accounts based on the amount of brokerage commissions paid by such accounts. For example, research or other services that are paid for through one Client's commissions may not be used in managing that Client's account. In addition, certain Client accounts may receive the benefit, including disproportionate benefits, of economies of scale or price discounts in connection with products and services that may be provided.

The private placement, memoranda and prospectus, as applicable, of the Funds contain more detailed descriptions of the applicable and respective conflicts of interests.

ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Clear Sky has developed and implemented a Code of Ethics (the "Code") which sets forth standards of conduct that are expected of Clear Sky's principals and employees and addresses conflicts that arise from personal trading. The Code requires that Clear Sky and its employees comply with their regulatory requirements, meet the fiduciary obligations to Clients and adhere to sound business ethics and principles. Each of Clear Sky's employees must acknowledge their receipt of the Code, their understanding of the provisions contained in the Code, and their agreement to abide by the principles, policies and procedures set forth in the Code.

Clear Sky's Code addresses, among other things:

- Identification and handling of material non-public information;
- Prevention of insider trading; and
- Reporting and pre-clearance of:
 - o personal securities transactions and holdings;
 - o gifts and entertainment;
 - o political contributions; and
 - o outside business activities.

Clear Sky has adopted employee personal trade reporting and monitoring procedures. Clear Sky's Code and personal trading policies generally prohibit Clear Sky's employees from buying or selling securities for their own account which are also recommended to Clients. These restrictions, however, do not apply in certain limited situations (e.g., where an employee's personal account holdings pre-date their employment with Clear Sky or where Clear Sky temporarily suspends the policy due to internal discussions) or with respect to certain security types in which Clients may also invest. In addition, Clear Sky's employees are required to seek pre-clearance for personal trades of most securities. The following securities and transactions are exempt from Clear Sky's pre-clearance policy: money-market funds; mutual funds; index-based securities and ETFs in which the basket of securities is not heavily weighted towards a single issuer; options on ETFs; commercial paper; unit investment trusts; direct or dividend re-investment plans; certificates of deposit; U.S. treasury obligations; debt securities issued by state and municipal governments and agencies of the U.S.; investments in private funds offered by Clear Sky or its affiliates; and actions occurring without

employee input.

In addition, Clear Sky's Code requires, among other things, that employees:

- Act within an ethical manner with the public, investors, prospective clients and investors;
- Place the interests of Clients above their own personal interests;
- Not take inappropriate advantage of their position;
- Attempt to avoid actual or potential material conflicts of interest;
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities; and
- Comply with applicable provisions of the federal securities laws.

Employees are required to disclose all outside business activities. In the event an outside business activity presents a material conflict of interest with Clients, Clear Sky reserves the right to restrict these outside business activities.

A copy of the Code is available upon request by contacting Clear Sky's CCO.

ITEM 12 – BROKERAGE PRACTICES

Selecting Broker-Dealers

Clear Sky selects brokers based on several factors, including experience, expertise, cost, and execution capabilities. Clear Sky has instituted policies and procedures to ensure that it will place Client transactions with appropriate care and diligence, seek best execution and address material conflicts of interest. Clear Sky generally grants its traders discretion to decide upon the appropriate means of executing a trade. When determining which trading brokers and venues to use, the trader may consider, among other things:

- Listed bids and asks;
- The opportunity for price improvement or execution assurance;
- Transaction costs;
- General trading expertise;
- Anonymity;
- Liquidity;
- Speed of execution;
- Quality of research;
- Expertise with difficult securities;
- Trading style and strategy;
- Geographic location;
- Frequency of errors; and
- Access to new issues.

Research and Other Soft Dollar Benefits for Private Funds

As an institutional money manager, Clear Sky receives access to research made available through brokerage counterparties. Clear Sky believes this research is available to all institutional money managers of similar size. This research is made available to Clear Sky on an unsolicited basis and without regard to the rates of commissions charged or paid by Clear Sky or the volume of business Clear Sky directs to such broker-dealers. Since these products and services are merely made available by broker-dealers as part of a bundled business package to Clear Sky, which may or may not use them, it is Clear Sky's understanding that such broker-dealers do not set discrete prices for such products and services. Accordingly, Clear Sky does not separately compensate such broker-dealers for the provision of such services and does not believe that it "pays-up" for such broker-dealers' services since the broker-dealers do not break out the costs for such services.

Clear Sky does, however, use commission dollars, in part, to obtain other investment research services for the benefit of Clients. Section 28(e) of the Securities Exchange Act of 1934 ("Exchange Act") provides a "safe harbor" for investment advisers who use commission dollars of their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to the adviser in performing its investment decision making responsibilities. Clear Sky compensates various service providers for research services that are within the safe harbor of Section 28(e) of the Exchange Act by participating in commission sharing arrangements ("CSAs"). The CSAs permit Clear Sky to consolidate payments for research services using accumulated client commissions from securities transactions executed through the broker-dealers sponsoring the CSAs. Clear Sky makes a good faith determination as to the value of the research services obtained through the CSAs and may obtain input as to the value of such research services from the service providers participating in the programs. The service providers are compensated directly by the broker-dealers sponsoring the CSAs from a pool of commissions that are set aside by the broker-dealers for use by Clear Sky to obtain the research services. Clear Sky does not generate any soft dollar credits, nor does it maintain any soft dollar arrangements outside of CSAs.

Research products obtained through CSA credits generated by one or more Clients may be used by Clear Sky to service Clients that may not have paid for the CSA benefits. Clear Sky does not seek to allocate CSA benefits to Clients in proportion to the CSA benefits the Client generates. Relationships with broker-dealers providing research to Clear Sky may influence Clear Sky's judgment in allocating brokerage business and creates a potential conflict of interest in using the services of such broker-dealers to execute securities transactions for Clients. Selecting broker-dealers on the basis of considerations other than applicable commissions at times results in higher transaction costs than would otherwise be the case. When Clear Sky uses client brokerage commissions to obtain research or other products or services, it receives a benefit because it does not have to produce or pay for the research, products or services. Clear Sky may have an incentive to select or recommend a broker-dealer based on its interest in receiving the research or other products or services, rather than on its clients' interest in receiving most favorable execution.

The Private Funds derive direct and indirect benefit from research received from broker-dealers, particularly to the extent the same research offsets expenses which the Private Funds would otherwise pay. Clear Sky strives to select broker-dealers that provide favorable execution capabilities and qualities. Brokers may be utilized due to their presence in certain markets and ability to trade certain securities.

Any new arrangements with broker-dealers regarding commission dollars, including the

engagement of research providers to be paid from a CSA account, must be approved in advance by the CCO. The terms of any such arrangement must be documented in a written agreement that is executed by Clear Sky and the broker-dealer.

Brokerage for Client Referrals

Clear Sky also at times directs some brokerage business to brokers who refer prospective investors to Clear Sky or provide some other benefit, including the payment of certain travel expenses incurred during the research process. Such referrals, if any, are likely to benefit Clear Sky but could also provide a benefit to Clients and Fund investors by creating additional liquidity and the ability to pursue additional investment opportunities. Clear Sky may have a conflict of interest with Clients when allocating brokerage business to a broker who has referred investors to Clear Sky. Additionally, travel expenses paid by brokers would benefit Clear Sky as such expenses, while technically Client expenses, are typically paid directly by Clear Sky and therefore also present a conflict. Clear Sky believes that the risk of this conflict is mitigated by its internal best execution procedures, including its quarterly operations meetings. To prevent brokerage commissions from being used to pay investor referral fees or travel expenses, Clear Sky will not allocate brokerage business to a referring broker unless Clear Sky determines in good faith that the commissions payable to such broker are reasonable in relation to those available from brokers (which do not refer investors or pay for travel expenses) offering services of substantially equal value to Clear Sky.

Trade Aggregation

Refer to Item 6 – “Performance Based Fees and Side by Side Management” for a description of the process by which Clear Sky aggregates and allocates Client orders.

Trade Errors

Errors may occur during the trading process. It is Clear Sky’s policy to correct errors occurring in the management or trading of Clients’ accounts as soon as practicable. Errors must also be reported to the CCO and reviewed to determine whether policies or procedures should be changed to prevent future errors. Generally, the Funds’ investment management agreements govern the allocations of profits and losses resulting from trade errors committed by Clear Sky. The cost of errors in the Funds’ accounts will be borne by the Funds unless an error is the result of bad faith, gross negligence, or willful misconduct by Clear Sky or, in the case of Funds subject to ERISA, a breach of ERISA’s standard of care by Clear Sky. Gains associated with any trade error shall be retained by the affected Funds.

ITEM 13 – REVIEW OF ACCOUNTS

Clear Sky’s portfolio manager and its analysts review all Client accounts on a daily basis. A number of factors including, but not limited to, macroeconomic events or policies, political occurrences, weather patterns, natural disasters, research or technological development, company specific events, public filing disclosures, and/or general market price movements may trigger Clear Sky to consider a new investment or review an existing position.

Clear Sky furnishes audited financial statements for the Private Funds to all investors on an annual basis. The Private Funds’ financial statements including the Private Funds’ holdings are examined by independent certified public accountants. Clear Sky also provides investors with unaudited

monthly Private Fund performance updates.

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

Clear Sky does not receive any economic benefits from any person who is not a Client or investor for providing investment advice or advisory services to the Clients.

The general partner of each Private Fund may, but typically does not, retain affiliated and non-affiliated marketing consultants and agents. As part of these agreements, and in accordance with applicable regulation, the consultants and/or agents may be paid a fee related to the amount of capital raised for each Private Fund. The Private Funds are not responsible for the payment of such fees.

ITEM 15 – CUSTODY

Subject to the paragraph below, to the extent possible, all Client assets are held in custody by unaffiliated broker/dealers or banks. The Adviser is deemed to have custody of the Private Funds' assets because of the Adviser's affiliation with the general partner of each Private Fund and the general partner's authority over the Private Funds' assets. Private Fund investors will not receive statements from the custodian(s). Instead, the Private Funds are subject to an annual audit by independent certified public accountants and the audited financial statements are distributed to each investor. The audited financial statements are prepared in accordance with U.S. generally accepted accounting principles and distributed to Private Fund investors within 120 days of the Private Funds' fiscal year end.

For CCAs, custody is via a CITTS account. The Compliance Instrument Tracking System Service ("CITSS") is a management and tracking system for accounts and compliance instruments issued through participating Western Climate Initiative cap-and-trade programs. CITSS is administered by the Western Climate Initiative, Inc. ("WCI, Inc."). WCI, Inc. is a non-profit corporation formed to provide administrative and technical services to support the implementation of state and provincial greenhouse gas emissions trading programs.

ITEM 16 – INVESTMENT DISCRETION

The Private Funds' private placement and offering memoranda and investment management agreements authorize Clear Sky to use a broad range of investment vehicles and strategies with very few, if any, limitations.

ITEM 17 – VOTING CLIENT SECURITIES

As a general matter, Clear Sky has the authority to vote the proxies received on securities held by the Clients, where applicable.

Clear Sky's objective is to vote proxies in the best interests of the Clients as mandated by the Clients' objectives described in the private placement and offering memoranda or other applicable governing documents.

Analysts assigned to cover specific companies are designated to monitor and opine on proxy proposals. Analysts consult with the portfolio manager regarding proxy proposals. Clear Skymay

vote client securities in a manner that is inconsistent with Glass Lewis', such Clients' or third party proxy advisor's recommendations when Clear Sky believes it is in the best interest of Clients and such a vote does not create a conflict of interest between Clients and Clear Sky.

The analysts assigned to cover the issuer, in consultation with the portfolio manager, will consider whether Clear Sky is subject to any material conflict of interest in connection with each proxy vote. Analysts must notify the CCO if they are aware of any material conflict of interest associated with a proxy vote. Potential conflicts will be assessed on a case-by-case basis.

Clear Sky may abstain from voting if it deems that abstinence is in Clients' best interests. In addition, with respect to Clients that have elected to participate in securities lending with a prime broker or other custodian, Clear Sky may not be able to call back securities to vote and therefore may not have the ability to vote such proxies.

Current investors may request a copy of Clear Sky's full proxy voting policies and procedures and the voting records as provided by Rule 206(4)-6 of the Advisers Act.

ITEM 18 – FINANCIAL INFORMATION

Clear Sky does not require or solicit prepayment of more than \$1,200 in fees per Client, six months or more in advance. Clear Sky has never filed for bankruptcy and is not aware of any financial condition that is reasonably expected to affect its ability to manage Clients' accounts.